FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2602

DATE FILMED 12-27-84 CAMERA NO. 2

CAMERAMAN JMN

40436017738

U.S. Department of Justice

RECEIVED AT THE FEC
GCC# 3800
87 JUL 6 AM 9:41

United States Attorney
District of Arizona

-Pre Mon 101

4000 United States Courthouse
Phoenix, Arizona 85025

Federal Election Commission
999 "E" Street, N.W.
Washington, D.C. 20004

RECEIVED
87 JUL 6 AM 9:41
OFFICE OF THE GENERAL COUNSEL

Re: Irregularities in Campaign Donations
John J. Rhodes, III, Congressman
First Congressional District of Arizona

Dear Members of the Commission:

In late September, 1986, we became aware of certain irregularities in the financial activities of Mr. Rhodes' campaign. Specifically, the activities of John J. O'Neill, Mr. Rhodes' finance manager, and Conley D. Wolfswinkel.

Mr. Wolfswinkel had agreed to raise money for the campaign. Instead, Mr. Wolfswinkel had made a large contribution to the Rhodes campaign. Mr. O'Neill converted the donation to nominees, probably without the knowledge of Mr. Wolfswinkel.

When contacted, then candidate Rhodes, cooperated fully and directed the money be returned. Mr. Rhodes was unaware of the improper donation or the breaking down of the checks into nominees. Mr. Rhodes directed all his campaign reports be amended and corrected.

We asked the FBI to conduct a preliminary investigation and we consulted with Craig Donsanto, Criminal Division, Department of Justice. Based on the evidence available, Mr. Donsanto and I agreed that the matter should be deferred to the Federal Election Commission for investigation and review.

There seems to be confusion as to whether the Commission currently has this matter under investigation. The purpose of this letter is to clear up any ambiguities and ensure the matter is properly before the Commission.

If you need any additional information, please contact me.

Sincerely,

Stephen M. McNamee

Stephen M. McNamee
United States Attorney
District of Arizona

SMM/ns

cc: Craig C. Donsanto

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CCA#3698

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87 JUN 25 A10:49

Pre MUR 181

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN W. BARAN
(202) 429-7330

June 24, 1987

RECEIVED
OFFICE OF THE
GENERAL COUNSEL

87 JUN 25 P3:32

Lois Lerner, Esquire
Associate General Counsel
Federal Election Commission
999 E Street, N.W.
9th Floor
Washington, D.C. 20463

Re: Conley Wolfswinkel

Dear Ms. Lerner:

As per our telephone conversation, enclosed is a letter authorizing this office to represent Mr. Conley Wolfswinkel before the Federal Election Commission.

As I discussed with you, Mr. Wolfswinkel's name has been mentioned in press accounts of a matter that has been referred to the Commission by the United States Attorney for Phoenix, Arizona. We would like an opportunity to respond to any questions the Office of General Counsel may have regarding Mr. Wolfswinkel prior to any Commission consideration.

Sincerely,

Jan W. Baran

Enclosure
cc: Mr. Conley Wolfswinkel
J. Grant Woods, Esquire

4043601740

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QCC3675
87 JUN 24 A 9:02
Pre MUR 181

87 JUN 24 A 9:47
RECEIVED
OFFICE OF THE
GENERAL COUNSEL

June 1, 1987

Federal Elections Commission
999 E Street, N.W.
Washington, D.C.

To Whom It May Concern:

I have retained the law firms of Woods and Hart, 151 North Centennial Way, Suite 2000, Mesa, Arizona 85201 (J. Grant Woods and Robert B. Carey) and Wiley, Rein & Fielding, 1776 K Street, N.W., Washington, D.C. 20006 (Jan Baran and Trevor Potter) to represent me with the Federal Elections Commission.

I have authorized them to communicate with you in any regard concerning my representation. You are similarly thereby authorized to communicate with them.

Sincerely yours,

Conley D. Wolfswinkel

4043601741

SENSITIVE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: THE COMMISSION

FROM: MARJORIE W. EMMONS/JERYL L. WARREN

DATE: JULY 9, 1987

SUBJECT: PREMUR 181 - COMPLAINT

The attached has been circulated for your information.

Attachment

40436017742

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 14, 1987

Mr. Stephen M. McNamee
United States Attorney
District Of Arizona
4000 United States Courthouse
Phoenix, AZ 85025

RE: Pre-MUR 181

Dear Mr. McNamee:

This is to acknowledge that, on July 6, 1987, the Office of the General Counsel received your letter advising us of the possibility of a violation of the Federal Election Campaign Act of 1971, as amended ("the Act"). We are currently reviewing the matter and will advise you of the Commission's determination.

If you have any questions or additional information, please call Jonathan Levin, the attorney assigned to this matter, at (202) 376-5690. Our file number for this matter is Pre-MUR 181.

Pursuant to 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), the Commission's review of this matter shall remain confidential until the file has been closed.

Sincerely,

Lawrence M. Noble
Acting General Counsel

By: Lois G. Lerner
Associate General Counsel

4043601743

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
87 OCT 29 PM 5:22

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

October 30, 1987

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

SUBJECT: Supplement to the Referral in Pre-MUR 181

On July 9, 1987, the letter referring this matter was circulated to the Commission. After several inquiries, this Office on September 23, 1987, received the back-up materials for this referral. These materials are being circulated to the Commission on an informational basis. This Office is currently reviewing and analyzing these materials and will prepare a report with appropriate recommendations.

Attachment
Supplement

40436017744

0-14 (Rev. 8-15-7

CCC#4425
Pre Mon 181

Federal Bureau of Investigation

MR. JOHNATHAN LEVIN
FEDERAL ELECTION COMMISSION
999 E STREET, N.W.,
WASHINGTON, D.C. 20463

4043600174 5

☒ 1. For your information, I am enclosing communications which may be of interest to you.

☐ 2. It will be appreciated if you will have the investigation conducted as requested in the enclosed memorandum and furnish the results.

☒ 3. No further investigation is contemplated with regard to this matter.

☐ 4. You will be advised of the pertinent developments in connection with this inquiry.

☐ 5. Please note change in caption of this case.

☐ 6. Status of case: ☐ Completed ☐ Incomplete

John E. Otto
Acting Director
Federal Bureau of Investigation

by: JOHN P. O'NEILL
Supervisory Special Agent

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
87 SEP 23 AM 11:05

FBI/DOJ

CCC# 4425

FD-204 (Rev. 3-3-59)

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

Copy to:

Report of: SA IRVIN JACK FISHER
Date: 8/21/87

Office: PHOENIX

Field Office File #: 56C-169

Bureau File #:

Title: JOHN JOSEPH O'NEILL

Character: ELECTION LAW - FEDERAL

Synopsis:

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
87 SEP 23 AM 11:05

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On 9/29/86, the United States Attorney for the District of Arizona, STEPHEN M. MC NAMEE, referred facts brought to him by the legal counsel for the UNITED BANK OF ARIZONA to the Federal Bureau of Investigation (FBI) for investigation of federal election laws. This referral was also recommended on the same date by JERALD E. MC DOWELL, Chief, Public Integrity Section, Criminal Division, Department of Justice, into this allegation that a $30,000 illegal campaign contribution had been made to the election funds of Congressman JOHN JAY RHODES, Mesa, Arizona.

Investigation determined that JOHN O'NEILL, Cochairman of the finance committee for the election of JOHN JAY RHODES, III, RHODES for Congress committee, Mesa, Arizona, received a $30,000 check from CONLEY WOLFSWINKEL on 8/12/86. WOLFSWINKEL stated O'NEILL, the branch manager of the UNITED BANK, Mesa, Arizona, stated that the RHODES campaign needed $30,000. WOLFSWINKEL gave O'NEILL the $30,000 by a personal check, but further stated he, WOLFSWINKEL, had no part in making up the names of the individuals who were placed on the campaign records to reflect that the contributions came from someone other than WOLFSWINKEL.

O'NEILL prepared the UNITED BANK cashier's checks in the names of seven individuals to reflect a total contribution of $7,000, deposited $18,000 directly into the JOHN JAY RHODES, III, revolving line of credit at UNITED BANK, Mesa, Arizona, and prepared campaign contributions cards using twelve names for this $18,000 amount. O'NEILL placed the remaining

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

* U. S. GOVERNMENT PRINTING OFFICE : 1970 O - 406-84C

PX 56C-169
IJF:kf

$5,000 of the $30,000 WOLFSWINKEL contribution into his personal checking account at MERABANK, Phoenix, Arizona, and thereafter directed $2,000 of that money to the campaign cochairperson, ANN LORENZO, his girlfriend, who made $2,000 in contributions using her own name. O'NEILL gave the remaining $3,000 directly to JAY RHODES, III. O'NEILL told bank investigators that JAY RHODES knew the money came from CONLEY WOLFSWINKEL.

JAY RHODES, during interview, stated he did not know the money came from WOLFSWINKEL and further stated he placed the $3,000 received from O'NEILL for legal fees into his personal account as opposed to his law business partnership out of haste, further stating that it was dumb for him to do so.

O'NEILL, who refused to be interviewed by the FBI, did advise THOMAS RAWLES, the Campaign Manager, on 10/7/86, that he had placed an additional $5,000 during 3/86, into the RHODES for Congress campaign fund by using the names of his daughters and son-in-laws.

On 7/30/87, United States Attorney (USA), Phoenix, advised that the Election Branch, Criminal Division, Department of Justice, has declined criminal prosecution in favor of non-criminal disposition by the Federal Election Committee.

He advised that the investigation concerning JOHN O'NEILL and CONLEY WOLFSWINKEL concerning bank fraud will be considered a separate matter.

-C-

DETAILS:

40436017747

GCC# 9380

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

88 MAY 26 PM 2:23

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2602

NAME OF COUNSEL: Daniel J. Swillinger

ADDRESS: Barnett & Alagia
1000 Thomas Jefferson St., N.W.
Washington, D.C. 20007

TELEPHONE: 202/342-0342

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.

May 26, 1988
Date

Signature

RESPONDENT'S NAME: John J. Rhodes, III and Rhodes to Congress Committee

ADDRESS: 510 Cannon House Office Building
Washington, D.C. 20515

HOME PHONE: 202/362-6461

BUSINESS PHONE: 202/225-2635

4043601748

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
88 APR 18 AM 10:23

FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

SENSITIVE

FIRST GENERAL COUNSEL'S REPORT

PRE-MUR: 181
STAFF MEMBER: Jonathan Levin

SOURCE OF REFERRAL: Department of Justice

RESPONDENTS: John J. O'Neill

Conley D. Wolfswinkel

Wolfswinkel Group Incorporated

Rhodes for Congress Committee
Kent H. Mulkey, as treasurer

Ann S. Lorenzo

Cortland Silver

John J. Rhodes, III

United Bank of Arizona

EXECUTIVE SESSION
APR 28 1988

STATUTES AND REGULATIONS:

2 U.S.C. § 431(8)(A)(i)
2 U.S.C. § 431(8)(A)(ii)
2 U.S.C. § 431(8)(A)(vii)(I)
2 U.S.C. § 432(b)(3)
2 U.S.C. § 434(b)(2)(A)
2 U.S.C. § 434(b)(3)(A)
2 U.S.C. § 434(b)(4)(A)
2 U.S.C. § 434(b)(5)(A)
2 U.S.C. § 434(b)(3)(E)
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(a)
2 U.S.C. § 441b(b)(2)
2 U.S.C. § 441f
11 C.F.R. § 100.7(a)(1)(i)(C)
11 C.F.R. § 100.7(a)(3)
11 C.F.R. § 100.7(b)(11)
11 C.F.R. § 103.3(b)
11 C.F.R. § 104.3(a)(1)
11 C.F.R. § 104.3(a)(2)
11 C.F.R. § 110.1(i)
11 C.F.R. § 110.4(b)
11 C.F.R. § 114.9(d)

4043601749

INTERNAL REPORTS CHECKED: Reports of Rhodes for Congress Committee

FEDERAL AGENCIES CHECKED: Federal Bureau of Investigation

I. GENERATION OF MATTER

On July 6, 1987, this Office received a letter from the United States Attorney for the District of Arizona referring to "certain irregularities in the financial activities" of the House campaign of John J. Rhodes, III ("Jay Rhodes"), the Republican candidate in the First Congressional District of Arizona in 1986. (See Attachment 1.) Specifically, the U.S. Attorney stated that it appeared that Conley D. Wolfswinkel had agreed to raise money for the Rhodes campaign and that, instead, he made a large contribution to the campaign. According to the letter, John J. O'Neill, the campaign's finance chairman, "converted the donation to nominees, probably without the knowledge of Mr. Wolfswinkel." The letter further maintained that the candidate was unaware of the aforementioned transactions and that, when informed of such occurrences, the candidate directed that the funds be returned and that the reports be amended and corrected.

This Office made a request to the U.S. Attorney's office and to the Election Crimes Branch of the Public Integrity Section of the Department of Justice for back-up materials to support the conclusions stated in the letter. The Election Crimes Branch informed this Office of the existence of an investigative file. After a number of attempts to obtain this material, this Office

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received a file from the Federal Bureau of Investigation on September 23, 1987. (See Attachment 2.) This file contains memoranda summarizing interviews conducted by the Vice President and Manager of the United Bank of Arizona Security and Loss Prevention Department. The United Bank was the bank through which most of the transactions at issue occurred. The file also contains copies of checks attached to the memoranda. In addition, the file contains descriptions of FBI interviews with witnesses and pertinent documents. In addition to materials pertaining to the above-mentioned contribution by Mr. Wolfswinkel, the file contains materials pertaining to other activities in connection with the Rhodes campaign that may have involved violations of the Act.

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II. FACTUAL AND LEGAL ANALYSIS

A. The Principal Allegation

The principal allegation involves a $30,000 check given by Mr. Wolfswinkel to Mr. O'Neill and Mr. O'Neill's use of the funds for the Rhodes campaign. It appears that in May or June of 1986, Mr. Wolfswinkel had stated that he would raise money for the Rhodes campaign. Mr. O'Neill, who was both finance chairman of the campaign and the assistant treasurer of the Rhodes for Congress Committee ("the Committee), informed Mr. Wolfswinkel that the campaign needed $30,000. On August 12, 1986, Wolfswinkel drew a personal check for that amount payable to the United Bank of Arizona; Mr. O'Neill was a branch manager of the United Bank in Mesa, Arizona.

On August 13, 1986, Mr. O'Neill had cashier's checks issued to the Committee which were offset by this contribution. Mr. O'Neill prepared five cashier's checks signed by him as the bank's authorizing officer. There were three checks for $1,000 and two for $2,000 for a total of $7,000. They were made out to Rhodes for Congress and were issued in the names of five persons chosen by O'Neill. There is no indication that these individuals knew of the use of their names. According to Ben Dodson, the assistant campaign manager, Mr. O'Neill gave the cashier's checks to Mr. Dodson on August 26, 1986, for entry into the Committee's records.

In addition, Mr. O'Neill signed an $18,000 cashier's check, offset by Wolfswinkel's contribution, for deposit into the campaign's revolving line of credit. This line of credit had been issued by the bank on June 3, 1986. According to Dodson, on August 26, 1986, O'Neill gave him campaign pledge cards to indicate contributions from twelve individuals, six $2,000 contributions and six $1,000 contributions. O'Neill did not give Dodson any checks. There is no indication that these individuals knew of the use of their names. According to Dodson, O'Neill told him not to send any thank you letters to the twelve individuals. In addition, O'Neill crossed the names off a master

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contribution list.1/

On August 13, Mr. O'Neill had a cashier's check for $5,000, also offset by Wolfswinkel's contribution, issued to himself. He placed the funds in his personal account at Merabank. Out of the $5,000, he gave $1,000 to Ann Lorenzo, his friend and the campaign's finance co-chairman, for the purpose of having her contribute that amount to the campaign. She deposited the money in her account at Merabank and contributed to the campaign from that account. O'Neill himself gave $900 to the campaign.2/ He gave $3,000 to the candidate, Jay Rhodes, ostensibly in payment of legal fees owed to Mr. Rhodes. The documents from the FBI included the bills to Mr. O'Neill for legal services performed by Mr. Rhodes with respect to a lawsuit filed by Mr. O'Neill. The

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1/ The five "contributions" resulting from the cashier's checks totalling $7,000 were reported on pages attached to a letter sent to the Commission by the Committee treasurer, Kent Mulkey, on August 28, 1986. The letter stated that these were "last minute contributions," i.e., for the pre-primary period. These pages reported the contributions as received on August 26, 1986. The "contributions" resulting from the $18,000 cashier's check were reported on pages attached to a similar letter sent on September 11 1986. These pages reported the contributions as received on September 9, 1986.

2/ Although the $30,000 check from Wolfswinkel was issued on August 12 and Mr. O'Neill had the $5,000 cashier's check issued to himself on August 13, the Committee's 12 Day Pre-Primary Report lists the $900 "contribution" from O'Neill as being received on August 5, 1986, and the $1,000 "contribution from Lorenzo as being received on August 11, 1986. Further investigation of this matter will involve inquiry into this discrepancy.

bill was itemized in a detailed manner and contained an outstanding amount of $3,855.45 as of late August, 1986, the time that O'Neill made the payment. Mr. Rhodes placed the funds in his personal account, rather than in the account of his law partnership where the funds would be placed normally. Mr. Rhodes never placed the funds in the partnership account but returned the money to Mr. O'Neill when he was informed of the irregularities connected with the funds. The disposition of the remaining $100 out of the $5,000 is unknown.

According to a cover letter, dated October 15, 1986, for the Committee's 1986 October Quarterly Report from treasurer, Kent Mulkey, the United Bank made information as to the use of Mr. Wolfswinkel's money available to the candidate and other campaign officials on September 25, 1986. The information as to the irregularities was made available to the U.S. Attorney on September 26, 1986. The letter concludes by stating that $27,000 was returned to Mr. Wolfswinkel on September 30, 1986.3/

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3/ The Committee's filings disclosed returns of most of the $30,000. On October 1, 1986, six days after the candidate and Committee personnel were informed of the source of the "contributions," the Committee sent a letter with pages listing all seventeen of the entries described in footnote 1. The letter stated that these names were "erroneously reported as last minute contributions [i.e., 48 hour notifications]" and "as such will not be reported" on the October Quarterly.

The Committee's October Quarterly Report filed with the October 15 letter disclosed that $2,000 was returned to Mr. Wolfswinkel on September 30, 1986. This apparently covered the "contributions" from Ms. Lorenzo and Mr. O'Neill plus the missing $100. An amended Pre-Primary Report also sent on October 15 omits the entries for Ms. Lorenzo and Mr. O'Neill, replaces them with the word "blank," and discloses the receipt of $1,900 from Mr. Wolfswinkel on August 5, 1986.

Based on the series of transactions described above, it appears that a number of sections of the Act may have been violated. Section 441f of Title 2 states that no person shall make a contribution in the name of another or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution by one person in the name of another person. The Commission Regulations at 11 C.F.R. § 110.4(b) state as follows:

> (b)(1) No person shall-
> (i) Make a contribution in the name of another;
> (ii) Knowingly permit his or her name to be used to effect that contribution; or
> (iii) knowingly accept a contribution made by one person in the name of another.
> (2) Examples of "contribution in the name of another" include-
> (i) Giving money or anything of value, all or part of which was provided to the contributor by another person (the true contributor) without disclosing the source of money or the thing of value to the recipient candidate or committee at the time the contribution is made, see § 110.6; or
> (ii) Making a contribution of money or anything of value and attributing as the source of the money or the thing of value another person when in fact the contributor is the source.

11 C.F.R. § 110.4(b).

Although both O'Neill and Wolfswinkel stated that Wolfswinkel did not know the names used by O'Neill as contributors of the funds, it appears, thus far, that Mr. Wolfswinkel made a contribution in the name of another. Mr. Wolfswinkel made the $30,000 check payable to United Bank, rather than to the Rhodes for Congress Committee. It is unclear

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whether Mr. Wolfswinkel did this in order to have United Bank issue a cashier's check in his name only to the campaign. However, according to a memorandum, dated September 26, 1986, describing an interview of O'Neill three days earlier by the Vice President and Manager of the United Bank's Security and Loss Prevention Department, O'Neill "indicated" that Wolfswinkel wanted the $3,000 that was paid to Rhodes ostensibly for legal fees to "come from" O'Neill rather than from Wolfswinkel. According to O'Neill, therefore, Wolfswinkel knew that some of the $30,000 would be used for the conveyance of funds in O'Neill's name specifically. Furthermore, it appears that this would not have been the first time that Mr. Wolfswinkel had cashier's checks issued in the names of others from his funds. As will be discussed later in the report, it appears that, on June 30, 1986, Mr. Wolfswinkel made contributions in the names of family members. In addition, Jay Rhodes' statements during his FBI interview indicate that Mr. Wolfswinkel knew of the contribution limit of $1,000 per election. According to Mr. Rhodes, Wolfswinkel stated to him that it would be difficult to raise $25,000 or $30,000 with the individual limit.

The evidence thus indicates that there is reason to believe Mr. Wolfswinkel made out this check with the knowledge that it exceeded the individual contribution limit and, therefore, it appears that, even if he did not know the specific names used, he was making this contribution in the name of a person or persons other than himself to circumvent the limit of 2 U.S.C.

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§ 441a(a)(1)(A).[4] Therefore, this Office recommends that the Commission find reason to believe that Conley D. Wolfswinkel committed a knowing and willful violation of 2 U.S.C. § 441f.

The file indicates that Ann Lorenzo expressly permitted her name to be used to enable someone other than herself to contribute to the Rhodes Committee. In addition to the contribution funds that she received from Mr. O'Neill cited above, there appears to have been another contribution in her name prior to that. Her statements during her FBI interview indicate that in the latter part of 1985, Mr. O'Neill gave her $1,000 for the purpose of having her contribute to the campaign. She placed these funds in her account and then made a contribution to the campaign. The Committee's 1986 April Quarterly Report discloses a $1,000 contribution from Ms. Lorenzo on March 27, 1986. According to the account of the interview, Ms. Lorenzo stated that Mr. O'Neill wanted "the both of them to contribute to the campaign" and since "she did not have the financial ability" to pay $1,000 for the primary and $1,000 for

4043601757

4/ According to the account of the FBI interview of Rhodes, Rhodes was not aware if Wolfswinkel knew that a loan was a contribution and, when the campaign learned of the irregularities, Wolfswinkel stated that the $30,000 contribution was just a loan until he could raise $25,000 or $30,000. According to the account of the FBI interview of Wolfswinkel, Wolfswinkel claimed that, after the controversy emerged, he asked his attorney if he could remedy the situation by drawing up a note for the $30,000. Regardless of any claim by Wolfswinkel that he did not know that a loan was a contribution, the circumstance of the check made to the bank instead of the Committee, the desire to have money conveyed to the Committee in excess of the individual limit without such funds counting against his limit, and the apparent prior contributions by Wolfswinkel in the names of others support a determination that the apparent violations resulting from the $30,000 may have been knowing and willful.

the general election, O'Neill gave her these amounts.[5] Based on the evidence thus far, this Office recommends that the Commission find reason to believe that Ms. Lorenzo violated 2 U.S.C. § 441f. It is not clear from the investigative file that Ms. Lorenzo knew that permitting her name to be used to effect contributions in the name of another were prohibited by the Act. However, it appears that she knew that the arrangement whereby her name would be used for funds coming from O'Neill would conceal contributions exceeding the limitation of section 441a(a)(1)(A). Therefore, this Office recommends that the Commission find reason to believe that she committed knowing and willful violations of 2 U.S.C. § 441f.

The statements of Ms. Lorenzo indicate that, while Mr. Wolfswinkel appears to have been the source of Ms. Lorenzo's general election "contribution," Mr. O'Neill was the source of Ms. Lorenzo's contribution for the primary. In addition, it appears that Mr. O'Neill, the finance chairman and the Committee's assistant treasurer, accepted the funds of Mr. Wolfswinkel and his own funds (in the case of Ms. Lorenzo's first "contribution") on behalf of the Committee. Finally, it appears that Mr. O'Neill assisted in the making of a contribution in the name of another with respect to Mr. Wolfswinkel's contribution and, thus, may have violated 2 U.S.C. § 441f in that manner. In MUR 1611, the Commission has found probable cause to

5/ Even though the contribution in Ms. Lorenzo's name for the primary did not originate with Mr. Wolfswinkel's contribution, it is being discussed in connection with his contribution because of the linkage established by Ms. Lorenzo in her FBI interview.

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believe that Cesar Rodriguez, who solicited $1,000 contributions for campaigns with the promise that the contributors would be fully reimbursed by Allen Wolfson, violated 2 U.S.C. § 441f by assisting in the making of contributions in the name of another.6/ It appears, therefore, that Mr. O'Neill made a contribution in the name of another, accepted such a contribution, and assisted in the making of such a contribution in violation of 2 U.S.C. § 441f.

Although Jay Rhodes has stated that Mr. O'Neill was aware of the contribution limits and other parts of the Act, it is not clear that he knew that contributions in the name of another were prohibited. Nevertheless, it appears that Mr. O'Neill engaged in these activities in order to conceal a violation of 2 U.S.C. § 441a(a)(1)(A). Therefore, this Office should recommend that the Commission find reason to believe that John J. O'Neill committed knowing and willful violations of 2 U.S.C. § 441f.

Because Mr. O'Neill, as finance chairman and assistant treasurer, was acting on behalf of the Rhodes for Congress Committee in accepting Wolfswinkel's contribution and his own contribution, the Committee had knowledge that it was accepting contributions that originated from a source other than the source appearing on the checks received by the Committee. Therefore, this Office recommends a finding of reason to believe that the

6/ This Office made its recommendation for probable cause based on a holding in a section 437g(a)(6) suit against Mr. Rodriguez in which the court denied the Commission's motion for summary judgment against Mr. Rodriguez. The court held that, although Mr. Rodriguez did not "accept" the contribution within the meaning of the statute, he may well have violated 2 U.S.C. § 441f by assisting in the making of a contribution in the name of another.

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Committee and Kent H. Mulkey, as treasurer, violated 2 U.S.C. § 441f. Based on the information available thus far, this Office does not recommend attributing the knowing and willful nature of Mr. O'Neill's conduct to the Committee and its treasurer at this time.7/

Section 441a(a)(1)(A) of Title 2 states that no person shall make contributions to any candidate and his authorized political committees with respect to a federal election which, in the aggregate, exceed $1,000. Because it appears thus far that Mr. Wolfswinkel contributed between $26,900 (the amount that reached the Committee) and $30,000 to the Rhodes campaign with knowledge that this exceeded the limit of 2 U.S.C. § 441a(a)(1)(A), this Office recommends that the Commission find reason to believe that he committed a knowing and willful violation of 2 U.S.C. § 441a(a)(1)(A).

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7/ The question arises as to whether 11 C.F.R. § 103.3(b) may be applied to negate the apparent violation by the Committee and its treasurer. The regulation in effect at the time, at 11 C.F.R. § 103.3(b)(1), stated that "[c]ontributions which appear to be illegal shall be, within 10 days, returned to the contributor or deposited into the campaign depository and reported." According to the new regulation at 11 C.F.R. § 103.3(b)(2), if the treasurer of a political committee discovers that a contribution was illegal (i.e., "made by a corporation, labor organization, foreign national or Federal contractor, or made in the name of another") after its acceptance, the treasurer shall refund the contribution within thirty days of the discovery of the illegality. Although the contribution of Mr. Wolfswinkel was returned on September 30, 1986, five days after United Bank informed the candidate and other campaign officials, Mr. O'Neill, the assistant treasurer of the Committee and the campaign's finance chairman, was aware of the unlawful nature of the contribution at the time it was made, well over a month before the return of the funds. Because Mr. O'Neill accepted these funds as an agent of the Committee, the pertinent starting dates for determining the timely return of the contribution are in August, 1986, over a month prior to the date of return.

Although Mr. Wolfswinkel appears to have been the source of the "contributions" reported as being from Mr. O'Neill and Ms. Lorenzo for the general election, it appears that Mr. O'Neill was the source of the $1,000 contribution attributed to Ms. Lorenzo for the primary. It appears that Mr. O'Neill also gave another $1,000 in his own name for the primary, reported as being received on March 27, 1986. The evidence indicates that Mr. O'Neill was aware of the limits of 2 U.S.C. § 44la(a)(1)(A). This Office, therefore, recommends that the Commission find reason to believe that O'Neill committed a knowing and willful violation of 2 U.S.C. § 44la(a)(1)(A).

Section 44la(a)(3) of Title 2 states that no individual shall make contributions aggregating more than $25,000 in any calendar year. Because it appears that Wolfswinkel contributed between $26,900 and $30,000 to the Rhodes campaign, this Office recommends that the Commission find reason to believe that Conley Wolfswinkel violated 2 U.S.C. § 44la(a)(3). This Office does not know whether Wolfswinkel was aware of this limit. At this time, therefore, this Office will not recommend a reason to believe finding that a knowing and willful violation of 2 U.S.C. § 44la(a)(3) was committed.

Section 44la(f) of Title 2 states that no candidate or political committee shall knowingly accept any contribution in violation of the provisions of section 44la and that no officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate in

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violation of the provisions of section 441a. It appears that Mr. O'Neill, an officer of the Committee, knowingly accepted Wolfswinkel's contribution and his own contributions reported as received on March 27, 1986 (one of which was in the name of Ms. Lorenzo), and knew these contributions exceeded the limit of 2 U.S.C. § 441a(a)(1)(A). Therefore, this Office recommends that the Commission find reason to believe that Mr. O'Neill committed knowing and willful violations of 2 U.S.C. § 441a(f). Because Mr. O'Neill was acting on behalf of the Committee as assistant treasurer and finance chairman, it appears that the Committee knowingly accepted the excessive contributions. This Office, therefore, recommends that the Commission find reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 441a(f). Based on the information available thus far, this Office does not recommend attributing the knowing and willful nature of Mr. O'Neill's apparent violation to the Committee.8/

Section 441b(a) of Title 2 prohibits a corporation from making a contribution in connection with a federal election. It also prohibits any officer or any director of a corporation from

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8/ As with the apparent violation of 2 U.S.C. § 441f, the question arises as to whether 11 C.F.R. § 103.3(b) may be applied to negate the apparent violation of section 441a(f) by the Committee and its treasurer with respect to Wolfswinkel's contribution. As stated above at footnote 7, the regulation in effect at the time, at 11 C.F.R. § 103.3(b)(1), stated that contributions appearing to be illegal were to be returned within ten days or deposited into the campaign depository and reported. According to the new regulations at 11 C.F.R. § 103.3(a), (b)(3), and (b)(4), a contribution that is facially excessive or excessive when aggregated with others from the same contributors (Footnote continued)

consenting to a corporate contribution. According to the account of the interview of the chief financial officer of Wolfswinkel's corporation, Wolfswinkel Group, Incorporated ("WGI"), although the $30,000 came from Wolfswinkel's personal account, this account is used by Wolfswinkel "as his operating account, expending both business and personal expenditures from that particular account." It appears from the interviews of WGI employees that WGI's bookkeeper makes entries of checks drawn on this account into the company's books and that this account is treated as one of the corporation's accounts. In addition, the address appearing on the check under the name Conley D. Wolfswinkel appears to be the address of WGI.

A contribution made from a non-repayable drawing account of a corporation, i.e., an account established to permit personal draws against salary, profits, or commissions, is to be considered a personal contribution. It appears that Mr. Wolfswinkel himself may make draws from his personal account without having to reimburse it. However, the account does not appear to have been established for the same purposes as a non-

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(Footnote continued)
shall be either returned within ten days of its receipt or deposited in the campaign depository. If deposited in a campaign depository, it shall not be used for disbursements until the contribution has been determined to be legal. To insure that the contributions are not used, the committee must either establish a separate account for such contributions or maintain sufficient funds to make all of the necessary refunds. If a remedy in the form of a refund or reattribution is not obtained, the contribution shall be refunded within 60 days of receipt. In this matter, the contribution was not refunded within ten days of Mr. O'Neill's receipt of the contribution. Furthermore, the reports of the Committee indicate that these funds were used for disbursements by the Committee.

repayable drawing account but rather exists as an account whereby funds may be expended for corporate, as well as personal, purposes. Furthermore, the account of the interview of WGI's controller, indicates that the persons with signature rights to the account are the chief financial officer and the controller, as well as Mr. Wolfswinkel. Thus far, therefore, this appears to be an account used for corporate business purposes.

Based on the foregoing analysis, this Office recommends that the Commission find reason to believe that Conley D. Wolfswinkel and Wolfswinkel Group, Incorporated violated 2 U.S.C. § 441b(a). It appears thus far that the contribution at issue was made as part of an attempt to circumvent the contribution limit at 2 U.S.C. § 441a(a)(1)(A), rather than the prohibition at 2 U.S.C. § 441b(a). At this time, therefore, this Office will not recommend a reason to believe finding that a knowing and willful violation of 2 U.S.C. § 441b(a) was committed.

Section 441b(a) of Title 2 prohibits a candidate, political committee, or other person from knowingly accepting or receiving a corporate contribution. Since there is no indication thus far that either Mr. O'Neill or the Committee had any knowledge that Mr. Wolfswinkel drew upon a corporate account, this Office will make no recommendation at this time as to any violation of section 441b(a) for the receipt of Mr. Wolfswinkel's contribution.

The facts presented in the FBI investigative file indicate that John O'Neill used $3,000 of the Wolfswinkel contribution to

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make a payment, ostensibly for legal fees, to Jay Rhodes. The circumstances surrounding the payment by Mr. O'Neill and the receipt by Mr. Rhodes raise the question of whether there was an acceptance of a contribution by the candidate personally; the $3,000 may have been given and received as part of an attempt to have Mr. Rhodes' living expenses paid for during his candidacy. See Advisory Opinions 1982-64 and 1978-40 (discussed below). (According to the memorandum dated September 26, 1986, describing an interview of O'Neill three days earlier by the Vice President and Manager of the United Bank's Security and Loss Prevention Department, O'Neill gave the $3,000 to Rhodes "for legal and/or living expenses.") If this payment was a contribution, then Mr. O'Neill may have violated 2 U.S.C. § 441f by permitting his name to be used to effect a contribution and Mr. Rhodes may have violated 2 U.S.C. § 441a(f) by accepting a $3,000 contribution.

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According to the FBI interview of Jay Rhodes, Mr. O'Neill and he met alone in late August, 1986. At this meeting, O'Neill asked about Rhodes' personal finances and Rhodes stated that "they were not as good as they could be." O'Neill asked Rhodes the amount of the bill for the legal fees and Rhodes told him that it was approximately $3,000. Thereafter, Rhodes received a $3,000 personal check from O'Neill.

The circumstances surrounding the treatment of these funds by Rhodes is peculiar. Rather than deposit the funds into one of the accounts of his two-man law partnership, he deposited them into his personal bank account, something which, according to

Rhodes, he had never done before. He states that this was done in haste, although his secretary, when interviewed by the FBI, stated that there had been little work in the office during August and September and that Mr. Rhodes "had not been doing anything in haste." She also stated that it would have been uncharacteristic of Rhodes to place such funds in the wrong account.

The secretary and Mr. Rhodes' law partner each discussed Mr. Rhodes involvement in the billing for the legal fees. The secretary stated that she prepared a billing statement for $3,800 and brought the statement to Mr. Rhodes who instructed her to reduce the billing to $3,000. She recalls that, subsequently, Mr. Rhodes "took the billing from her and handled it personally" (although "she did not consider this unusual for Rhodes to want to handle this" for a friend). According to the account of the FBI interview with the law partner, the partner stated that "[t]here were no postings to the billing statement of the law firm to reflect that any type of payment, specifically [a] $3,000 payment had been received by the law firm." In addition, the law partner stated that Rhodes did not tell him of his acceptance of the $3,000 fee from O'Neill until after the investigation by the Justice Department commenced.

According to the law partner, it was "not Office [sic] policy for either partner to put any funds into their personal accounts as in the past each of the attorneys [was] allowed to make two $1,750 draws per month." Mr. Rhodes stated that "[t]o

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offset what he had done, he took the $3,000 as one of his monthly draws and as an additional draw to equal a draw" of $1,500 to $1,700 that his partner had taken for personal reasons during the summer of 1986. The interview account does not indicate when Rhodes decided to keep these funds as an offset. His partner, on the other hand, stated that he (the partner) "has not had any real draw that was for personal reasons other than his normal day to day expenditures and payment of such things as his quarterly taxes." He also stated that because Rhodes had not been doing much work for the firm, there were not sufficient funds for Rhodes to take a draw.

In Advisory Opinions 1982-64 and 1978-40, the Commission stated that funds given or loaned by a person to a candidate for the candidate's living expenses during the campaign are contributions. In AO 1982-64, the Commission stated that funds received from family members and friends after the campaign to repay a loan taken out by the candidate during the campaign for personal living expenses would be contributions. In AO 1978-40, the Commission stated that loans from individuals to pay a person's personal living expenses while he was deciding to become a candidate would become contributions if the person becomes a candidate. In AO 1982-64, the Commission cited a number of factors in support of the concept that funds given to a person for living expenses while a person was a candidate or contemplating candidacy were contributions. These factors were:

> receipt of funds for living expenses would free-up other funds of the candidate for

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> campaign purposes, the candidate would have more time to spend on the campaign instead of pursuing his or her usual employment, and the funds would not have been donated but for the candidacy.

It should also be noted, however, that these opinions distinguished between loans or donations to pay for living expenses and assets of the candidate such as earned income from bona fide employment. In addition, the factor of the timing of a payment for income owed, i.e., payment during a candidacy, was indirectly addressed in AO 1977-45 in which the Commission permitted a candidate who intended to work for a newspaper to be paid in the form of credits that he could use to purchase advertising after he announced his candidacy.

Even though O'Neill owed over $3,000 to Rhodes' law firm, the question by O'Neill as to Rhodes' financial status, the timing of O'Neill's payment (i.e., during the election and, perhaps, in advance of when he would otherwise pay), and the subsequent peculiar treatment of these funds by Rhodes indicate that this may have been an attempt by Mr. O'Neill to enhance Mr. Rhodes' financial situation as a candidate and an acceptance for the same reason by Mr. Rhodes. This situation may also be evaluated within the framework of the factors cited in AO 1982-64 in support of the proposition that funds for the living expenses of a candidate may be contributions. The $3,000 payment may have aided or enabled Rhodes to spend more time on his campaign at a time during which his usual source of income was drying up due to lack of work. In addition, Mr. O'Neill, who was intimately

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involved with the campaign, may not have inquired as to Mr. Rhodes' financial situation and made the payment but for the candidacy. (The primary was to occur approximately two weeks later.)

Although Rhodes had, in fact, performed over $3,000 worth of services for O'Neill, this payment should be distinguished from the earned income of a candidate as a result of bona fide employment discussed in all three of the advisory opinions cited above. Normally, the $3,000 would enter a partnership account from which both partners could draw. Thus, this would be income for the partnership from which Mr. Rhodes might later be able to draw a certain percentage. Instead, he placed the funds in his own personal account, the law firm did not receive payment, and it appears that the law firm's records never reflected that a payment was made.

Based on the foregoing analysis, it appears that the payment of the $3,000 involved a contribution. It appears, therefore, that Mr. O'Neill permitted his name to be used to effect a contribution to Mr. Rhodes in violation of 2 U.S.C. § 441f, and, as part of his overall use of Wolfswinkel's $30,000 contribution, this apparent violation was knowing and willful. It appears also that Mr. Rhodes himself accepted a contribution in excess of the limit of 2 U.S.C. § 441a(a)(1)(A). According to the account of his FBI interview, Mr. Rhodes was aware of the limit of that section. This Office, therefore, recommends that the Commission find reason to believe that Congressman John J. Rhodes, III,

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committed a knowing and willful violation of 2 U.S.C. § 441a(f).9/

Section 432(e)(2) of Title 2 states that a federal candidate who receives a contribution shall be considered, for purposes of the Act, as having received the contribution as an agent of his authorized committee. Because Mr. Rhodes was an agent of the Committee, it appears that the Committee accepted these funds. This Office has already made a recommendation as to a possible violation of 2 U.S.C. § 441a(f) with respect to these funds by making a recommendation with respect to the receipt of Wolfswinkel's contribution. However, although the Committee has, in some manner, reported the receipt of the remaining part of Wolfswinkel's contribution, it has never reported the receipt of the $3,000 apparently accepted by Mr. Rhodes.

Section 434(b)(3)(A) of Title 2 requires that each report contain the identification of each person who contributes to thethe committee during the reporting period and the date and amount contributed. Section 434(b)(2)(A) requires the reporting of the total amount of contributions from persons other than political committees. Because the $3,000 in funds were not reported, this Office recommends that the Commission find reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 434(b)(3)(A) and 434(b)(2)(A).

9/ According to the September 26, 1986, memorandum from the Vice President and Manager of the United Bank's Security and Loss Prevention Department, O'Neill, in discussing the $3,000 payment stated, "'Jay knew it came from Conley.'" There is no other indication from the file, however, that Jay Rhodes knew, before he was informed in late September, of the origins of the $3,000 payment.

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B. Evidence of Other Violations Contained in the FBI Investigation File

1. Contribution in the Names of Others by O'Neill in March, 1986

The evidence from the file indicates that, in early March, 1986, Mr. O'Neill, through the use of draws on his employee account, i.e., a personal account at United Bank, made $5,000 in contributions to the Rhodes Committee in the names of others. Mr. O'Neill had Georgeann Beaudet, a Loan Specialist working for him, sign five $1,000 cashier's checks in the names of his daughters, their husbands, and Cortland Silver, Jr.10/ It appears that Mr. O'Neill was aware of the limitation of section 441a(a)(1)(A) and used these names to conceal a contribution exceeding the limit. Therefore, it appears that Mr. O'Neill committed a knowing and willful violation of 2 U.S.C. § 441f by making contributions in the names of others and 2 U.S.C. § 441a(a)(1)(A) by contributing in excess of $1,000. As the assistant treasurer of the Committee and the finance chairman of the campaign, Mr. O'Neill accepted this contribution with the knowledge that it was made in the names of five other persons and apparently with the intent to conceal a contribution exceeding the limit of section 441a(a)(1)(A). Therefore, it appears that Mr. O'Neill committed a knowing and willful violation of 2 U.S.C. §§ 441f and 441a(f) by accepting the March 1986 contribution. Mr. O'Neill was acting on behalf of

10/ The "contributions" resulting from O'Neill's draws on his employee account were reported on the Committee's 1986 April Quarterly Report as being received on March 6, 1986. On the 1986 Post-General Report, the Committee lists the "contributions" from the five names and reports that "refund[s]" were made on October 30, 1986.

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the Committee in accepting the contribution in the names of others. Therefore, it appears that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. §§ 441f and 441a(f). Based on the information available thus far, this Office does not recommend attributing the knowing and willful nature of Mr. O'Neill's conduct to the Committee and its treasurer at this time.

There is no evidence, thus far, that the persons whose names were used as contributors knew of the use of their names. This Office, therefore, is making no recommendation with respect to those individuals at this time.

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2. Contributions in the Names of Others by Wolfswinkel in July, 1986

According to the September 26, 1986, memorandum from the Vice President and Manager of the United Bank's Security and Loss Prevention Department, O'Neill was "aware that Conley Wolfswinkel had made a previous donation of $5,000.00 in his name and the names of various family members (using cashier's checks)." The file contains a cashier's check for $1,900 in the name of Conley Wolfswinkel offset by the bank account used for the $30,000 contribution, a $2,000 cashier's check in the name of his wife, Bernadette Wolfswinkel, offset by the same account, and a $1,000 cashier's check in the name of a son, Dustin Wolfswinkel, who is a printer living at his parent's address, offset by the same account. (The bank's copies, not the checks issued to the Committee, disclose the account used as an offset.) These checks were all dated June 30, 1986, and were reported on the

Committee's 1986 July Quarterly Report as being received on that date. In addition, that report also discloses a $1,000 contribution on June 30 from Damian Wolfswinkel, a student, and a $1,000 contribution on June 30 from Ashton Wolfswinkel, also a student. Both of these persons live at the home of Conley and Bernadette Wolfswinkel. In light of the evidence of the cashier's checks for the other contributions and the occupational and residential status of Damian and Ashton, these contributions may have also originated from Conley Wolfswinkel.

Section 110.1(i) of the Commission Regulations sets out the rules for treatment of contributions by spouses and minors (children under 18 years of age). According to 11 C.F.R. § 110.1(i)(1), the limitations of 11 C.F.R. § 110.1 [i.e., the limitations of 2 U.S.C. § 441a(a)] shall apply separately to contributions made by each spouse even if only one spouse has income. However, the evidence thus far indicates that only three persons, Mr. Wolfswinkel and two officials of WGI, had signatory rights to this account, and thus no contribution may have actually originated from Mrs. Wolfswinkel, just a contribution in her name by Conley Wolfswinkel.

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The regulation further states at 11 C.F.R. § 110.1(i)(2) that minor children may make contributions if

> (i) The decision to contribute is made knowingly and voluntarily by the minor child;
> (ii) The funds, goods, or services contributed are owned or controlled exclusively by the minor child, such as income earned by the child, the proceeds of a trust for which the child is the

> beneficiary, or a savings account opened and maintained exclusively in the child's name; and
> (iii) The contribution is not made from the proceeds of a gift, the purpose of which was to provide funds to be contributed, or is not in any other way controlled by another individual.

11 C.F.R. § 110.1(i)(2). From the evidence thus far as to the account used as an offset to the cashier's checks, it appears that any contributions from Mr. Wolfswinkel's account in the name of minor children would not satisfy subsection (2)(ii). If these children were not minor children, they still would have to have signature rights to the account and have actually consented to the contributions by signature in order for the contributions to be attributable to them, rather than to Conley Wolfswinkel.

The evidence, thus far, indicates that the contributions on June 30, 1986, in the names of Bernadette and Dustin Wolfswinkel were contributions in the names of others by Conley Wolfswinkel. It appears also that the contributions in the names of Damian and Ashton Wolfswinkel may also have been contributions in the name of others by Mr. Wolfswinkel. In addition, these contributions exceeded the limits of 2 U.S.C. § 441a(a)(1)(A). As stated before, it appears that Mr. Wolfswinkel was aware of the limit of 2 U.S.C. § 441a(a)(1)(A). Because Mr. Wolfswinkel may have had these checks drawn up in an effort to circumvent that limit, it appears that Mr. Wolfswinkel committed a knowing and willful violation of 2 U.S.C. § 441f and 441a(a)(1)(A). In addition, the contributions involved increase the amount of Mr. Wolfswinkel's apparent violation of 2 U.S.C. § 441a(a)(3).

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These cashier's checks were signed by Georgeann Beaudet who, in light of the evidence in this matter, probably did so under Mr. O'Neill's instructions. As the assistant treasurer of the Committee and campaign finance chairman, Mr. O'Neill accepted Mr. Wolfswinkel's contribution with the knowledge that it was made in the names of other persons and apparently with the intent to circumvent the limit of section 441a(a)(1)(A). Therefore, it appears that Mr. O'Neill committed a knowing and willful violation of 2 U.S.C. §§ 441f and 441a(f) by accepting the June, 1986, contribution of Mr. Wolfswinkel. Mr. O'Neill was acting on behalf of the Committee in accepting the contribution. Therefore, it appears that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 441f and 441a(f). Based on the information available thus far, this Office does not recommend attributing the knowing and willful nature of Mr. O'Neill's conduct to the Committee and its treasurer at this time.

There is no evidence, thus far, that the persons whose names were used as contributors, knew of the use of their names. This Office, therefore, is making no recommendation with respect to those individuals at this time.

As stated above, the account used as an offset to the cashier's checks appears thus far to have been an account used for the business purposes of WGI. Therefore, it appears that Conley Wolfswinkel and WGI violated 2 U.S.C. § 441b(a). Since it appears thus far that the contribution at issue was made as part of an attempt to circumvent the contribution limit at 2 U.S.C.

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§ 441a(a)(1)(A), rather than the prohibition at 2 U.S.C. § 441b(a), this Office will not recommend, at this time, a finding of reason to believe that a knowing and willful violation of 2 U.S.C. § 441b(a) was committed. Since there is no indication thus far, however, that Mr. O'Neill or the Committee had any knowledge that Mr. Wolfswinkel drew upon a corporate account, this Office will make no recommendation at this time as to any violation of section 441b(a) for the receipt of Mr. Wolfswinkel's apparent contribution.

3. **Commingling of Committee Funds with the Personal Funds of O'Neill**

On May 30, 1986, John O'Neill had a $4,000 cashier's check made out to him (signed by Ms. Beaudet) with the Riviera Capital Corporation listed as the purchaser. According to the above-mentioned memorandum dated September 26, 1986, describing an interview of O'Neill, O'Neill at first stated that the offset was the $4,000 in cashier's checks that he had attributed to his daughters and sons-in-law discussed above. The interviewer showed him that this was unlikely because those checks were made out almost three months earlier. The account of the interview, however, indicates that the $4,000 may have in some way come from Committee funds; it states that O'Neill "could not remember how the $4,000 was put back into the campaign."

Section 432(b)(3) of Title 2 states that "all funds of a political committee shall be segregated from, and may not be commingled with, the personal funds of any individual." Although O'Neill "denied receiving the [$4,000] for personal use," it

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appears from the sketchy account provided in the file that O'Neill, the Committee's assistant treasurer, may have used campaign funds for his own purposes. This Office, therefore, recommends that the Commission find reason to believe that John O'Neill violated 2 U.S.C. § 432(b)(3).

4. **Payments by Cortland Silver to Enable His Daughter to Work for the Committee**

According to the above-mentioned memorandum dated September 26, 1986, O'Neill stated that Cortland Silver, a principal of Riviera Capital, wanted his daughter, Debbie Lorhsbaugh, to work for the Rhodes campaign. Mr. Silver promised that he would "cover" her salary which was $250 per week. The memorandum states that cashier's checks for $250 were found which were made payable to Lorhsbaugh. The file does not contain these checks and does not state what Mr. Silver's total payments were.

According to 2 U.S.C. § 431(8)(A)(ii), the term "contribution" includes "the payment by any person of compensation for the personal service of another person which are rendered to a political committee without charge for any purpose." See also 11 C.F.R. § 100.7(a)(3). By paying for his daughter's salary for her work for the Committee Mr. Silver may have made contributions to the Committee. If Mr. Silver's payments combined with any other contributions he may have made to the Committee exceeded $1,000 for the primary or the general election, then he violated 2 U.S.C. § 441a(a)(1)(A). At this point, it is unclear whether Mr. Silver made any other

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contributions to the Committee.11/ If Mr. Silver made no other contributions but still paid more than four weeks salary for the primary or the general election, he exceeded the limitation. Based on the foregoing analysis, this Office recommends that the Commission find reason to believe that Cortland Silver violated 2 U.S.C. § 44la(a)(1)(A) in order to further investigate this matter.

Mr. Silver informed Mr. O'Neill that he was paying this salary and thus it appears that Mr. O'Neill knew of the circumstances surrounding these payments. It appears, therefore, that, as assistant treasurer of the Committee and campaign finance chairman, O'Neill may have knowingly accepted excessive contributions from Mr. Silver in violation of 2 U.S.C. § 44la(f). Mr. O'Neill was acting on behalf of the Committee in connection with this transaction. Therefore, it appears that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 44la(f).

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11/ The Committee reports no contributions received from a "Cortland Silver" or a "Cortland Silver, Sr." Other than the March 6 contribution made by O'Neill in the name of "Cortland Silver, Jr.," there is one other $1,000 contribution for the primary reported as being received from "Cortland Silver, Jr." on July 19, 1986. The file indicates that there is an elder Silver who lives with Lorraine Silver, who also made a contribution received on July 19 and whose address differs from that of Cortland Silver, Jr. as listed in the Committee reports. (Confusing the matter further is the fact that the file contains, along with the copy of Lorraine Silver's contributor check to the Committee, i.e., a cashier's check drawn on cash and listing her name as the purchaser, a similar check on the same date listing the purchaser as "Cortland J. Silver." This raises the possibility that the Committee actually received a contribution from the elder Silver, rather than the younger Silver, on July 19).

According to 11 C.F.R. § 104.3(a)(1) and (a)(2), an in-kind contribution is to be reported as both a contribution and an expenditure. Section 434(b)(3)(A) of Title 2 requires that each report contain the identification of each person who contributes to the committee during the reporting period and the date and amount contributed. Section 434(b)(2)(A) requires the reporting of the total amount of contributions from persons other than political committees. Section 434(b)(5)(A) requires the reporting of the name and address of each "person to whom an expenditure in an aggregate amount or value in excess of $200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of such operating expenditure." Section 434(b)(4)(A) requires the reporting of the total of all expenditures during the reporting period and calendar year made to meet candidate or committee operating expenses. The apparent payments by Mr. Silver for his daughter's salary, which would be in-kind contributions, were not reported by the Committee even though its agent, Mr. O'Neill, knew of those payments. This Office, therefore, recommends that the Commission find reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 434(b)(2)(A), (b)(3)(A), (b)(4)(A), and (b)(5)(A).

5. Loans to the Committee

The file refers to two loans obtained by the Rhodes for Congress Committee, a $35,000 revolving line of credit and a $50,000 loan.

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The $35,000 line of credit was reported by the Committee in two parts. The 1986 July Quarterly reported the receipt of $29,500 on June 3, 1986. The Pre-Primary Report disclosed the receipt of $5,500 on July 3, 1986. The loan was reported as having a due date of December 1, 1986, with an interest rate of prime plus two percent. Jay Rhodes was listed as the guarantor. The line of credit was arranged by Mr. O'Neill at United Bank. In an interview with the FBI, Marie Evans, the Assistant Vice President at O'Neill's branch, stated that she had to obtain credit information and Mr. Rhodes' financial statement for this line of credit and that the financial statement on file was dated January, 1985. According to the account of the interview, even though the line of credit was granted on June 3, 1986, the bank did not obtain an up-to-date statement from Rhodes until June 26, 1986. During the FBI interview of Rhodes, Rhodes could not recall signing for the $35,000 line of credit and "could only recall that O'Neill handled that for him."

It appears that this situation involves the arrangement by a committee officer of a line of credit for that committee at a bank which he managed without even obtaining up-to-date financial information on the guarantor or the signature of the guarantor. Section 441b(b)(2) of Title 2 excludes from the definition of contribution "a loan of money by a national or state bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business." According to 11 C.F.R. § 100.7(b)(11),

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> [a] loan will be deemed to be made in the ordinary course of business if it: bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule.

11 C.F.R. § 100.7(b)(11). It appears that this loan may not have been granted on a basis that assures repayment and, therefore, may not have been made in the ordinary course of business. The United Bank of Arizona is an incorporated state bank. Section 441b(a) of Title 2 prohibits a corporation from making a contribution in connection with a federal election and prohibits an officer of any corporation from consenting to a contribution by the corporation. This Office, therefore, recommends that the Commission find reason to believe that John O'Neill violated 2 U.S.C. § 441b(a). Because Mr. O'Neill, as bank manager, was acting on behalf of the bank in arranging this loan, this Office also recommends that the Commission find reason to believe that the United Bank of Arizona violated 2 U.S.C. § 441b(a).

Section 441b(a) also prohibits a candidate, political committee or other person from knowingly accepting a corporate contribution. It appears that Mr. O'Neill, as assistant treasurer and campaign finance chairman, made arrangements for the loan and, therefore, knew the circumstances of this loan and knowingly accepted a corporate contribution. It appears, therefore, that Mr. O'Neill violated 2 U.S.C. § 441b(a) by accepting a corporate contribution. Because Mr. O'Neill was acting on the Committee's behalf, it appears that the Committee

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knew the circumstances of this loan and, thus, knowingly accepted a corporate contribution. This Office, therefore, recommends that the Commission find reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 441b(a).12/

On September 3, 1986, the Committee received a $50,000 loan from Sun National Bank. The Committee's 1986 October Quarterly Report reports the loan as repayable at 11.5% interest with a due date of December 2, 1986. Only Jay Rhodes is listed as the guarantor. However, the investigative file contains correspondence from Rhodes' attorney to the U.S. Attorney stating that documents evidencing that O'Neill had guaranteed the loan were attached to his letter and stating that Mr. Rhodes had no knowledge of the guarantee. Included in the file was a loan instrument that apparently was attached to the letter. This instrument was entitled "Guaranty" and was signed by John J. O'Neill. The instrument states that "the undersigned

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12/ Another violation of 2 U.S.C. § 441b(a) may have occurred with respect to the use of facilities at United Bank. According to a memorandum dated September 22, 1986, prepared by the above-mentioned United Bank Vice President and Manager, "the Note Department secretary" who prepared the cashier's checks signed by Mr. O'Neill on August 13 noted that "Rhodes' people were frequently making calls from United Bank's office." Section 114.9(d) of the Commission Regulations states that persons, who are not stockholders or employees of a corporation, who make use of the facilities of that corporation, such as by using telephones, in connection with a federal election must reimburse the corporation within a commercially reasonably time for such use. Otherwise, a contribution results. See also AO 1978-34. There is no evidence from the investigative file or the Committee reports that there was any reimbursement to the bank by the Committee or by Committee personnel. Without further information as to the use of the phones, however, this Office will not make a recommendation at this time. If further evidence as to the use of bank facilities arises during the investigation, this Office will make appropriate recommendations at that time.

guarantee(s) to Bank the payment and performance of the debt, liability or obligation of Borrower to Bank evidenced by or arising out of" a promissory note for $50,000 in the name of the Committee, dated September 3, 1986.13/

Mr. Rhodes stated that he first learned about Mr. O'Neill's guarantee during the first week of October, 1986, and that he subsequently signed for the loan in the place of O'Neill.

According to 2 U.S.C. § 431(8)(A)(i), the term "contribution" includes a loan. According to 2 U.S.C. § 431(8)(A)(vii)(I) and 11 C.F.R. § 100.7(a)(1)(i)(C), a bank loan is a contribution by each endorser or guarantor in the proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors or in the proportion or amount for which the particular endorser or guarantor agreed to be liable in a written agreement. The evidence thus far indicates that Mr. O'Neill was a guarantor of the loan and that he agreed to guarantee the entire amount. It appears, therefore, that Mr. O'Neill violated 2 U.S.C. § 441a(a)(1)(A) in connection with this loan.

It appears thus far that Mr. O'Neill, as the assistant treasurer and campaign finance chairman, participated in the arrangements for the loan and knowingly accepted his loan

13/ One of the attached documents is a note dated September 9, 1986, and signed by the campaign chairpersons stating that Mr. O'Neill, as assistant treasurer, was authorized to sign notes on behalf of the campaign. Even if this authorization was issued prior to the signing of the guaranty, the guaranty instrument indicates that Mr. O'Neill signed as a guarantor and not as an agent of the Committee.

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guarantee. It appears, therefore, that Mr. O'Neill may have violated 2 U.S.C. § 441a(f) in connection with this loan. Because Mr. O'Neill was acting as an agent of the Committee, the Committee knew the circumstances of the loan. Therefore, it appears that the Committee and Mr. Mulkey, as treasurer, knowingly accepted the loan guarantee in violation of 2 U.S.C § 441a(f).

Section 434(b)(3)(E) of Title 2 requires that a committee's reports identify each endorser or guarantor of a loan to the committee. Although Mr. Rhodes became the guarantor in the place of John O'Neill in early October, 1986, apparently prior to the filing of the 1986 October Quarterly, O'Neill was the guarantor during the reporting period for the October Quarterly and during the beginning of the reporting period for the Pre-General Report. His name, therefore, should have been reported by the Committee as a guarantor of the loan. This Office, therefore, recommends that the Commission find reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 434(b)(3)(E).

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C. Summary of Allegations for Each Respondent

1. John O'Neill

This Office is recommending that the Commission find reason to believe that he committed knowing and willful violations of 2 U.S.C. § 441f by accepting Mr. Wolfswinkel's August, 1986, contribution in the names of others and by assisting in the making of that contribution; by making and accepting a contribution in the name of Ann Lorenzo; by allowing his name to

be used for a $3,000 contribution to Jay Rhodes; by making and accepting a contribution in the names of others in early March, 1986, and by accepting contributions by Mr. Wolfswinkel in the names of others in June, 1986.

This Office is recommending that the Commission find reason to believe that John J. O'Neill committed knowing and willful violations of 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution for the primary in connection with his contribution in the name of Ann Lorenzo and by making an excessive contribution (in the names of others) in early March, 1986.

This Office is recommending that the Commission find reason to believe that Mr. O'Neill committed knowing and willful violations of 2 U.S.C. § 441a(f) by accepting Mr. Wolfswinkel's August, 1986, contribution; by accepting his excessive contribution in connection with the primary contribution in the name of Ann Lorenzo; by accepting his own contribution in early March, 1986; and by accepting Mr. Wolfswinkel's contributions in June, 1986.

This Office is recommending that the Commission find reason to believe that John O'Neill violated 2 U.S.C. § 441a(a)(1)(A) [without a knowing and willful finding] with respect to his guarantee on the $50,000 loan to the Committee.

This Office is recommending that the Commission find reason to believe that John O'Neill violated 2 U.S.C. § 441a(f) [without a knowing and willful finding] with respect to the acceptance of Cortland Silver's contributions and with respect to the

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acceptance of his guarantee of the $50,000 bank loan.

This Office is recommending that the Commission find reason to believe that John O'Neill violated 2 U.S.C. § 432(b)(3) in connection with the use of Committee funds for a $4,000 cashier's check in May, 1986.

This Office is recommending that the Commission find reason to believe that John O'Neill violated 2 U.S.C. § 441b(a) by consenting to the $35,000 line of credit from United Bank and by accepting that line of credit.

2. The Committee and Mr. Mulkey, as treasurer

This Office is recommending that the Commission find reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 441f by accepting Mr. Wolfswinkel's August, 1986, contribution in the name of another; by accepting Mr. O'Neill's contribution in the name of Ann Lorenzo; by accepting Mr. O'Neill's contribution in the names of others in early March, 1986; and by accepting Mr. Wolfswinkel's contributions in the names of others in June, 1986.

This Office is recommending that the Commission find reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 441a(f) by accepting Mr. Wolfswinkel's August, 1986, contribution; by accepting John O'Neill's excessive contribution in connection with his contribution in the name of Ann Lorenzo; by accepting Mr. O'Neill's contribution in early March, 1986; by accepting Mr. Wolfswinkel's contributions in June, 1986; by accepting Cortland Silver's contributions; and by accepting Mr. O'Neill's guarantee on the $50,000 bank loan.

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This Office is recommending that the Commission find reason to believe that the Committee and Mr. Mulkey, as treasurer, violated and 2 U.S.C. § 441b(a) by accepting the $35,000 line of credit from United Bank.

This Office is recommending that the Commission find reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 434(b)(2)(A) and 434(b)(3)A) by failing to report the $3,000 payment accepted by Jay Rhodes and 2 U.S.C. § 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), and 434(b)(5)(A) by failing to report in-kind contributions of Cortland Silver.

This Office is recommending that the Commission find reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 434(b)(3)(E) by failing to report that John O'Neill was a guarantor of the $50,000 bank loan.

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3. **Conley D. Wolfswinkel and WGI**

This Office is recommending that the Commission find reason to believe that Mr. Wolfswinkel committed knowing and willful violations of 2 U.S.C. § 441f by making contributions in the names of others in August, 1986, and June, 1986.

This Office is recommending that the Commission find reason to believe that Mr. Wolfswinkel committed knowing and willful violations of 2 U.S.C. § 441a(a)(1)(A) with respect to his contributions in August and June, 1986.

This Office is recommending that the Commission find reason to believe that Mr. Wolfswinkel violated 2 U.S.C. § 441a(a)(3) with respect to his contributions in August and June, 1986.

This Office is recommending that the Commission find reason to believe that Mr. Wolfswinkel and WGI violated 2 U.S.C. § 441b(a) with respect to his contributions in August and June, 1986.

4. Other Respondents

This Office is recommending that the Commission find reason to believe that Ann S. Lorenzo committed knowing and willful violations of 2 U.S.C. § 441f by allowing her name to be used to effect contributions coming from John O'Neill.

This Office is recommending that the Commission find reason to believe that Jay Rhodes committed a knowing and willful violation of 2 U.S.C. § 441a(f) by accepting the $3,000 payment from Mr. Wolfswinkel through Mr. O'Neill.

This Office is recommending that the Commission find reason to believe that Cortland Silver violated 2 U.S.C. § 441a(a)(1)(A) in connection with his in-kind contributions to the Committee.

This Office is recommending that the Commission find reason to believe that the United Bank of Arizona violated 2 U.S.C. § 441b(a) in connection with the $35,000 line of credit extended to the Committee.

D. Investigation

This Office proposes that the Commission send the attached Orders for Written Answers and Subpoenas for Documents to some of the respondents and to Ben Dodson, the assistant campaign manager, who also performed certain treasurer duties. These

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questions and requests are aimed at obtaining certain information that may not necessitate extensive questioning. Such information pertains to the possible contributions of Mr. Silver, the possible violation of 2 U.S.C. § 432(b)(3) by Mr. O'Neill, the possible contribution in the names of others by Mr. Wolfswinkel on June 30, 1986, and the two bank loans. With respect to other issues that may not lend themselves as well to interrogatories such as the corporate or non-corporate nature of Mr. Wolfswinkel's $30,000 contribution or the acceptance of funds by Jay Rhodes, this Office proposes to await the responses to the reason to believe notifications, assess the information available, and then recommend appropriate depositions at that time.

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III. RECOMMENDATIONS

1. Open a Matter Under Review.

2. Find reason to believe that John J. O'Neill committed knowing and willful violations of 2 U.S.C. §§ 441f, 441a(a)(1)(A), and 441a(f).

3. Find reason to believe that John J. O'Neill violated 2 U.S.C. §§ 432(b)(3) and 441b(a).

4. Find reason to believe that the Rhodes for Congress Committee and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), 434(b)(5)(A), and 434(b)(3)(E).

5. Find reason to believe that Conley D. Wolfswinkel committed knowing and willful violations of 2 U.S.C. §§ 441f and 441a(a)(1)(A).

6. Find reason to believe that Conley D. Wolfswinkel violated 2 U.S.C. § 441a(a)(3).

7. Find reason to believe that Conley D. Wolfswinkel and Wolfswinkel Group, Incorporated violated 2 U.S.C. § 441b(a).

8. Find reason to believe that Ann S. Lorenzo committed knowing and willful violations of 2 U.S.C. § 441f.

9. Find reason to believe that Congressman John J. Rhodes, III, committed a knowing and willful violation of 2 U.S.C. § 441a(f).

10. Find reason to believe that Cortland Silver violated 2 U.S.C. § 441a(a)(1)(A).

11. Find reason to believe that the United Bank of Arizona violated 2 U.S.C. § 441b(a).

12. Approve the attached orders and subpoenas.

13. Approve the attached letters and Factual and Legal Analyses.

4/15/98
Date

Lawrence M. Noble
General Counsel

Attachments
1. Letter from the U.S. Attorney, received on July 6, 1987
2. FBI Investigative file, received on September 23, 1987
3. Notice of counsel from Mr. Wolfswinkel
4. Proposed letter, analysis, and order and subpoena to O'Neill
5. Proposed letter, analysis, and order and subpoena to the Committee
6. Proposed letter, analysis and order and subpoena to Wolfswinkel
7. Proposed letter and analysis to Lorenzo
8. Proposed letter and analysis to Rhodes
9. Proposed letter, analysis, and order and subpoena to Silver
10. Proposed letter and analysis to United Bank
11. Proposed letter and order and subpoena to Dodson

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JOSHUA MCFADDEN

DATE: APRIL 20, 1988

SUBJECT: OBJECTION TO PreMUR 181: FIRST G.C. REPORT
SIGNED APRIL 15, 1988

The above-captioned document was circulated to the Commission on Monday, April 18, 1988 at 4:00 P.M.

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

Commissioner Aikens	
Commissioner Elliott	X
Commissioner Josefiak	X
Commissioner McDonald	
Commissioner McGarry	
Commissioner Thomas	X

This matter will be placed on the Executive Session agenda for April 28, 1988.

Please notify us who will represent your Division before the Commission on this matter.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
John J. O'Neill	)	(MUR 2602)
Conley D. Wolfswinkel	)	
Wolfswinkel Group Incorporated	)	
Rhodes for Congress Committee	)	
and Kent H. Mulkey, as treasurer	)	PRE-MUR 181
Ann S. Lorenzo	)	
Cortland Silver	)	
John J. Rhodes, III	)	
United Bank of Arizona	)	

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CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of April 28, 1988, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions with respect to the above-captioned matter:

1. Open a Matter Under Review.

2. Find reason to believe that John J. O'Neill committed knowing and willful violations of 2 U.S.C. §§ 441f, 441a(a)(1)(A), and 441a(f).

3. Find reason to believe that John J. O'Neill violated 2 U.S.C. §§ 432(b)(3) and 441b(a).

(continued)

4. Find reason to believe that the Rhodes for Congress Committee and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), 434(b)(5)(A), and 434(b)(3)(E).

5. Find reason to believe that Conley D. Wolfswinkel committed knowing and willful violations of 2 U.S.C. §§ 441f and 441a(a)(1)(A).

6. Find reason to believe that Conley D. Wolfswinkel violated 2 U.S.C. § 441a(a)(3).

7. Find reason to believe that Conley D. Wolfswinkel and Wolfswinkel Group, Incorporated, violated 2 U.S.C. § 441b(a).

8. Find reason to believe that Ann S. Lorenzo committed knowing and willful violations of 2 U.S.C. § 441f.

9. Find reason to believe that Congressman John J. Rhodes, III, violated 2 U.S.C. § 441a(f).

10. Find reason to believe that Cortland Silver violated 2 U.S.C. § 441a(a)(1)(A).

11. Find reason to believe that the United Bank of Arizona violated 2 U.S.C. § 441b(a).

(continued)

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12. Approve the orders and subpoenas attached to the General Counsel's report dated April 15, 1988.

13. Direct the Office of General Counsel to send appropriate letters and appropriate Factual and Legal Analyses pursuant to the above actions.

Commissioners Aikens, Elliott, Josefiak, McGarry, and Thomas voted affirmatively for the decision; Commissioner McDonald was not present at the time of the vote.

Attest:

4-29-88
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 10, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Kent H. Mulkey, Treasurer
Rhodes for Congress Committee
P.O. Box 1381
Mesa, Arizona 85201

RE: MUR 2502
Rhodes for Congress Committee
Kent H. Mulkey, as treasurer

Dear Mr. Mulkey:

On April 28, 1988, the Federal Election Commission found that there is reason to believe that the Rhodes for Congress Committee ("the Committee") and you, as treasurer, violated 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), 434(b)(5)(A), and 434(b)(3)(E), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the Committee and you, as treasurer. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials along with your response to the enclosed Order to Submit Written Answers and Subpoena to Produce Documents. All responses to this notification letter and all responses to the order and subpoena must be submitted within 15 days of your receipt of this letter. Statements should be submitted under oath.

You may consult with an attorney and have an attorney assist you in the preparation of your responses. If you intend to be represented by counsel, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel and authorizing such counsel to receive any notifications or other communications from the Commission.

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In the absence of any additional information which demonstrates that no further action should be taken against the Committee and you, as treasurer, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation will not be entered into after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Order and Subpoena
Procedures
Designation of Counsel Form

cc: Congressman John J. Rhodes, III

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Rhodes for Congress Committee MUR 2602
Kent H. Mulkey, as treasurer

On July 6, 1987, this Office received a letter from the United States Attorney for the District of Arizona referring to "certain irregularities in the financial activities" of the House campaign of John J. Rhodes, III ("Jay Rhodes"), the Republican candidate in the First Congressional District of Arizona in 1986. Subsequently, this Office received an investigative file from the Federal Bureau of Investigation containing materials relating to activities in connection with the House campaign of Mr. Rhodes.

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A. The Principal Allegation

The principal allegation involves a $30,000 check given by Conley D. Wolfswinkel to John J. O'Neill and Mr. O'Neill's use of the funds for the Rhodes campaign. It appears that, in May or June of 1986, Mr. Wolfswinkel had stated that he would raise money for the Rhodes campaign. Mr. O'Neill, who was both finance chairman of the campaign and the assistant treasurer of the Rhodes for Congress Committee ("the Committee), informed Mr. Wolfswinkel that the campaign needed $30,000. On August 12, 1986, Wolfswinkel drew a personal check for that amount payable to the United Bank of Arizona; Mr. O'Neill was a branch manager of the United Bank in Mesa, Arizona.

On August 13, 1986, Mr. O'Neill had cashier's checks issued to the Committee which were offset by this contribution.

Mr. O'Neill prepared five cashier's checks signed by him as the bank's authorizing officer. There were three checks for $1,000 and two for $2,000 for a total of $7,000. They were made out to Rhodes for Congress and were issued in the names of five persons chosen by O'Neill. There is no indication that these individuals knew of the use of their names. According to Ben Dodson, the assistant campaign manager, Mr. O'Neill gave the cashier's checks to Mr. Dodson on August 26, 1986, for entry into the Committee's records.

In addition, Mr. O'Neill signed an $18,000 cashier's check, offset by Wolfswinkel's contribution, for deposit into the campaign's revolving line of credit. This line of credit had been issued by the bank on June 3, 1986. According to Dodson, on August 26, 1986, O'Neill gave him campaign pledge cards to indicate contributions from twelve individuals, six $2,000 contributions and six $1,000 contributions. O'Neill did not give Dodson any checks. There is no indication that these individuals knew of the use of their names. According to Dodson, O'Neill told him not to send any thank you letters to the twelve individuals. In addition, O'Neill crossed the names off a master contribution list.1/

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1/ The five "contributions" resulting from the cashier's checks totalling $7,000 were reported on pages attached to a letter sent to the Commission by the Committee treasurer, Kent Mulkey, on August 28, 1986. The letter stated that these were "last minute contributions," i.e., for the pre-primary period. These pages reported the contributions as received on August 26, 1986. The "contributions" resulting from the $18,000 cashier's check were reported on pages attached to a similar letter sent on September 11, 1986. These pages reported the contributions as received on September 9, 1986.

On August 13, Mr. O'Neill had a cashier's check for $5,000, also offset by Wolfswinkel's contribution, issued to himself. He placed the funds in his personal account at Merabank. Out of the $5,000, he gave $1,000 to Ann Lorenzo, his friend and the campaign's finance co-chairman, for the purpose of having her contribute that amount to the campaign. She deposited the money in her account at Merabank and contributed to the campaign from that account. O'Neill himself gave $900 to the campaign.[2/] He gave $3,000 to the candidate, Jay Rhodes, ostensibly in payment of legal fees owed to Mr. Rhodes. The documents from the FBI included the bills to Mr. O'Neill for legal services performed by Mr. Rhodes with respect to a lawsuit filed by Mr. O'Neill. The bill was itemized in a detailed manner and contained an outstanding amount of $3,855.45 as of late August, 1986, the time that O'Neill made the payment. Mr. Rhodes placed the funds in his personal account, rather than in the account of his law partnership where the funds would be placed normally. Mr. Rhodes never placed the funds in the partnership account but returned the money to Mr. O'Neill when he was informed of the irregularities connected with the funds. The disposition of the remaining $100 out of the $5,000 is unknown.

According to a cover letter, dated October 15, 1986, for the Committee's 1986 October Quarterly Report from treasurer, Kent Mulkey, the United Bank made information as to the use of Mr. Wolfswinkel's money available to the candidate and

2/ These "contributions" were reported on the Committee's 1986 12 Day Pre-Primary Report.

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other campaign officials on September 25, 1986. The information as to the irregularities was made available to the U.S. Attorney on September 26, 1986. The letter concludes by stating that $27,000 was returned to Mr. Wolfswinkel on September 30, 1986.[3/]

Based on the series of transactions described above, it appears that a number of sections of the Act may have been violated. Section 441f of Title 2 states that no person shall make a contribution in the name of another or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution by one person in the name of another person. The Commission Regulations at 11 C.F.R. § 110.4(b) state as follows:

> (b)(1) No person shall-
> (i) Make a contribution in the name of another;
> (ii) Knowingly permit his or her name to be used to effect that contribution; or
> (iii) Knowingly accept a contribution made by one person in the name of another.
> (2) Examples of "contribution in the name of another" include-
> (i) Giving money or anything of value, all or part of which was provided to the contributor by another person (the true contributor) without disclosing the source of money or the thing of value to the recipient candidate or committee at the time the contribution is made, see § 110.6; or

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3/ The Committee filings disclosed returns of most of the $30,000. On October 1, 1986, six days after the candidate and Committee personnel were informed of the source of the "contributions," the Committee sent a letter with pages listing all seventeen of the entries described in footnote 1. The letter stated that these names were "erroneously reported as last minute contributions [i.e., 48 hour notifications]" and "as such will not be reported" on the October Quarterly.
(Footnote continued)

> (ii) Making a contribution of money or anything of value and attributing as the source of the money or the thing of value another person when in fact the contributor is the source.

11 C.F.R. § 110.4(b).

It appears, thus far, that the contribution from Mr. Wolfswinkel was a contribution in the name of another. Furthermore, in addition to the contribution funds that Ms. Lorenzo received from Mr. O'Neill cited above, there appears to have been another contribution in her name prior to that. Her statements during her FBI interview indicate that in the latter part of 1985, Mr. O'Neill gave her $1,000 for the purpose of having her contribute to the campaign. She placed these funds in her account and then made a contribution to the campaign. The Committee's 1986 April Quarterly Report discloses a $1,000 contribution from Ms. Lorenzo on March 27, 1986. According to the account of the interview, Ms. Lorenzo stated that Mr. O'Neill wanted "the both of them to contribute to the campaign" and since "she did not have the financial ability" to pay $1,000 for the primary and $1,000 for the general election, O'Neill gave her these amounts.

It appears that Mr. O'Neill, the finance chairman and the Committee's assistant treasurer, accepted the funds of

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(Footnote continued)

The Committee's October Quarterly Report filed with the October 15 letter disclosed that $2,000 was returned to Mr. Wolfswinkel on September 30, 1986. This apparently covered the "contributions" from Ms. Lorenzo and Mr. O'Neill plus the $100. An amended Pre-Primary Report also sent on October 15 omits the entries for Ms. Lorenzo and Mr. O'Neill, replaces them with the word "blank," and discloses the receipt of $1,900 from Mr. Wolfswinkel on August 5, 1986.

Mr. Wolfswinkel and his own funds (in the case of Ms. Lorenzo's first "contribution") on behalf of the Committee. Because Mr. O'Neill, as finance chairman and assistant treasurer, was acting on behalf of the Rhodes for Congress Committee in accepting Wolfswinkel's contribution and his own contribution in the name of Ms. Lorenzo, the Committee had knowledge that it was accepting contributions that originated from a source other than the source appearing on the checks received by the Committee. Therefore, there is reason to believe that the Committee and Kent H. Mulkey, as treasurer, violated 2 U.S.C. § 441f.4/

Section 441a(a)(1)(A) of Title 2 states that no person shall make contributions to any candidate and his authorized political committees with respect to a federal election which, in the aggregate, exceed $1,000. Section 441a(f) of Title 2 states that

4/ The question arises as to whether 11 C.F.R. § 103.3(b) may be applied to negate the apparent violation by the Committee and its treasurer. The regulation in effect at the time, at 11 C.F.R. § 103.3(b)(1), stated that "[c]ontributions which appear to be illegal shall be, within 10 days, returned to the contributor or deposited into the campaign depository and reported." According to the new regulation at 11 C.F.R. § 103.3(b)(2), if the treasurer of a political committee discovers that a contribution was illegal (i.e., "made by a corporation, labor organization, foreign national or Federal contractor, or made in the name of another") after its acceptance, the treasurer shall refund the contribution within thirty days of the discovery of the illegality. Although the contribution of Mr. Wolfswinkel was returned on September 30, 1986, five days after United Bank informed the candidate and other campaign officials, Mr. O'Neill, the assistant treasurer of the Committee and the campaign's finance chairman, was aware of the unlawful nature of the contribution at the time it was made, well over a month before the return of the funds. Because Mr. O'Neill accepted these funds as an agent of the Committee, the pertinent starting dates for determining the timely return of the contribution are in August, 1986, over a month prior to the date of return.

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no candidate or political committee shall knowingly accept any contribution in violation of the provisions of section 441a and that no officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate in violation of the provisions of Section 441a.

It appears thus far that Mr. Wolfswinkel contributed between $26,900 (the amount that reached the Committee) and $30,000 to the Rhodes campaign. In addition, although Mr. Wolfswinkel appears to have been the source of the "contributions" reported as being from Mr. O'Neill and Ms. Lorenzo for the general election, it appears that Mr. O'Neill was the source of the $1,000 contribution attributed to Ms. Lorenzo for the primary. It appears that Mr. O'Neill also gave another $1,000 in his own name for the primary, reported as being received on March 27, 1986.

The evidence, thus far, indicates that Mr. O'Neill, an officer of the Committee, knowingly accepted Wolfswinkel's contribution and his own contributions. Because Mr. O'Neill was acting on behalf of the Committee as assistant treasurer and finance chairman, it appears that the Committee knowingly accepted the excessive contributions. Therefore, there is reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 441a(f).[5/]

5/ As with the apparent violation of 2 U.S.C. § 441f, the question arises as to whether 11 C.F.R. § 103.3(b) may be applied to negate the apparent violation of section 441a(f) by the Committee and its treasurer with respect to Wolfswinkel's contribution. As stated above at footnote 4, the regulation in effect at the time, at 11 C.F.R. § 103.3(b)(1), stated that (Footnote Continued)

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The facts presented in the FBI investigative file indicate that John O'Neill used $3,000 of the Wolfswinkel contribution to make a payment, ostensibly for legal fees, to Jay Rhodes. The circumstances surrounding the payment by Mr. O'Neill and the receipt by Mr. Rhodes raise the question of whether there was an acceptance of a contribution by the candidate personally; the $3,000 may have been given and received as part of an attempt to have Mr. Rhodes' living expenses paid for during his candidacy. See Advisory Opinions 1982-64 and 1978-40 (discussed below). (According to the memorandum dated September 26, 1986, describing an interview of O'Neill three days earlier by the Vice President and Manager of the United Bank's Security and Loss Prevention Department, O'Neill gave the $3,000 to Rhodes "for legal and/or living expenses.")

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(Footnote continued)
contributions appearing to be illegal were to be returned within ten days or deposited into the campaign depository and reported. According to the new regulations at 11 C.F.R. § 103.3(a), (b)(3), and (b)(4), a contribution that is facially excessive or excessive when aggregated with others from the same contributors shall be either returned within ten days of its receipt or deposited in the campaign depository. If deposited in a campaign depository, it shall not be used for disbursements until the contribution has been determined to be legal. To insure that the contributions are not used, the committee must either establish a separate account for such contributions or maintain sufficient funds to make all of the necessary refunds. If a remedy in the form of a redesignation or reattribution is not obtained, the contribution shall be refunded within 60 days of receipt. In this matter, the contribution was not refunded within ten days of Mr. O'Neill's receipt of the contribution. Furthermore, the reports of the Committee indicate that these funds were used for disbursements by the Committee.

According to the FBI interview of Jay Rhodes, Mr. O'Neill and he met alone in late August, 1986. At this meeting, O'Neill asked about Rhodes' personal finances and Rhodes stated that "they were not as good as they could be." O'Neill asked Rhodes the amount of the bill for the legal fees and Rhodes told him that it was approximately $3,000. Thereafter, Rhodes received a $3,000 personal check from O'Neill.

The circumstances surrounding the treatment of these funds by Rhodes is peculiar. Rather than deposit the funds into one of the accounts of his two-man law partnership, he deposited them into his personal bank account, something which, according to Rhodes, he had never done before. He states that this was done in haste, although his secretary, when interviewed by the FBI, stated that there had been little work in the office during August and September and that Mr. Rhodes "had not been doing anything in haste." She also stated that it would have been uncharacteristic of Rhodes to place such funds in the wrong account.

The secretary and Mr. Rhodes' law partner each discussed Mr. Rhodes involvement in the billing for the legal fees. The secretary stated that she prepared a billing statement for $3,800 and brought the statement to Mr. Rhodes who instructed her to reduce the billing to $3,000. She recalls that, subsequently, Mr. Rhodes "took the billing from her and handled it personally" (although "she did not consider this unusual for Rhodes to want to handle this" for a friend). According to the account of the

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FBI interview with the law partner, the partner stated that "[t]here were no postings to the billing statement of the law firm to reflect that any type of payment, specifically [a] $3,000 payment had been received by the law firm." In addition, the law partner stated that Rhodes did not tell him of his acceptance of the $3,000 fee from O'Neill until after the investigation by the Justice Department commenced.

According to the law partner, it was "not Office [sic] policy for either partner to put any funds into their personal accounts as in the past each of the attorneys [was] allowed to make two $1,750 draws per month." Mr. Rhodes stated that "[t]o offset what he had done, he took the $3,000 as one of his monthly draws and as an additional draw to equal a draw" of $1,500 to $1,700 that his partner had taken for personal reasons during the summer of 1986. The interview account does not indicate when Rhodes decided to keep these funds as an offset. His partner, on the other hand, stated that he (the partner) "has not had any real draw that was for personal reasons other than his normal day to day expenditures and payment of such things as his quarterly taxes." He also stated that because Rhodes had not been doing much work for the firm, there were not sufficient funds for Rhodes to take a draw.

In Advisory Opinions 1982-64 and 1978-40, the Commission stated that funds given or loaned by a person to a candidate for the candidate's living expenses during the campaign are contributions. In AO 1982-64, the Commission stated that funds

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received from family members and friends after the campaign to repay a loan taken out by the candidate during the campaign for personal living expenses would be contributions. In AO 1978-40, the Commission stated that loans from individuals to pay a person's personal living expenses while he was deciding to become a candidate would become contributions if the person becomes a candidate. In AO 1982-64, the Commission cited a number of factors in support of the concept that funds given to a person for living expenses while a person was a candidate or contemplating candidacy were contributions. These factors were:

> receipt of funds for living expenses would free-up other funds of the candidate for campaign purposes, the candidate would have more time to spend on the campaign instead of pursuing his or her usual employment, and the funds would not have been donated but for the candidacy.

It should also be noted, however, that these opinions distinguished between loans or donations to pay for living expenses and assets of the candidate such as earned income from bona fide employment. In addition, the factor of the timing of a payment for income owed, i.e., payment during a candidacy, was indirectly addressed in AO 1977-45 in which the Commission permitted a candidate who intended to work for a newspaper to be paid in the form of credits that he could use to purchase advertising after he announced his candidacy.

Even though O'Neill owed over $3,000 to Rhodes' law firm, the question by O'Neill as to Rhodes' financial status, the timing of O'Neill's payment (i.e., during the election and,

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perhaps, in advance of when he would otherwise pay), and the subsequent peculiar treatment of these funds by Rhodes indicate that this may have been an attempt by Mr. O'Neill to enhance Mr. Rhodes' financial situation as a candidate and an acceptance for the same reason by Mr. Rhodes. This situation may also be evaluated within the framework of the factors cited in AO 1982-64 in support of the proposition that funds for the living expenses of a candidate may be contributions. The $3,000 payment may have aided or enabled Rhodes to spend more time on his campaign at a time during which his usual source of income was drying up due to lack of work. In addition, Mr. O'Neill, who was intimately involved with the campaign, may not have inquired as to Mr. Rhodes' financial situation and made the payment but for the candidacy. (The primary was to occur approximately two weeks later.)

Although Rhodes had, in fact, performed over $3,000 worth of services for O'Neill, this payment should be distinguished from the earned income of a candidate as a result of bona fide employment discussed in all three of the advisory opinions cited above. Normally, the $3,000 would enter a partnership account from which both partners could draw. Thus, this would be income for the partnership from which Mr. Rhodes might later be able to draw a certain percentage. Instead, he placed the funds in his own personal account, the law firm did not receive payment, and it appears that the law firm's records never reflected that a payment was made.

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Based on the foregoing analysis, it appears that the payment of the $3,000 involved a contribution. Section 432(e)(2) of Title 2 states that a federal candidate who receives a contribution shall be considered, for purposes of the Act, as having received the contribution as an agent of his authorized committee. Because Mr. Rhodes was an agent of the Committee, it appears that the Committee accepted these funds. Although the Committee has, in some manner, reported the receipt of the remaining part of Wolfswinkel's contribution, it has never reported the receipt of the $3,000 apparently accepted by Mr. Rhodes.

Section 434(b)(3)(A) of Title 2 requires that each report contain the identification of each person who contributes to the committee during the reporting period and the date and amount contributed. Section 434(b)(2)(A) requires the reporting of the total amount of contributions from persons other than political committees. Because the $3,000 in funds were not reported, this Office recommends that the Commission find reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 434(b)(3)(A) and 434(b)(2)(A).

B. Evidence of Other Violations Contained in the FBI Investigation File

1. Contribution in the Names of Others by O'Neill in March, 1986

The evidence from the file indicates that, in early March, 1986, Mr. O'Neill, through the use of draws on his employee

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account, i.e., a personal account at United Bank, made $5,000 in contributions to the Rhodes Committee in the names of others. Mr. O'Neill had Georgeann Beaudet, a Loan Specialist working for him, sign five $1,000 cashier's checks in the names of his daughters, their husbands, and Cortland Silver, Jr.[6/] in excess of $1,000. As the assistant treasurer of the Committee and the finance chairman of the campaign, Mr. O'Neill accepted this $5,000 contribution with the knowledge that it was made in the names of five other persons. Mr. O'Neill was acting on behalf of the Committee in accepting the contribution in the names of others. Therefore, it appears that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 441a(f) and 441f.

2. Contributions in the Names of Others by Wolfswinkel in July, 1986

According to a memorandum in the investigative file, dated September 26, 1986, describing an interview of O'Neill three days earlier by the Vice President and Manager of the United Bank's Security and Loss Prevention Department, O'Neill was "aware that Conley Wolfswinkel had made a previous donation of $5,000.00 in his name and the names of various family members (using cashier's checks)." The file contains a cashier's check for $1,900 in the name of Conley Wolfswinkel offset by the bank account used for the $30,000 contribution, a $2,000 cashier's check in the name of

6/ The "contributions" resulting from O'Neill's draws on his employee account were reported on the Committee's 1986 April Quarterly Report as being received on March 6, 1986. On the 1986 Post-General Report, the Committee lists the "contributions" from the five names and reports that "refunds[s]" were made on October 30, 1986.

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his wife, Bernadette Wolfswinkel, offset by the same account, and a $1,000 cashier's check in the name of a son, Dustin Wolfswinkel, who is a printer living at his parent's address, offset by the same account. These checks were all dated June 30, 1986, and were reported on the Committee's 1986 July Quarterly Report as being received on that date. In addition, that report also discloses a $1,000 contribution on June 30 from Ashton Wolfswinkel, also a student. Both of these persons live at the home of Conley and Bernadette Wolfswinkel. In light of the evidence of the cashier's checks for the other contributions and the occupational and residential status of Damian and Ashton, these contributions may have also originated from Conley Wolfswinkel.

Section 110.1(i) of the Commission Regulations sets out the rules for treatment of contributions by spouses and minors (children under 18 years of age). According to 11 C.F.R. § 110.1(i)(1), the limitations of 11 C.F.R. § 110.1 [i.e., the limitations of 2 U.S.C. § 441a(a)] shall apply separately to contributions made by each spouse even if only one spouse has income. However, the evidence thus far indicates that only three persons, Mr. Wolfswinkel and two officials of WGI, had signatory rights to this account, and thus no contribution may have actually originated from Mrs. Wolfswinkel, just a contribution in her name by Conley Wolfswinkel.

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The regulation further states at 11 C.F.R. § 110.1(i)(2) that minor children may make contributions if

> (i) The decision to contribute is made knowingly and voluntarily by the minor child;
> (ii) The funds, goods, or services contributed are owned or controlled exclusively by the minor child, such as income earned by the child, the proceeds of a trust for which the child is the beneficiary, or a savings account opened and maintained exclusively in the child's name; and
> (iii) The contribution is not made from the proceeds of a gift, the purpose of which was to provide funds to be contributed, or is not in any other way controlled by another individual.

11 C.F.R. § 110.1(i)(2). From the evidence thus far as to the account used as an offset to the cashier's checks, it appears that any contributions from Mr. Wolfswinkel's account in the name of minor children would not satisfy subsection (2)(ii). If these children were not minor children, they still would have to have signature rights to the account and have actually consented to the contributions by signature in order for the contributions to be attributable to them, rather than to Conley Wolfswinkel.

The evidence, thus far, indicates that the contributions on June 30, 1986, in the names of Bernadette and Dustin Wolfswinkel were contributions in the names of others by Conley Wolfswinkel. It appears also that the contributions in the names of Damian and Ashton Wolfswinkel may also have been contributions in the name of others by Mr. Wolfswinkel. In addition, these contributions exceeded the limits of 2 U.S.C. § 441a(a)(1)(A).

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These cashier's checks were signed by Georgeann Beaudet who, in light of the evidence in this matter, apparently did so under Mr. O'Neill's instructions. As the assistant treasurer of the Committee and campaign finance chairman, Mr. O'Neill accepted Mr. Wolfswinkel's contribution with the knowledge that it was made in the names of other persons. Mr. O'Neill was acting on behalf of the Committee in accepting the June, 1986, contribution of Mr. Wolfswinkel. Therefore, it appears that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 441f and 441a(f).

3. **Payments by Cortland Silver to Enable His Daughter to Work for the Committee**

According to the above-mentioned memorandum dated September 26, 1986, O'Neill stated that Cortland Silver, a principal of Riviera Capital, wanted his daughter, Debbie Lorhsbaugh, to work for the Rhodes campaign. Mr. Silver promised that he would "cover" her salary which was $250 per week. The memorandum states that cashier's checks for $250 were found which were made payable to Lorhsbaugh. The file does not contain these checks and does not state what Mr. Silver's total payments were.

According to 2 U.S.C. § 431(8)(A)(ii), the term "contribution" includes "the payment by any person of compensation for the personal service of another person which are rendered to a political committee without charge for any purpose." See also 11 C.F.R. § 100.7(a)(3). By paying for his daughter's salary for her work for the Committee, Mr. Silver may have made contributions to the Committee. If Mr. Silver's

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payments combined with any other contributions he may have made to the Committee exceeded $1,000 for the primary or the general election, then the limit of 2 U.S.C. § 441a(a)(1)(A) was exceeded. At this point, it is unclear whether Mr. Silver made any other contributions to the Committee.7/ If Mr. Silver made no other contributions but still paid more than four weeks salary for the primary or the general election, then the section 441a(a)(1)(A) limit was exceeded.

Mr. Silver informed Mr. O'Neill that he was paying this salary and thus it appears that Mr. O'Neill knew of the circumstances surrounding these payments. It appears, therefore, that, as assistant treasurer of the Committee and campaign finance chairman, O'Neill may have knowingly accepted excessive contributions from Mr. Silver. Mr. O'Neill was acting on behalf of the Committee in connection with this transaction. Therefore, it appears that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 441a(f).

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7/ The Committee reports no contributions received from a "Cortland Silver" or a "Cortland Silver, Sr." Other than the March 6 contribution made by O'Neill in the name of "Cortland Silver, Jr.," there is one other $1,000 contribution for the primary reported as being received from "Cortland Silver, Jr." on July 19, 1986. The file indicates that there is an elder Silver who lives with Lorraine Silver, who also made a contribution received on July 19 and whose address differs from that of Cortland Silver, Jr. as listed in the Committee reports. (Confusing the matter further is the fact that the file contains, along with the copy of Lorraine Silver's contributor check to the Committee, i.e., a cashier's check drawn on cash and listing her name as the purchaser, a similar check on the same date listing the purchaser as "Cortland J. Silver." This raises the possibility that the Committee actually received a contribution from the elder Silver, rather than the younger Silver, on July 19).

According to 11 C.F.R. § 104.3(a)(1) and (a)(2), an in-kind contribution is to be reported as both a contribution and an expenditure. Section 434(b)(3)(A) of Title 2 requires that each report contain the identification of each person who contributes to the committee during the reporting period and the date and amount contributed. Section 434(b)(2)(A) requires the reporting of the total amount of contributions from persons other than political committees. Section 434(b)(5)(A) requires the reporting of the name and address of each "person to whom an expenditure in an aggregate amount or value in excess of $200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of such operating expenditure." Section 434(b)(4)(A) requires the reporting of the total of all expenditures during the reporting period and calendar year made to meet candidate or committee operating expenses. The apparent payments by Mr. Silver for his daughter's salary, which would be in-kind contributions, were not reported by the Committee even though its agent, Mr. O'Neill, knew of those payments. Therefore, there is reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 434(b)(2)(A), (b)(3)(A), (b)(4)(A), and (b)(5)(A).

4. Loans to the Committee

The file refers to two loans obtained by the Rhodes for Congress Committee, a $35,000 revolving line of credit and a $50,000 loan.

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The $35,000 line of credit was reported by the Committee in two parts. The 1986 July Quarterly reported the receipt of $29,500 on June 3, 1986. The Pre-Primary Report disclosed the receipt of $5,500 on July 3, 1986. The loan was reported as having a due date of December 1, 1986, with an interest rate of prime plus two percent. Jay Rhodes was listed as the guarantor. The line of credit was arranged by Mr. O'Neill at United Bank. In an interview with the FBI, Marie Evans, the Assistant Vice President at O'Neill's branch, stated that she had to obtain credit information and Mr. Rhodes' financial statement for this line of credit and that the financial statement on file was dated January, 1985. According to the account of the interview, even though the line of credit was granted on June 3, 1986, the bank did not obtain an up-to-date statement from Rhodes until June 26, 1986. During the FBI interview of Rhodes, Rhodes could not recall signing for the $35,000 line of credit and "could only recall that O'Neill handled that for him."

It appears that this situation involves the arrangement by a committee officer of a line of credit for that committee at a bank which he managed without even obtaining up-to-date financial information on the guarantor or the signature of the guarantor. Section 441b(b)(2) of Title 2 excludes from the definition of contribution "a loan of money by a national or state bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business." According to 11 C.F.R. § 100.7(b)(11),

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> [a] loan will be deemed to be made in the ordinary course of business if it: bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule.

11 C.F.R. § 100.7(b)(11). It appears that this loan may not have been granted on a basis that assures repayment and, therefore, may not have been in the ordinary course of business. The United Bank of Arizona is an incorporated state bank. Section 441b(a) of Title 2 prohibits a corporation from making a contribution in connection with a federal election and prohibits a candidate, political committee, or other person from knowingly accepting a corporate contribution. It appears that the Committee, with Mr. O'Neill acting on its behalf, knew the circumstances of this loan and thus, knowingly accepted a corporate contribution. Therefore, there is reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 441b(a)

On September 3, 1986, the Committee received a $50,000 loan from Sun National Bank. The Committee's 1986 October Quarterly Report reports the loan as repayable at 11.5% interest with a due date of December 2, 1986. Only Jay Rhodes is listed as the guarantor. However, the investigative file contains correspondence from Rhodes' attorney to the U.S. Attorney stating that documents evidencing that O'Neill had guaranteed the loan were attached to his letter and stating that Mr. Rhodes had no knowledge of the guarantee. Included in the file was a loan instrument that apparently was attached to the letter. This

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instrument was entitled "Guaranty" and was signed by John J. O'Neill. The instrument states that "the undersigned guarantee(s) to Bank the payment and performance of the debt, liability or obligation of Borrower to Bank evidenced by or arising out of" a promissory note for $50,000 in the name of the Committee, dated September 3, 1986.

Mr. Rhodes stated that he first learned about Mr. O'Neill's guarantee during the first week of October, 1986, and that he subsequently signed for the loan in the place of O'Neill.

According to 2 U.S.C. § 431(8)(A)(i), the term "contribution" includes a loan. According to 2 U.S.C. § 431(8)(A)(vii)(I) and 11 C.F.R. § 100.7(a)(1)(i)(C), a bank loan is a contribution by each endorser or guarantor in the proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors or in the proportion or amount for which the particular endorser or guarantor agreed to be liable in a written agreement. The evidence thus far indicates that Mr. O'Neill was a guarantor of the loan and that he agreed to guarantee the entire amount. It appears, therefore, Mr. O'Neill's loan guarantee was in excess of the limit of 2 U.S.C. § 44la(a)(1)(A). Because Mr. O'Neill was acting as an agent of the Committee, the Committee knew the circumstances of the loan. Therefore, it appears that the Committee and Mr. Mulkey, as treasurer, knowingly accepted the loan guarantee in violation of 2 U.S.C § 44la(f).

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Section 434(b)(3)(E) of Title 2 requires that a committee's reports identify each endorser or guarantor of a loan to the committee. Although Mr. Rhodes became the guarantor in the place of John O'Neill in early October, 1986, apparently prior to the filing of the 1986 October Quarterly, O'Neill was the guarantor during the reporting period for the October Quarterly and during the beginning of the reporting period for the Pre-General Report. His name, therefore, should have been reported by the Committee as a guarantor of the loan. Therefore, there is reason to believe that the Committee and Mr. Mulkey, as treasurer, violated 2 U.S.C. § 434(b)(3)(E).

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
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ORDER TO SUBMIT WRITTEN ANSWERS
SUBPOENA TO PRODUCE DOCUMENTS

TO: Kent Mulkey, Treasurer
Rhodes for Congress Committee
P.O. Box 1381
Mesa, AZ 85201

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Order. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Commission along with the requested documents within 15 days of your receipt of this Order and Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on this 9th day of May, 1988.

Thomas J. Josefiak, Chairman
Federal Election Commission

ATTEST:

for Mary W. Dove
Marjorie W. Emmons
Secretary to the Commission

Attachments
Instructions
Definitions
Questions and Document Request (3 pages)

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INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery requests shall refer to the time period from January 1, 1985, to the present.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

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DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"A description of" with respect to a document shall mean a statement of the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" or "state the identification of" with respect to a person shall mean state the full name, the most recent business and residence addresses and telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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The following three interrogatories pertain to payments apparently made by Cortland Silver for the salary of his daughter, Debbie Lorhsbaugh, for her work for the Rhodes for Congress Committee ("the Committee").

1. Describe the payments made for the salary of Ms. Lorhsbaugh for her work for the Committee. Your response should include:

   a. when the payments were made;

   b. the amount of each payment;

   c. the time periods of work (e.g., from June 16 to June 29) covered by each payment;

   d. the payee(s) on the checks made out for the payment of Ms. Lorhsbaugh's salary, e.g., Ms. Lorhsbaugh, the Committee;

   e. the identification of the person(s) to whom the checks or other payments for Ms. Lorhsbaugh's salary were mailed or delivered.

2. Identify the person(s) with whom Mr. Silver made the arrangements to pay Ms. Lorhsbaugh's salary.

3. Identify the person(s) who, to your knowledge, knew of this arrangement. State how these persons knew of the arrangement and their roles, if any, in the transaction.

4. List all other contributions made by Mr. Silver to the Committee. In doing so, state, for each contribution,

   a. the date and amount of the contribution;

   b. whether the contribution was a direct contribution (e.g., by check or cash to the Committee) or an in-kind contribution (e.g., goods, services, or payment for the services of others); and

   c. if an in-kind contribution, a description of the contribution.

On May 30, 1986, Mr. O'Neill had a $4,000 cashier's check made out to him with the Riviera Capital Corporation listed as the purchaser. It appears that the $4,000 may have come from Committee funds and may have been placed back into a Committee account. The following interrogatories pertain to this check and the apparent use of Committee funds.

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5. State the source of the funds used as an offset to the $4,000 cashier's check made out to John O'Neill on May 30, 1986, in the name of Riviera Capital Corporation. In answering this interrogatory, state:

   a. the specific contribution used, if any, including the names used as the source of the contributions, the amounts reported, and the dates reported; and

   b. if different from the persons whose names were used, the true source of the funds.

6. State how the $4,000 was placed back into the Committee account after the use of the funds. In answering this interrogatory, state:

   a. the date the funds were put back;

   b. a description of the instrument used;

   c. the source of the funds;

   d. whether this was reported by the Committee and, if reported by the Committee, the names reported as the source of these funds, the amounts reported, and the dates reported.

Request for the Production of Documents

1. Provide all documents pertaining to or making reference to payments by Cortland Silver for Debbie Lorhsbaugh's salary and to all other contributions by Mr. Silver to the Committee. These documents should include, but not be limited to, front and back copies of checks and correspondence and memoranda pertaining to these payments.

2. Provide all documents pertaining to or making reference to the $4,000 cashier's check made out to John O'Neill on May 30, 1986, in the name of Riviera Capital Corporation. These documents should include, but not be limited to, documents pertaining to the offset for the payment, documents pertaining to the payment itself, and documents pertaining to the repayment of funds to the accounts of the Committee.

3. Provide all documents pertaining to or making reference to the $35,000 line of credit granted to the Committee by the United Bank of Arizona during June and July, 1986. These documents should include, but not be limited to, agreements, notes, guarantee instruments, and any other instruments, correspondence, and memoranda pertaining to the Committee's receipt of the line of credit.

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4. Provide all documents pertaining to or making reference to the $50,000 loan made by the Sun National Bank to the Committee in September, 1986. These documents should include, but not be limited to, agreements, notes, guarantee instruments, and any other instruments, documents, and correspondence pertaining to the loan and to John O'Neill's guarantee of the loan.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 10, 1988

The Honorable John J. Rhodes, III
Cannon House Office Building
Room 510
Washington, D.C. 20515-0301

RE: MUR 2602
John J. Rhodes, III

Dear Congressman Rhodes:

On April 28, 1988, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 authorizing such counsel to receive any notifications and other communications from the Commission.

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 investigation to be made public.

The Commission has also made reason to believe determinations with respect to the Rhodes for Congress Committee and Kent H. Mulkey, as treasurer. A copy of the notification letter sent to the Committee is enclosed.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form
Notification Letter to the Rhodes for Congress Committee

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: John J. Rhodes, III **MUR 2602**

On July 6, 1987, this Office received a letter from the United States Attorney for the District of Arizona referring to "certain irregularities in the financial activities" of the House campaign of John J. Rhodes, III ("Jay Rhodes"), the Republican candidate in the First Congressional District of Arizona in 1986. Subsequently, this Office received an investigative file from the Federal Bureau of Investigation containing materials relating to activities in connection with the House campaign of Mr. Rhodes.

This matter involves a $30,000 check given by Conley D. Wolfswinkel to John J. O'Neill and Mr. O'Neill's use of the funds for the Rhodes campaign. It appears, that in May or June of 1986, Mr. Wolfswinkel had stated that he would raise money for the Rhodes campaign. Mr. O'Neill, who was both finance chairman of the campaign and the assistant treasurer of the Rhodes for Congress Committee ("the Committee), informed Mr. Wolfswinkel that the campaign needed $30,000. On August 12, 1986, Wolfswinkel drew a personal check for that amount payable to the United Bank of Arizona; Mr. O'Neill was a branch manager of the United Bank in Mesa, Arizona.

On August 13, 1986, Mr. O'Neill had cashier's checks issued to the Committee which were offset by this contribution. Among these checks was a cashier's check for $5,000, issued to himself. He placed the funds in his personal account at Merabank. Out of

the $5,000, he gave $1,000 to Ann Lorenzo, his friend and the campaign's finance co-chairman, for the purpose of having her contribute that amount to the campaign. She deposited the money in her account at Merabank and contributed to the campaign from that account. O'Neill himself gave $900 to the campaign. He gave $3,000 to the candidate, Jay Rhodes, ostensibly in payment of legal fees owed to Mr. Rhodes. The documents from the FBI included the bills to Mr. O'Neill for legal services performed by Mr. Rhodes with respect to a lawsuit filed by Mr. O'Neill. The bill was itemized in a detailed manner and contained an outstanding amount of $3,855.45 as of late August, 1986, the time that O'Neill made the payment. Mr. Rhodes placed the funds in his personal account, rather than in the account of his law partnership where the funds would be placed normally. Mr. Rhodes never placed the funds in the partnership account but returned the money to Mr. O'Neill when he was informed of the irregularities connected with the funds. The disposition of the remaining $100 out of the $5,000 is unknown.

Section 44la(a)(1)(A) of Title 2 states that no person shall make contributions to any candidate and his authorized political committees with respect to a federal election which, in the aggregate, exceed $1,000. Section 44la(f) of Title 2 states that no candidate or political committee shall knowingly accept any contribution in violation of the provisions of section 44la. The circumstances surrounding the payment by Mr. O'Neill and the

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receipt by Mr. Rhodes raise the question of whether there was an acceptance of a contribution by the candidate personally; the $3,000 may have been given and received as part of an attempt to have Mr. Rhodes' living expenses paid for during his candidacy. See Advisory Opinions 1982-64 and 1978-40 (discussed below). (According to a memorandum in the investigative file dated September 26, 1986, describing an interview of O'Neill three days earlier by the Vice President and Manager of the United Bank's Security and Loss Prevention Department, O'Neill gave the $3,000 to Rhodes "for legal and/or living expenses.") If this payment was a contribution, then Mr. Rhodes may have violated 2 U.S.C. § 441a(f).

According to the FBI interview of Jay Rhodes, Mr. O'Neill and he met alone in late August, 1986. At this meeting, O'Neill asked about Rhodes' personal finances and Rhodes stated that "they were not as good as they could be." O'Neill asked Rhodes the amount of the bill for the legal fees and Rhodes told him that it was approximately $3,000. Thereafter, Rhodes received a $3,000 personal check from O'Neill.

Rather than deposit the funds into one of the accounts of his two-man law partnership, Rhodes deposited them into his personal bank account, something which, according to Rhodes, he had never done before. He states that this was done in haste, although his secretary, when interviewed by the FBI, stated that there had been little work in the office during August and September and that Mr. Rhodes "had not been doing anything in

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haste." She also stated that it would have been uncharacteristic of Rhodes to place such funds in the wrong account.

The secretary and Mr. Rhodes' law partner each discussed Mr. Rhodes' involvement in the billing for the legal fees. The secretary stated that she prepared a billing statement for $3,800 and brought the statement to Mr. Rhodes who instructed her to reduce the billing to $3,000. She recalls that, subsequently, Mr. Rhodes "took the billing from her and handled it personally" (although "she did not consider this unusual for Rhodes to want to handle this" for a friend). According to the account of the FBI interview with the law partner, the partner stated "[t]here were no postings to the billing statement of the law firm to reflect that any type of payment, specifically [a] $3,000 payment had been received by the law firm." In addition, the law partner stated that Rhodes did not tell him of his acceptance of the $3,000 fee from O'Neill until after the investigation by the Justice Department commenced.

According to the law partner, it was "not Office [sic] policy for either partner to put any funds into their personal accounts as in the past each of the attorneys [was] allowed to make two $1,750 draws per month." Mr. Rhodes stated that "[t]o offset what he had done, he took the $3,000 as one of his monthly draws and as an additional draw to equal a draw" of $1,500 to $1,700 that his partner had taken for personal reasons during the summer of 1986. The interview account does not indicate when Rhodes decided to keep these funds as an offset. His partner, on

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the other hand, stated that he (the partner) "has not had any real draw that was for personal reasons other than his normal day to day expenditures and payment of such things as his quarterly taxes." He also stated that, because Rhodes had not been doing much work for the firm, there were not sufficient funds for Rhodes to take a draw.

In Advisory Opinions 1982-64 and 1978-40, the Commission stated that funds given or loaned by a person to a candidate for the candidate's living expenses during the campaign are contributions. In AO 1982-64, the Commission stated that funds received from family members and friends after the campaign to repay a loan taken out by the candidate during the campaign for personal living expenses would be contributions. In AO 1978-40, the Commission stated that loans from individuals to pay a person's personal living expenses while he was deciding to become a candidate would become contributions if the person becomes a candidate. In AO 1982-64, the Commission cited a number of factors in support of the concept that funds given to a person for living expenses while a person was a candidate or contemplating candidacy were contributions. These factors were:

> receipt of funds for living expenses would free-up other funds of the candidate for campaign purposes, the candidate would have more time to spend on the campaign instead of pursuing his or her usual employment, and the funds would not have been donated but for the candidacy.

It should also be noted, however, that these opinions distinguished between loans or donations to pay for living

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expenses and assets of the candidate such as earned income from bona fide employment. In addition, the factor of the timing of a payment for income owed, i.e., payment during a candidacy, was indirectly addressed in AO 1977-45 in which the Commission permitted a candidate who intended to work for a newspaper to be paid in the form of credits that he could use to purchase advertising after he announced his candidacy.

Even though O'Neill owed over $3,000 to Rhodes' law firm, the question by O'Neill as to Rhodes' financial status, the timing of O'Neill's payment (i.e., during the election and, perhaps, in advance of when he would otherwise pay), and the subsequent peculiar treatment of these funds by Rhodes indicate that this may have been an attempt by Mr. O'Neill to enhance Mr. Rhodes' financial situation as a candidate and an acceptance for the same reason by Mr. Rhodes. This situation may also be evaluated within the framework of the factors cited in AO 1982-64 in support of the proposition that funds for the living expenses of a candidate may be contributions. The $3,000 payment may have aided or enabled Rhodes to spend more time on his campaign at a time during which his usual source of income was drying up due to lack of work. In addition, Mr. O'Neill, who was intimately involved with the campaign, may not have inquired as to Mr. Rhodes' financial situation and made the payment but for the candidacy. (The primary was to occur approximately two weeks later.)

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Although Rhodes had, in fact, performed over $3,000 worth of services for O'Neill, this payment should be distinguished from the earned income of a candidate as a result of bona fide employment discussed in all three of the advisory opinions cited above. Normally, the $3,000 would enter a partnership account from which both partners could draw. Thus, this would be income for the partnership from which Mr. Rhodes might later be able to draw a certain percentage. Instead, he placed the funds in his own personal account, the law firm did not receive payment, and it appears that the law firm's records never reflected that a payment was made.

Based on the foregoing analysis, it appears that the payment was a contribution and that Rhodes himself may have accepted a contribution in excess of the limit of 2 U.S.C. § 441a(a)(1)(A). Therefore, there is reason to believe that Congressman John J. Rhodes, III, violated 2 U.S.C. § 441a(f).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 10, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John J. O'Neill
2 Madrid Plaza
Mesa, AZ 85201

RE: MUR 2602
John J. O'Neill

Dear Mr. O'Neill:

On April 28, 1988, the Federal Election Commission found that there is reason to believe that you committed knowing and willful violations of 2 U.S.C. §§ 441f, 441a(a)(1)(A), and 441a(f), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). On that date, the Commission additionally found reason to believe that you violated 2 U.S.C. §§ 432(b)(3) and 441b(a), also provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials along with your response to the enclosed Order to Submit Written Answers and Subpoena to Produce Documents. All responses to this notification letter and all responses to the order and subpoena must be submitted within 15 days of your receipt of this letter. Statements should be submitted under oath.

You may consult with an attorney and have an attorney assist you in the preparation of your responses. If you intend to be represented by counsel, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel and authorizing such counsel to receive any notifications or other communications from the Commission.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation will not be entered into after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
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Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: John J. O'Neill MUR 2602

On July 6, 1987, this Office received a letter from the United States Attorney for the District of Arizona referring to "certain irregularities in the financial activities" of the House campaign of John J. Rhodes, III ("Jay Rhodes"), the Republican candidate in the First Congressional District of Arizona in 1986. Subsequently, this Office received an investigative file from the Federal Bureau of Investigation containing materials relating to activities in connection with the House campaign of Mr. Rhodes.

A. The Principal Allegation

The principal allegation in this matter involves a $30,000 check given by Conley D. Wolfswinkel to John J. O'Neill and Mr. O'Neill's use of the funds for the Rhodes campaign. It appears that, in May or June of 1986, Mr. Wolfswinkel had stated that he would raise money for the Rhodes campaign. Mr. O'Neill, who was both finance chairman of the campaign and the assistant treasurer of the Rhodes for Congress Committee ("the Committee), informed Mr. Wolfswinkel that the campaign needed $30,000. On August 12, 1986, Wolfswinkel drew a personal check for that amount payable to the United Bank of Arizona; Mr. O'Neill was a branch manager of the United Bank in Mesa, Arizona.

On August 13, 1986, Mr. O'Neill had cashier's checks issued to the Committee which were offset by this contribution. Mr. O'Neill prepared five cashier's checks signed by him as the bank's authorizing officer. There were three checks for $1,000

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and two for $2,000 for a total of $7,000. They were made out to Rhodes for Congress and were issued in the names of five persons chosen by O'Neill. There is no indication that these individuals knew of the use of their names. According to Ben Dodson, the assistant campaign manager, Mr. O'Neill gave the cashier's checks to Mr. Dodson on August 26, 1986, for entry into the Committee's records.

In addition, Mr. O'Neill signed an $18,000 cashier's check, offset by Wolfswinkel's contribution, for deposit into the campaign's revolving line of credit. This line of credit had been issued by the bank on June 3, 1986. According to Dodson, on August 26, 1986, O'Neill gave him campaign pledge cards to indicate contributions from twelve individuals, six $2,000 contributions and six $1,000 contributions. O'Neill did not give Dodson any checks. There is no indication that these individuals knew of the use of their names. According to Dodson, O'Neill told him not to send any thank you letters to the twelve individuals. In addition, O'Neill crossed the names off a master contribution list.1/

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1/ The five "contributions" resulting from the cashier's checks totalling $7,000 were reported on pages attached to a letter sent to the Commission by the Committee treasurer, Kent Mulkey, on August 28, 1986. The letter stated that these were "last minute contributions," i.e., for the pre-primary period. These pages reported the contributions as received on August 26, 1986. The "contributions" resulting from the $18,000 cashier's check were reported on pages attached to a similar letter sent on September 11, 1986. These pages reported the contributions as received on September 9, 1986. On (Footnote continued)

On August 13, Mr. O'Neill had a cashier's check for $5,000, also offset by Wolfswinkel's contribution, issued to himself. He placed the funds in his personal account at Merabank. Out of the $5,000, he gave $1,000 to Ann Lorenzo, his friend and the campaign's finance co-chairman, for the purpose of having her contribute that amount to the campaign. She deposited the money in her account at Merabank and contributed to the campaign from that account. O'Neill himself gave $900 to the campaign. He gave $3,000 to the candidate, Jay Rhodes, ostensibly in payment of legal fees owed to Mr. Rhodes. The documents from the FBI included the bills to Mr. O'Neill for legal services performed by Mr. Rhodes with respect to a lawsuit filed by Mr. O'Neill. The bill was itemized in a detailed manner and contained an outstanding amount of $3,855.45 as of late August, 1986, the time that O'Neill made the payment. Mr. Rhodes placed the funds in his personal account, rather than in the account of his law partnership where the funds would be placed normally. Mr. Rhodes never placed the funds in the partnership account but returned the money to Mr. O'Neill when he was informed of the irregularities connected with the funds. The disposition of the remaining $100 out of the $5,000 is unknown.

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(Footnote continued)
October 1, 1986, six days after the candidate and Committee personnel were informed of the source of the contributions, the Committee sent a letter with pages listing all seventeen of the entries. The letters stated that these names were "erroneously reported as last minute contributions [i.e., 48 hour notifications]" and "as such will not be reported" on the October Quarterly.

According to a cover letter, dated October 15, 1986, for the Committee's 1986 October Quarterly Report from treasurer, Kent Mulkey, the United Bank made information as to the use of Mr. Wolfswinkel's money available to the candidate and other campaign officials on September 25, 1986. The information as to the irregularities was made available to the U.S. Attorney on September 26, 1986. The letter concludes by stating that $27,000 was returned to Mr. Wolfswinkel on September 30, 1986.

Based on the series of transactions described above, it appears that a number of sections of the Act may have been violated. Section 441f of Title 2 states that no person shall make a contribution in the name of another or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution by one person in the name of another person. The Commission Regulations at 11 C.F.R. § 110.4(b) state as follows:

> (b)(1) No person shall-
> (i) Make a contribution in the name of another;
> (ii) Knowingly permit his or her name to be used to effect that contribution; or
> (iii) Knowingly accept a contribution made by one person in the name of another.
> (2) Examples of "contribution in the name of another" include-
> (i) Giving money or anything of value, all or part of which was provided to the contributor by another person (the true contributor) without disclosing the source of money or the thing of value to the recipient candidate or committee at the time the contribution is made, see § 110.6; or
> (ii) Making a contribution of money or anything of value and attributing as the source of the money or the thing of value another person when in fact the contributor is the source.

11 C.F.R. § 110.4(b).

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It appears, thus far, that the contribution from Mr. Wolfswinkel was a contribution in the name of another. Furthermore, in addition to the contribution funds that Ms. Lorenzo received from Mr. O'Neill cited above, there appears to have been another contribution in her name prior to that. Her statements during her FBI interview indicate that in the latter part of 1985, Mr. O'Neill gave her $1,000 for the purpose of having her contribute to the campaign. She placed these funds in her account and then made a contribution to the campaign. The Committee's 1986 April Quarterly Report discloses a $1,000 contribution from Ms. Lorenzo on March 27, 1986. According to the account of the interview, Ms. Lorenzo stated that Mr. O'Neill wanted "the both of them to contribute to the campaign" and since "she did not have the financial ability" to pay $1,000 for the primary and $1,000 for the general election, O'Neill gave her these amounts.

The statements of Ms. Lorenzo indicate that, while Mr. Wolfswinkel appears to have been the source of Ms. Lorenzo's general election "contribution," Mr. O'Neill was the source of Ms. Lorenzo's "contribution" for the primary. In addition, it appears that Mr. O'Neill, the finance chairman and the Committee's assistant treasurer, accepted the funds of Mr. Wolfswinkel and his own funds (in the case of Ms. Lorenzo's first "contribution") on behalf of the Committee. Finally, it appears that Mr. O'Neill assisted in the making of a

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contribution in the name of another with respect to Mr. Wolfswinkel's contribution and, thus, may have violated 2 U.S.C. § 441f in that manner. It appears, therefore, that Mr. O'Neill made a contribution in the name of another, accepted such a contribution, and assisted in the making of such a contribution in violation of 2 U.S.C. § 441f.

Although Jay Rhodes has stated that Mr. O'Neill was aware of the contribution limits and other parts of the Act, it is not clear that he knew that contributions in the name of another were prohibited. Nevertheless, it appears that Mr. O'Neill engaged in these activities in order to conceal a violation of 2 U.S.C. § 441a(a)(1)(A). Therefore, there is reason to believe that John J. O'Neill committed knowing and willful violations of 2 U.S.C. § 441f.

Section 441a(a)(1)(A) of Title 2 states that no person shall make contributions to any candidate and his authorized political committees with respect to a federal election which, in the aggregate, exceed $1,000. Although Mr. Wolfswinkel appears to have been the source of the "contributions" reported as being from Mr. O'Neill and Ms. Lorenzo for the general election, it appears that Mr. O'Neill was the source of the $1,000 contribution attributed to Ms. Lorenzo for the primary. It appears that Mr. O'Neill also gave another $1,000 in his own name for the primary, reported as being received on March 27, 1986. The evidence indicates that Mr. O'Neill was aware of the limits of 2 U.S.C. § 441a(a)(1)(A). Therefore, there is reason to

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believe that O'Neill committed a knowing and willful violation of 2 U.S.C. § 441a(a)(1)(A).

Section 441a(f) of Title 2 states that no candidate or political committee shall knowingly accept any contribution in violation of the provisions of section 441a and that no officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate in violation of the provisions of section 441a. It appears that Mr. O'Neill, an officer of the Committee, knowingly accepted Wolfswinkel's contribution totalling between $26,900 (the amount that reached the Committee) and $30,000 and his own contributions reported as received on March 27, 1986 (one of which was in the name of Ms. Lorenzo), and knew these contributions exceeded the limit of 2 U.S.C. § 441a(a)(1)(A). Therefore, there is reason to believe that Mr. O'Neill committed knowing and willful violations of 2 U.S.C. § 441a(f).

The facts presented in the FBI investigative file indicate that John O'Neill used $3,000 of the Wolfswinkel contribution to make a payment, ostensibly for legal fees, to Jay Rhodes. The circumstances surrounding the payment by Mr. O'Neill and the receipt by Mr. Rhodes raise the question of whether there was an acceptance of a contribution by the candidate personally; the $3,000 may have been given and received as part of an attempt to have Mr. Rhodes' living expenses paid for during his candidacy. See Advisory Opinions 1982-64 and 1978-40 (discussed below). (According to a memorandum in the investigative file, dated September 26, 1986, describing an interview of O'Neill three days

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earlier by the Vice President and Manager of the United Bank's Security and Loss Prevention Department, O'Neill gave the $3,000 to Rhodes "for legal and/or living expenses.") If this payment was a contribution, then Mr. O'Neill may have violated 2 U.S.C. § 441f by permitting his name to be used to effect a contribution.

According to the FBI interview of Jay Rhodes, Mr. O'Neill and he met alone in late August, 1986. At this meeting, O'Neill asked about Rhodes' personal finances and Rhodes stated that "they were not as good as they could be." O'Neill asked Rhodes the amount of the bill for the legal fees and Rhodes told him that it was approximately $3,000. Thereafter, Rhodes received a $3,000 personal check from O'Neill.

The circumstances surrounding the treatment of these funds by Rhodes is peculiar. Rather than deposit the funds into one of the accounts of his two-man law partnership, he deposited them into his personal bank account, something which, according to Rhodes, he had never done before. He states that this was done in haste, although his secretary, when interviewed by the FBI, stated that there had been little work in the office during August and September and that Mr. Rhodes "had not been doing anything in haste." She also stated that it would have been uncharacteristic of Rhodes to place such funds in the wrong account.

The secretary and Mr. Rhodes' law partner each discussed Mr. Rhodes involvement in the billing for the legal fees. The

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secretary stated that she prepared a billing statement for $3,800 and brought the statement to Mr. Rhodes who instructed her to reduce the billing to $3,000. She recalls that, subsequently, Mr. Rhodes "took the billing from her and handled it personally" (although "she did not consider this unusual for Rhodes to want to handle this" for a friend). According to the account of the FBI interview with the law partner, the partner stated that "[t]here were no postings to the billing statement of the law firm to reflect that any type of payment, specifically [a] $3,000 payment had been received by the law firm." In addition, the law partner stated that Rhodes did not tell him of his acceptance of the $3,000 fee from O'Neill until after the investigation by the Justice Department commenced.

According to the law partner, it was "not Office [sic] policy for either partner to put any funds into their personal accounts as in the past each of the attorneys [was] allowed to make two $1,750 draws per month." Mr. Rhodes stated that "[t]o offset what he had done, he took the $3,000 as one of his monthly draws and as an additional draw to equal a draw" of $1,500 to $1,700 that his partner had taken for personal reasons during the summer of 1986. The interview account does not indicate when Rhodes decided to keep these funds as an offset. His partner, on the other hand, stated that he (the partner) "has not had any real draw that was for personal reasons other than his normal day to day expenditures and payment of such things as his quarterly taxes." He also stated that because Rhodes had not been doing

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much work for the firm, there were not sufficient funds for Rhodes to take a draw.

In Advisory Opinions 1982-64 and 1978-40, the Commission stated that funds given or loaned by a person to a candidate for the candidate's living expenses during the campaign are contributions. In AO 1982-64, the Commission stated that funds received from family members and friends after the campaign to repay a loan taken out by the candidate during the campaign for personal living expenses would be contributions. In AO 1978-40, the Commission stated that loans from individuals to pay a person's personal living expenses while he was deciding to become a candidate would become contributions if the person becomes a candidate. In AO 1982-64, the Commission cited a number of factors in support of the concept that funds given to a person for living expenses while a person was a candidate or contemplating candidacy were contributions. These factors were:

> receipt of funds for living expenses would free-up other funds of the candidate for campaign purposes, the candidate would have more time to spend on the campaign instead of pursuing his or her usual employment, and the funds would not have been donated but for the candidacy.

It should also be noted, however, that these opinions distinguished between loans or donations to pay for living expenses and assets of the candidate such as earned income from bona fide employment. In addition, the factor of the timing of a payment for income owed, i.e., payment during a candidacy, was indirectly addressed in AO 1977-45 in which the Commission

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permitted a candidate who intended to work for a newspaper to be paid in the form of credits that he could use to purchase advertising after he announced his candidacy.

Even though O'Neill owed over $3,000 to Rhodes' law firm, the question by O'Neill as to Rhodes' financial status, the timing of O'Neill's payment (i.e., during the election and, perhaps, in advance of when he would otherwise pay), and the subsequent peculiar treatment of these funds by Rhodes indicate that this may have been an attempt by Mr. O'Neill to enhance Mr. Rhodes' financial situation as a candidate and an acceptance for the same reason by Mr. Rhodes. This situation may also be evaluated within the framework of the factors cited in AO 1982-64 in support of the proposition that funds for the living expenses of a candidate may be contributions. The $3,000 payment may have aided or enabled Rhodes to spend more time on his campaign at a time during which his usual source of income was drying up due to lack of work. In addition, Mr. O'Neill, who was intimately involved with the campaign, may not have inquired as to Mr. Rhodes' financial situation and made the payment but for the candidacy. (The primary was to occur approximately two weeks later.)

Although Rhodes had, in fact, performed over $3,000 worth of services for O'Neill, this payment should be distinguished from the earned income of a candidate as a result of <u>bona fide</u> employment discussed in all three of the advisory opinions cited above. Normally, the $3,000 would enter a partnership account

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from which both partners could draw. Thus, this would be income for the partnership from which Mr. Rhodes might later be able to draw a certain percentage. Instead, he placed the funds in his own personal account, the law firm did not receive payment, and it appears that the law firm's records never reflected that a payment was made.

Based on the foregoing analysis, it appears that the payment was a contribution. It appears, therefore, that Mr. O'Neill permitted his name to be used to effect a contribution to Mr. Rhodes in violation of 2 U.S.C. § 441f, and, as part of his overall use of Wolfswinkel's $30,000 contribution, this apparent violation was knowing and willful.

B. Evidence of Other Violations Contained in the FBI Investigation File

1. Contribution in the Names of Others by O'Neill in March, 1986

The evidence from the file indicates that, in early March, 1986, Mr. O'Neill, through the use of draws on his employee account, i.e., a personal account at United Bank, made $5,000 in contributions to the Rhodes Committee in the names of others. Mr. O'Neill had Georgeann Beaudet, a Loan Specialist working for him, sign five $1,000 cashier's checks in the names of his daughters, their husbands, and Cortland Silver, Jr.[2/] It appears

2/ The "contributions" resulting from O'Neill's draws on his employee account were reported on the Committee's 1986 April Quarterly Report as being received on March 6, 1986. On the 1986 Post-General Report, the Committee lists the "contributions" from the five names and reports that "refund[s]" were made on October 30, 1986.

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that Mr. O'Neill was aware of the limitation of section 441a(a)(1)(A) and used these names to conceal a contribution exceeding the limit. Therefore, it appears that Mr. O'Neill committed a knowing and willful violation of 2 U.S.C. § 441f by making contributions in the names of others and 2 U.S.C. § 441a(a)(1)(A) by contributing in excess of $1,000. As the assistant treasurer of the Committee and the finance chairman of the campaign, Mr. O'Neill accepted this contribution with the knowledge that it was made in the names of five other persons and apparently with the intent to conceal a contribution exceeding the limit of section 441a(a)(1)(A). Therefore, it appears that Mr. O'Neill committed a knowing and willful violation of 2 U.S.C. §§ 441f and 441a(f) by accepting the March 1986 contribution.

2. Contributions in the Names of Others by Wolfswinkel in July, 1986

According to the September 26, 1986, memorandum from the Vice President and Manager of the United Bank's Security and Loss Prevention Department, O'Neill was "aware that Conley Wolfswinkel had made a previous donation of $5,000.00 in his name and the names of various family members (using cashier's checks)." The file contains a cashier's check for $1,900 in the name of Conley Wolfswinkel offset by the bank account used for the $30,000 contribution, a $2,000 cashier's check in the name of his wife, Bernadette Wolfswinkel, offset by the same account, and a $1,000 cashier's check in the name of a son, Dustin Wolfswinkel, who is a printer living at his parent's address, offset by the same account. These checks were all dated June 30, 1986, and were

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reported on the Committee's 1986 July Quarterly Report as being received on that date. In addition, that report also discloses a $1,000 contribution on June 30 from Damian Wolfswinkel, a student, and a $1,000 contribution on June 30 from Ashton Wolfswinkel, also a student. Both of these persons live at the home of Conley and Bernadette Wolfswinkel. In light of the evidence of the cashier's checks for the other contributions and the occupational and residential status of Damian and Ashton, these contributions may have also originated from Conley Wolfswinkel.

Section 110.1(i) of the Commission Regulations sets out the rules for treatment of contributions by spouses and minors (children under 18 years of age). According to 11 C.F.R. § 110.1(i)(1), the limitations of 11 C.F.R. § 110.1 [i.e., the limitations of 2 U.S.C. § 441a(a)] shall apply separately to contributions made by each spouse even if only one spouse has income. However, the evidence thus far indicates that only three persons, Mr. Wolfswinkel and two officials of WGI, had signatory rights to this account, and thus no contribution may have actually originated from Mrs. Wolfswinkel, just a contribution in her name by Conley Wolfswinkel.

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The regulation further states at 11 C.F.R. § 110.1(i)(2) that minor children may make contributions if

> (i) The decision to contribute is made knowingly and voluntarily by the minor child;
> (ii) The funds, goods, or services contributed are owned or controlled exclusively by the minor child, such as

> income earned by the child, the proceeds of a trust for which the child is the beneficiary, or a savings account opened and maintained exclusively in the child's name; and
> (iii) The contribution is not made from the proceeds of a gift, the purpose of which was to provide funds to be contributed, or is not in any other way controlled by another individual.

11 C.F.R. § 110.1(i)(2). From the evidence thus far as to the account used as an offset to the cashier's checks, it appears that any contributions from Mr. Wolfswinkel's account in the name of minor children would not satisfy subsection (2)(ii). If these children were not minor children, they still would have to have signature rights to the account and have actually consented to the contributions by signature in order for the contributions to be attributable to them, rather than to Conley Wolfswinkel.

The evidence, thus far, indicates that the contributions on June 30, 1986, in the names of Bernadette and Dustin Wolfswinkel were contributions in the names of others by Conley Wolfswinkel. It appears also that the contributions in the names of Damian and Ashton Wolfswinkel may also have been contributions in the name of others by Mr. Wolfswinkel. In addition, these contributions exceeded the limit of 2 U.S.C. § 441a(a)(1)(A).

These cashier's checks were signed by Georgeann Beaudet who, in light of the evidence in this matter, apparently did so under Mr. O'Neill's instructions. As the assistant treasurer of the Committee and campaign finance chairman, Mr. O'Neill accepted Mr. Wolfswinkel's contribution with the knowledge that it was made in the names of other persons and apparently with the intent

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to circumvent the limit of section 441a(a)(1)(A). Therefore, it appears that Mr. O'Neill committed a knowing and willful violation of 2 U.S.C. §§ 441f and 441a(f) by accepting the June, 1986, contribution of Mr. Wolfswinkel.

3. Commingling of Committee Funds with the Personal Funds of O'Neill

On May 30, 1986, John O'Neill had a $4,000 cashier's check made out to him (signed by Ms. Beaudet) with the Riviera Capital Corporation listed as the purchaser. According to the above-mentioned memorandum dated September 26, 1986, describing an interview of O'Neill, O'Neill at first stated that the offset was the $4,000 in cashier's checks that he had attributed to his daughters and sons-in-law discussed above. The interviewer showed him that this was unlikely because those checks were made out almost three months earlier. The account of the interview, however, indicates that the $4,000 may have in some way come from Committee funds; it states that O'Neill "could not remember how the $4,000 was put back into the campaign."

Section 432(b)(3) of Title 2 states that "all funds of a political committee shall be segregated from, and may not be commingled with, the personal funds of any individual." Although O'Neill "denied receiving the [$4,000] for personal use," it appears from the account provided in the file that O'Neill, the Committee's assistant treasurer, may have used campaign funds for his own purposes. Therefore, there is reason to believe that John O'Neill violated 2 U.S.C. § 432(b)(3).

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4. Payments by Cortland Silver to Enable His Daughter to Work for the Committee

According to the above-mentioned memorandum dated September 26, 1986, O'Neill stated that Cortland Silver, a principal of Riviera Capital, wanted his daughter, Debbie Lorhsbaugh, to work for the Rhodes campaign. Mr. Silver promised that he would "cover" her salary which was $250 per week. The memorandum states that cashier's checks for $250 were found which were made payable to Lorhsbaugh. The file does not contain these checks and does not state what Mr. Silver's total payments were.

According to 2 U.S.C. § 431(8)(A)(ii), the term "contribution" includes "the payment by any person of compensation for the personal service of another person which are rendered to a political committee without charge for any purpose." See also 11 C.F.R. § 100.7(a)(3). By paying for his daughter's salary for her work for the Committee, Mr. Silver may have made contributions to the Committee. If Mr. Silver's payments combined with any other contributions he may have made to the Committee exceeded $1,000 for the primary or the general election, then the limit of 2 U.S.C. § 441a(a)(1)(A) was exceeded. At this point, it is unclear whether Mr. Silver made any other contributions to the Committee.3/ If Mr. Silver made

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3/ The Committee reports no contributions received from a "Cortland Silver" or a "Cortland Silver, Sr." Other than the March 6 contribution made by O'Neill in the name of "Cortland Silver, Jr.," there is one other $1,000 contribution for the primary reported as being received from "Cortland Silver, Jr." on July 19, 1986. The file indicates that there is an elder Silver who lives with Lorraine Silver, who also made a (Footnote continued)

no other contributions but still paid more than four weeks salary for the primary or the general election, then the section 441a(a)(1)(A) limit was exceeded.

Mr. Silver informed Mr. O'Neill that he was paying this salary and thus it appears that Mr. O'Neill knew of the circumstances surrounding these payments. It appears, therefore, that, as assistant treasurer of the Committee and campaign finance chairman, O'Neill may have knowingly accepted excessive contributions from Mr. Silver in violation of 2 U.S.C. § 441a(f).

5. Loans to the Committee

The file refers to two loans obtained by the Rhodes for Congress Committee, a $35,000 revolving line of credit and a $50,000 loan.

The $35,000 line of credit was reported by the Committee in two parts. The 1986 July Quarterly reported the receipt of $29,500 on June 3, 1986. The Pre-Primary Report disclosed the receipt of $5,500 on July 3, 1986. The loan was reported as having a due date of December 1, 1986, with an interest rate of prime plus two percent. Jay Rhodes was listed as the guarantor.

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(Footnote continued)
contribution received on July 19 and whose address differs from that of Cortland Silver, Jr. as listed in the Committee reports. (Confusing the matter further is the fact that the file contains, along with the copy of Lorraine Silver's contributor check to the Committee, i.e., a cashier's check drawn on cash and listing her name as the purchaser, a similar check on the same date listing the purchaser as "Cortland J. Silver." This raises the possibility that the Committee actually received a contribution from the elder Silver, rather than the younger Silver, on July 19).

The line of credit was arranged by Mr. O'Neill at United Bank. In an interview with the FBI, Marie Evans, the Assistant Vice President at O'Neill's branch, stated that she had to obtain credit information and Mr. Rhodes' financial statement for this line of credit and that the financial statement on file was dated January, 1985. According to the account of the interview, even though the line of credit was granted on June 3, 1986, the bank did not obtain an up-to-date statement from Rhodes until June 26, 1986. During the FBI interview of Rhodes, Rhodes could not recall signing for the $35,000 line of credit and "could only recall that O'Neill handled that for him."

It appears that this situation involves the arrangement by a committee officer of a line of credit for that committee at a bank which he managed without even obtaining up-to-date financial information on the guarantor or the signature of the guarantor. Section 441b(b)(2) of Title 2 excludes from the definition of contribution "a loan of money by a national or state bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business." According to 11 C.F.R. § 100.7(b)(11),

> [a] loan will be deemed to be made in the ordinary course of business if it: bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule.

11 C.F.R. § 100.7(b)(11). It appears that this loan may not have been granted on a basis that assures repayment and, therefore,

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may not have been made in the ordinary course of business. The United Bank of Arizona is an incorporated state bank. Section 441b(a) of Title 2 states that no officer of any corporation may consent to a contribution by the corporation. Therefore, there is reason to believe that John O'Neill violated 2 U.S.C. § 441b(a).

Section 441b(a) also prohibits a candidate, political committee, or other person from knowingly accepting a corporate contribution. It appears that Mr. O'Neill, as assistant treasurer and campaign finance chairman, made arrangements for the loan and, therefore, knew the circumstances of this loan and knowingly accepted a corporate contribution. It appears, therefore, that Mr. O'Neill violated 2 U.S.C. § 441b(a) by accepting a corporate contribution.

On September 3, 1986, the Committee received a $50,000 loan from Sun National Bank. The Committee's 1986 October Quarterly Report reports the loan as repayable at 11.5% interest with a due date of December 2, 1986. Only Jay Rhodes is listed as the guarantor. However, the investigative file contains correspondence from Rhodes' attorney to the U.S. Attorney stating that documents evidencing that O'Neill had guaranteed the loan were attached to his letter and stating that Mr. Rhodes had no knowledge of the guarantee. Included in the file was a loan instrument that apparently was attached to the letter. This instrument was entitled "Guaranty" and was signed by John J.

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O'Neill. The instrument states that "the undersigned guarantee(s) to Bank the payment and performance of the debt, liability or obligation of Borrower to Bank evidenced by or arising out of" a promissory note for $50,000 in the name of the Committee, dated September 3, 1986.

Mr. Rhodes stated that he first learned about Mr. O'Neill's guarantee during the first week of October, 1986, and that he subsequently signed for the loan in the place of O'Neill.

According to 2 U.S.C. § 431(8)(A)(i), the term "contribution" includes a loan. According to 2 U.S.C. § 431(8)(A)(vii)(I) and 11 C.F.R. § 100.7(a)(1)(i)(C), a bank loan is a contribution by each endorser or guarantor in the proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors or in the proportion or amount for which the particular endorser or guarantor agreed to be liable in a written agreement. The evidence thus far indicates that Mr. O'Neill was a guarantor of the loan and that he agreed to guarantee the entire amount. It appears, therefore, that Mr. O'Neill violated 2 U.S.C. § 44la(a)(1)(A) in connection with this loan.

It appears thus far that Mr. O'Neill, as the assistant treasurer and campaign finance chairman, participated in the arrangements for the loan and knowingly accepted his loan guarantee. It appears, therefore, that Mr. O'Neill violated 2 U.S.C. § 44la(f) in connection with this loan.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
) MUR 2602
)
)

ORDER TO SUBMIT WRITTEN ANSWERS
SUBPOENA TO PRODUCE DOCUMENTS

TO: John J. O'Neill
2 Madrid Plaza
Mesa, AZ 85201

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Order. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Commission along with the requested documents within 15 days of your receipt of this Order and Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on this 9th day of May, 1988.

Thomas J. Josefiak, Chairman
Federal Election Commission

ATTEST:

for Marjorie W. Emmons
Secretary to the Commission

Attachments
Instructions
Definitions
Questions and Document Request (3 pages)

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INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery requests shall refer to the time period from January 1, 1985, to the present.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

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DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"A description of" with respect to a document shall mean a statement of the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" or "include the identification of" with respect to a person shall mean state the full name, the most recent business and residence addresses and telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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The following three interrogatories pertain to payments apparently made by Cortland Silver for the salary of his daughter, Debbie Lorhsbaugh, for her work for the Rhodes for Congress Committee ("the Committee").

1. Describe the payments made for the salary of Ms. Lorhsbaugh for her work for the Committee. Your response should include:

   a. when the payments were made;

   b. the amount of each payment;

   c. the time periods of work (e.g., from June 16 to June 29) covered by each payment;

   d. the payee(s) on the checks made out for the payment of Ms. Lorhsbaugh's salary, e.g., Ms. Lorhsbaugh, the Committee;

   e. the identification of the person(s) to whom the checks or other payments for Ms. Lorhsbaugh's salary were mailed or delivered.

2. Identify the person(s) with whom Mr. Silver made the arrangements to pay Ms. Lorhsbaugh's salary.

3. Identify the person(s) who, to your knowledge, knew of this arrangement. State how these persons knew of the arrangement and their roles, if any, in the transaction.

4. List all other contributions made by Mr. Silver to the Committee. In doing so, state, for each contribution,

   a. the date and amount of the contribution;

   b. whether the contribution was a direct contribution (e.g., by check or cash to the Committee) or an in-kind contribution (e.g., goods, services, or payment for the services of others); and

   c. if an in-kind contribution, a description of the contribution.

The following two interrogatories pertain to the $4,000 cashier's check made out to you on May 30, 1986, in the name of Riviera Capital Corporation.

5. State the source of the funds used by you as an offset to the $4,000 cashier's check made out to you on May 30, 1986, in the name of Riviera Capital Corporation. In answering this interrogatory, state:

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a. the specific contribution used, if any, including the names used as the source of the contributions, the amounts reported, and the dates reported; and

b. if different from the persons whose names were used, the true source of the funds.

6. State how the $4,000 was placed back into the Committee account after the use of the funds. In answering this interrogatory, state:

a. the date the funds were put back;

b. a description of the instrument used;

c. the source of the funds;

d. whether this was reported by the Committee; and

e. if reported by the Committee, the names reported as the source of these funds, the amounts reported, and the dates reported.

Request for the Production of Documents

1. Provide all documents pertaining to or making reference to payments by Cortland Silver for Debbie Lorhsbaugh's salary and to all other contributions to the Committee by Mr. Silver. These documents should include, but not be limited to, front and back copies of checks and correspondence and memoranda referring to these payments.

2. Provide all documents pertaining to or making reference to the $4,000 cashier's check made out to you on May 30, 1986, in the name of Riviera Capital Corporation. These documents should include, but not be limited to, documents pertaining to the offset for the payment, documents pertaining to the payment itself, and documents pertaining to the repayment of funds to the accounts of the Committee.

3. Provide all documents pertaining to or making reference to the $35,000 line of credit granted to the Committee by the United Bank of Arizona during June and July, 1986. These documents should include, but not be limited to, agreements, notes, guarantee instruments, and any other instruments, correspondence, and memoranda pertaining to the Committee's receipt of the line of credit.

4. Provide all documents pertaining to or making reference to the $50,000 loan made by the Sun National Bank to the Committee in September, 1986. These documents should include, but not be limited to, agreements, notes, guarantee

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instruments, and any other instruments, documents, and correspondence pertaining to the loan and to your guarantee of the loan.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

May 10, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jan W. Baran, Esquire
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 2602
Conley D. Wolfswinkel
Wolfswinkel Group,
Incorporated

Dear Mr. Baran:

On April 28, 1988, the Federal Election Commission found that there is reason to believe your client, Conley D. Wolfswinkel, committed knowing and willful violations of 2 U.S.C. §§ 441f and 441a(a)(1)(A), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). On that date, the Commission also found reason to believe that Mr. Wolfswinkel violated 2 U.S.C. § 441a(a)(3), also a provision of the Act. Additionally, the Commission found reason to believe that Mr. Wolfswinkel and Wolfswinkel Group, Incorporated ("WGI") violated 2 U.S.C. § 441b(a), another provision of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's findings, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against Mr. Wolfswinkel and WGI. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials along with your client's response to the enclosed Order to Submit Written Answers and Subpoena to Produce Documents. All responses to the order and subpoena must be submitted within 15 days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against Mr. Wolfswinkel and WGI, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Order and Subpoena
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Conley D. Wolfswinkel
Wolfswinkel Group,
Incorporated

MUR 2602

On July 6, 1987, this Office received a letter from the United States Attorney for the District of Arizona referring to financial activities in connection with the House campaign of John J. Rhodes, III ("Jay Rhodes"), the Republican candidate in the First Congressional District of Arizona in 1986. Subsequently, this Office received an investigative file from the Federal Bureau of Investigation containing materials relating to activities in connection with the House campaign of Mr. Rhodes.

A. Contribution in the Names of Others by Wolfswinkel in August 1986

The principal allegation in this matter involves a $30,000 check given by Conley D. Wolfswinkel to John J. O'Neill and Mr. O'Neill's use of the funds for the Rhodes campaign. It appears that, in May or June of 1986, Mr. Wolfswinkel had stated that he would raise money for the Rhodes campaign. Mr. O'Neill, who was both finance chairman of the campaign and the assistant treasurer of the Rhodes for Congress Committee ("the Committee), informed Mr. Wolfswinkel that the campaign needed $30,000. On August 12, 1986, Wolfswinkel drew a personal check for that amount payable to the United Bank of Arizona; Mr. O'Neill was a branch manager of the United Bank in Mesa, Arizona.

On August 13, 1986, Mr. O'Neill had cashier's checks issued to the Committee which were offset by this contribution.

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Mr. O'Neill prepared five cashier's checks signed by him as the bank's authorizing officer. There were three checks for $1,000 and two for $2,000 for a total of $7,000. They were made out to Rhodes for Congress and were issued in the names of five persons chosen by O'Neill. There is no indication that these individuals knew of the use of their names. According to Ben Dodson, the assistant campaign manager, Mr. O'Neill gave the cashier's checks to Mr. Dodson on August 26, 1986, for entry into the Committee's records.

In addition, Mr. O'Neill signed an $18,000 cashier's check, offset by Wolfswinkel's contribution, for deposit into the campaign's revolving line of credit. This line of credit had been issued by the bank on June 3, 1986. According to Dodson, on August 26, 1986, O'Neill gave him campaign pledge cards to indicate contributions from twelve individuals, six $2,000 contributions and six $1,000 contributions. O'Neill did not give Dodson any checks. There is no indication that these individuals knew of the use of their names. According to Dodson, O'Neill told him not to send any thank you letters to the twelve individuals. In addition, O'Neill crossed the names off a master contribution list.1/

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1/ The five "contributions" resulting from the cashier's checks totalling $7,000 were reported on pages attached to a letter sent to the Commission by the Committee treasurer, Kent Mulkey, on August 28, 1986. The letter stated that these were "last minute (Footnote continued)

On August 13, Mr. O'Neill had a cashier's check for $5,000, also offset by Wolfswinkel's contribution, issued to himself. He placed the funds in his personal account at Merabank. Out of the $5,000, he gave $1,000 to Ann Lorenzo, his friend and the campaign's finance co-chairman, for the purpose of having her contribute that amount to the campaign. She deposited the money in her account at Merabank and contributed to the campaign from that account. O'Neill himself gave $900 to the campaign. He gave $3,000 to the candidate, Jay Rhodes, ostensibly in payment of legal fees owed to Mr. Rhodes. The disposition of the remaining $100 is unknown.

Based on the series of transactions described above, it appears that a number of sections of the Act may have been violated. Section 441f of Title 2 states that no person shall make a contribution in the name of another or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution by one person in the name of another person. The Commission Regulations at 11 C.F.R. § 110.4(b) state as follows:

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(Footnote continued)
contributions," i.e., for the pre-primary period. These pages reported the contributions as received on August 26, 1986. The "contributions" resulting from the $18,000 cashier's check were reported on pages attached to a similar letter sent on September 11, 1986. These pages reported the contributions as received on September 9, 1986. On October 1, 1986, six days after the candidate and Committee personnel were informed of the source of the contributions, the Committee sent a letter with pages listing all seventeen of the entries. The letters stated that these names were "erroneously reported as last minute contributions [i.e., 48 hour notifications]" and "as such will not be reported" on the October Quarterly.

> (b)(1) No person shall-
> (i) Make a contribution in the name of another;
> (ii) Knowingly permit his or her name to be used to effect that contribution; or
> (iii) Knowingly accept a contribution made by one person in the name of another.
> (2) Examples of "contribution in the name of another" include-
> (i) Giving money or anything of value, all or part of which was provided to the contributor by another person (the true contributor) without disclosing the source of money or the thing of value to the recipient candidate or committee at the time the contribution is made, see § 110.6; or
> (ii) Making a contribution of money or anything of value and attributing as the source of the money or the thing of value another person when in fact the contributor is the source.

11 C.F.R. § 110.4(b).

Although both O'Neill and Wolfswinkel stated that Wolfswinkel did not know the names used by O'Neill as contributors of the funds, it appears, thus far, that Mr. Wolfswinkel made a contribution in the name of another. Mr. Wolfswinkel made the $30,000 check payable to United Bank, rather than to the Rhodes for Congress Committee. It is unclear whether Mr. Wolfswinkel did this in order to have United Bank issue a cashier's check in his name only to the campaign. However, according to a memorandum, dated September 26, 1986, describing an interview of O'Neill three days earlier by the Vice President and Manager of the United Bank's Security and Loss Prevention Department, O'Neill "indicated" that Wolfswinkel wanted the $3,000 that was paid to Rhodes ostensibly for legal

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fees to "come from" O'Neill rather than from Wolfswinkel. According to O'Neill, therefore, Wolfswinkel knew that some of the $30,000 would be used for the conveyance of funds in O'Neill's name specifically. Furthermore, it appears that this would not have been the first time that Mr. Wolfswinkel had cashier's checks issued in the names of others from his funds. As will be discussed later in the report, it appears that, on June 30, 1986, Mr. Wolfswinkel made contributions in the names of family members. In addition, Jay Rhodes' statements during his FBI interview indicate that Mr. Wolfswinkel knew of the contribution limit of $1,000 per election. According to Mr. Rhodes, Wolfswinkel stated to him that it would be difficult to raise $25,000 or $30,000 with the individual limit.

The evidence thus indicates that there is reason to believe Mr. Wolfswinkel made out this check with the knowledge that it exceeded the individual contribution limit and, therefore, it appears that, even if he did not know the specific names used, he was making this contribution in the name of a person or persons other than himself to circumvent the limit of 2 U.S.C. § 441a(a)(1)(A). Therefore, there is reason to believe that Conley D. Wolfswinkel committed a knowing and willful violation of 2 U.S.C. § 441f.

Section 441a(a)(1)(A) of Title 2 states that no person shall make contributions to any candidate and his authorized political committees with respect to a federal election which, in the aggregate, exceed $1,000. Because it appears thus far that

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Mr. Wolfswinkel contributed between $26,900 (the amount that reached the Committee) and $30,000 to the Rhodes campaign with knowledge that this exceeded the limit of 2 U.S.C. § 441a(a)(1)(A), there is reason to believe that he committed a knowing and willful violation of 2 U.S.C. § 441a(a)(1)(A).

Section 441a(a)(3) of Title 2 states that no individual shall make contributions aggregating more than $25,000 in any calendar year. Because the evidence thus far indicates that Wolfswinkel contributed between $26,900 and $30,000 to the Rhodes campaign, there is reason to believe that Conley Wolfswinkel violated 2 U.S.C. § 441a(a)(3).

Section 441b(a) of Title 2 prohibits a corporation from making a contribution in connection with a federal election. It also prohibits any officer or any director of a corporation from consenting to a corporate contribution. According to the account of the interview of the chief financial officer of Wolfswinkel's corporation, Wolfswinkel Group, Incorporated ("WGI"), although the $30,000 came from Wolfswinkel's personal account, this account is used by Wolfswinkel "as his operating account, expending both business and personal expenditures from that particular account." It appears from the interviews of WGI employees that WGI's bookkeeper makes entries of checks drawn on this account into the company's books and that this account is treated as one of the corporation's accounts. In addition, the address appearing on the check under the name Conley D. Wolfswinkel appears to be the address of WGI.

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A contribution made from a non-repayable drawing account of a corporation, i.e., an account established to permit personal draws against salary, profits, or commissions, is to be considered a personal contribution. It appears that Mr. Wolfswinkel himself may make draws from his personal account without having to reimburse it. However, the account does not appear to have been established for the same purposes as a non-repayable drawing account but rather exists as an account whereby funds may be expended for corporate, as well as personal, purposes. Furthermore, the account of the interview of WGI's controller indicates that the persons with signature rights to the account are the chief financial officer and the controller, as well as Mr. Wolfswinkel. Thus far, therefore, this appears to be an account used for corporate business purposes. Based on the foregoing analysis, there is reason to believe that Conley Wolfswinkel and Wolfswinkel Group, Incorporated violated 2 U.S.C. § 441b(a).

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B. Contributions in the Names of Others by Wolfswinkel in July, 1986

According to the September 26, 1986, memorandum from the Vice President and Manager of the United Bank's Security and Loss Prevention Department, O'Neill was "aware that Conley Wolfswinkel had made a previous donation of $5,000.00 in his name and the names of various family members (using cashier's checks)." The file contains a cashier's check for $1,900 in the name of Conley Wolfswinkel offset by the bank account used for the $30,000

contribution, a $2,000 cashier's check in the name of his wife, Bernadette Wolfswinkel, offset by the same account, and a $1,000 cashier's check in the name of a son, Dustin Wolfswinkel, who is a printer living at his parent's address, offset by the same account. These checks were all dated June 30, 1986, and were reported on the Committee's 1986 July Quarterly Report as being received on that date. In addition, that report also discloses a $1,000 contribution on June 30 from Damian Wolfswinkel, a student, and a $1,000 contribution on June 30 from Ashton Wolfswinkel, also a student. Both of these persons live at the home of Conley and Bernadette Wolfswinkel. In light of the evidence of the cashier's checks for the other contributions and the occupational and residential status of Damian and Ashton, these contributions may have also originated from Conley Wolfswinkel.

Section 110.1(i) of the Commission Regulations sets out the rules for treatment of contributions by spouses and minors (children under 18 years of age). According to 11 C.F.R. § 110.1(i)(1), the limitations of 11 C.F.R. § 110.1 [i.e., the limitations of 2 U.S.C. § 441a(a)] shall apply separately to contributions made by each spouse even if only one spouse has income. However, the evidence thus far indicates that only three persons, Mr. Wolfswinkel and two officials of WGI, had signatory rights to this account, and thus no contribution may have actually originated from Mrs. Wolfswinkel, just a contribution in her name by Conley Wolfswinkel.

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The regulation further states at 11 C.F.R. § 110.1(i)(2) that minor children may make contributions if

> (i) The decision to contribute is made knowingly and voluntarily by the minor child;
> (ii) The funds, goods, or services contributed are owned or controlled exclusively by the minor child, such as income earned by the child, the proceeds of a trust for which the child is the beneficiary, or a savings account opened and maintained exclusively in the child's name; and
> (iii) The contribution is not made from the proceeds of a gift, the purpose of which was to provide funds to be contributed, or is not in any other way controlled by another individual.

11 C.F.R. § 110.1(i)(2). From the evidence thus far as to the account used as an offset to the cashier's checks, it appears that any contributions from Mr. Wolfswinkel's account in the name of minor children would not satisfy subsection (2)(ii). If these children were not minor children, they still would have to have signature rights to the account and have actually consented to the contributions by signature in order for the contributions to be attributable to them, rather than to Conley Wolfswinkel.

The evidence, thus far, indicates that the contributions on June 30, 1986, in the names of Bernadette and Dustin Wolfswinkel were contributions in the names of others by Conley Wolfswinkel. It appears also that the contributions in the names of Damian and Ashton Wolfswinkel may also have been contributions in the name of others by Mr. Wolfswinkel. In addition, these contributions exceeded the limits of 2 U.S.C. § 441a(a)(1)(A). As stated

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before, it appears that Mr. Wolfswinkel was aware of the limit of 2 U.S.C. § 441a(a)(1)(A). Because Mr. Wolfswinkel may have had these checks drawn up in an effort to circumvent that limit, the apparent violations of 2 U.S.C. §§ 441f and 441a(a)(1)(A) may have been knowing and willful violations. In addition, the contributions involved increase the amount of Mr. Wolfswinkel's apparent violation of 2 U.S.C. § 441a(a)(3).

As stated above, the account used as an offset to the cashier's checks appears thus far to have been an account used for the business purposes of WGI. Therefore, it appears that Conley Wolfswinkel and WGI violated 2 U.S.C. § 441b(a).

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
) MUR 2602
)
)

ORDER TO SUBMIT WRITTEN ANSWERS
SUBPOENA TO PRODUCE DOCUMENTS

TO: Conley D. Wolfswinkel
1188 North Kyrene Road
Chandler, AZ 85224

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Order. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Commission along with the requested documents within 15 days of your receipt of this Order and Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on this 9th day of May, 1988.

Thomas J. Josefiak, Chairman
Federal Election Commission

ATTEST:

for Marjorie W. Emmons
Secretary to the Commission

Attachments
Instructions
Definitions
Questions and Document Request (2 pages)

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INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery requests shall refer to the time period from January 1, 1985, to the present.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

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DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"A description of" with respect to a document shall mean the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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You are asked to respond to the following interrogatories pertaining to contributions reported by the Rhodes for Congress Committee as being made by you and members of your family on June 30, 1986.

1. State the names, occupations, and home and business addresses of the persons who, on June 30, 1986, had signatory rights to account #1150201072 at the United Bank of Arizona.

   a. State what these rights entailed, e.g., the right to draw funds on one's signature alone, the right to draw funds if co-signed by another signatory, the name of that other signatory.

2. This interrogatory pertains to each of the following four people: Bernadette Wolfswinkel, Dustin Wolfswinkel, Damian Wolfswinkel, and Ashton Wolfswinkel. For each of these four persons state:

   a. whether he or she signed an instrument for a contribution attributed to him or her on June 30, 1986;

   b. when he or she signed the instrument referred to in response to 2a;

   c. a description of the instrument signed;

   d. the account from which the funds were drawn, e.g. #1150201072 at the United Bank of Arizona; and

   e. a description of the rights of that person in the account on June 30, 1986 (including a description of that person's rights as compared to the rights of others in the account).

3. State whether Dustin Wolfswinkel, Damian Wolfswinkel, and Ashton Wolfswinkel had reached their eighteenth birthdays by June 30, 1986.

Request for the Production of Documents

1. Provide all documents pertaining to or making reference to the contributions reported by the Rhodes for Congress Committee as being made by you and members of your family on June 30, 1986. These documents should include, but not be limited to, front and back copies of checks and other instruments used to effectuate the making of contributions, and correspondence and memoranda.

2. Provide all documents pertaining to your responses to interrogatories 1 and 2 as to the rights of persons in account

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#1150201072 or the account used to make the contributions reported as being made on June 30, 1986.

' 4043601830

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 10, 1988

Ann S. Lorenzo
1529 E. Grandview
Mesa, AZ 85203

RE: MUR 2602
Ann S. Lorenzo

Dear Ms. Lorenzo:

On April 28, 1988, the Federal Election Commission found that there is reason to believe you committed knowing and willful violations of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office. Where appropriate, statements should be submitted under oath.

In the absence of any additional information demonstrating that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 authorizing such counsel to receive any notifications and other communications from the Commission.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

4043601882

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Ann S. Lorenzo MUR 2602

On July 6, 1987, this Office received a letter from the United States Attorney for the District of Arizona referring to "certain irregularities in the financial activities" of the House campaign of John J. Rhodes, III ("Jay Rhodes"), the Republican candidate in the First Congressional District of Arizona in 1986. Subsequently, this Office received an investigative file from the Federal Bureau of Investigation containing materials relating to activities in connection with the House campaign of Mr. Rhodes.

This matter involves a $30,000 check given by Conley D. Wolfswinkel to John J. O'Neill and Mr. O'Neill's use of the funds for the Rhodes campaign. It appears that, in May or June of 1986, Mr. Wolfswinkel had stated that he would raise money for the Rhodes campaign. Mr. O'Neill, who was both finance chairman of the campaign and the assistant treasurer of the Rhodes for Congress Committee ("the Committee), informed Mr. Wolfswinkel that the campaign needed $30,000. On August 12, 1986, Wolfswinkel drew a personal check for that amount payable to the United Bank of Arizona; Mr. O'Neill was a branch manager of the United Bank in Mesa, Arizona.

On August 13, 1986, Mr. O'Neill had cashier's checks issued to the Committee which were offset by this contribution. Among these checks was a cashier's check for $5,000, issued to himself.

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He placed the funds in his personal account at Merabank. Out of the $5,000, he gave $1,000 to Ann Lorenzo, his friend and the campaign's finance co-chairman, for the purpose of having her contribute that amount to the campaign. She deposited the money in her account at Merabank and contributed to the campaign from that account. O'Neill himself gave $900 to the campaign. He gave $3,000 to the candidate, Jay Rhodes, obtensibly in payment of legal fees owed to Mr. Rhodes. The disposition of the remaining $100 is unknown.

Section 441f of Title 2 states that no person shall make a contribution in the name of another or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution by one person in the name of another person. The Commission Regulations at 11 C.F.R. § 110.4(b) state as follows:

> (b)(1) No person shall-
> (i) Make a contribution in the name of another;
> (ii) Knowingly permit his or her name to be used to effect that contribution; or
> (iii) Knowingly accept a contribution made by one person in the name of another.
> (2) Examples of "contribution in the name of another" include-
> (i) Giving money or anything of value, all or part of which was provided to the contributor by another person (the true contributor) without disclosing the source of money or the thing of value to the recipient candidate or committee at the time the contribution is made, see § 110.6; or
> (ii) Making a contribution of money or anything of value and attributing as the source of the money or the thing of value another person when in fact the contributor is the source.

11 C.F.R. § 110.4(b)

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The file indicates that Ann Lorenzo expressly permitted her name to be used to enable someone other than herself to contribute to the Rhodes Committee. In addition to the contribution funds that she received from Mr. O'Neill cited above, there appears to have been another contribution in her name prior to that. Her statements during her FBI interview indicate that, in the latter part of 1985, Mr. O'Neill gave her $1,000 for the purpose of having her contribute to the campaign. She placed these funds in her account and then made a contribution to the campaign. The Committee's 1986 April Quarterly Report discloses a $1,000 contribution from Ms. Lorenzo on March 27, 1986. According to the account of the interview, Ms. Lorenzo stated that Mr. O'Neill wanted "the both of them to contribute to the campaign" and since "she did not have the financial ability" to pay $1,000 for the primary and $1,000 for the general election, O'Neill gave her these amounts. Based on the evidence thus far, this Office recommends that the Commission find reason to believe that Ms. Lorenzo violated 2 U.S.C. § 441f. It is not clear from the investigative file that Ms. Lorenzo knew that contributions in the name of another were prohibited by the Act. However, it appears that she knew that the arrangement whereby her name would be used for funds coming from O'Neill would conceal contributions exceeding the limitation of section 441a(a)(1)(A). Therefore, there is reason to believe that Ms. Lorenzo committed knowing and willful violations of 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 10, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Cortland Silver
5650 Echo Canyon Drive
Phoenix, AZ 85018

RE: MUR 2602
Cortland Silver

Dear Mr. Silver:

On April 28, 1988, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials along with your response to the enclosed Order to Submit Written Answers and Subpoena to Produce Documents. All responses to this notification letter and all responses to the order and subpoena must be submitted within 15 days of your receipt of this letter. Statements should be submitted under oath.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this order. If you intend to be represented by counsel, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel and authorizing such counsel to receive any notifications or other communications from the Commission.

In the absence of any additional information which demonstrates that no further action should be taken against you, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

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If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation will not be entered into after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Order and Subpoena
Procedures
Designation of Counsel Form

2043601887

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Cortland Silver MUR 2602

On July 6, 1987, this Office received a letter from the United States Attorney for the District of Arizona referring to "certain irregularities in the financial activities" of the House campaign of John J. Rhodes, III ("Jay Rhodes"), the Republican candidate in the First Congressional District of Arizona in 1986. Subsequently, this Office received an investigative file from the Federal Bureau of Investigation containing materials relating to activities in connection with the House campaign of Mr. Rhodes.

The file contains a United Bank of Arizona memorandum, dated September 26, 1986, describing an interview of John J. O'Neill, who was the assistant treasurer of the Rhodes for Congress Committee ("the Committee") and the finance chairman of the Rhodes campaign. This interview was conducted by the Vice President and Manager of the United Bank's Security and Loss Prevention Department. According to the memorandum, O'Neill stated that Cortland Silver, a principal of Riviera Capital Corporation, wanted his daughter, Debbie Lorhsbaugh, to work for the Rhodes campaign. Mr. Silver promised that he would "cover" her salary which was $250 per week. The memorandum states that cashier's checks for $250 were found which were made payable to Lorhsbaugh. The file does not contain these checks and does not state what Mr. Silver's total payments were.

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According to 2 U.S.C. § 431(8)(A)(ii), the term "contribution" includes "the payment by any person of compensation for the personal service of another person which are rendered to a political committee without charge for any purpose." See also 11 C.F.R. § 100.7(a)(3). By paying for his daughter's salary for her work for the Committee, Mr. Silver may have made contributions to the Committee. If Mr. Silver's payments combined with any other contributions he may have made to the Committee exceeded $1,000 for the primary or the general election, then he violated 2 U.S.C. § 441a(a)(1)(A). At this point, it is unclear whether Mr. Silver made any other contributions to the Committee.*/ If Mr. Silver made no other contributions but still paid more than four weeks salary for the primary or the general election, he exceeded the limitation. Based on the foregoing analysis, there is reason to believe that Cortland Silver violated 2 U.S.C. § 441a(a)(1)(A).

*/ The Committee reports no contributions received from a "Cortland Silver" or a "Cortland Silver, Sr." Other than the March 6 contribution made by O'Neill in the name of "Cortland Silver, Jr.," there is one other $1,000 contribution for the primary reported as being received from "Cortland Silver, Jr." on July 19, 1986. The file indicates that there is an elder Silver who lives with Lorraine Silver, who also made a contribution received on July 19 and whose address differs from that of Cortland Silver, Jr. as listed in the Committee reports. (Confusing the matter further is the fact that the file contains, along with the copy of Lorraine Silver's contributor check to the Committee, i.e., a cashier's check drawn on cash and listing her name as the purchaser, a similar check on the same date listing the purchaser as "Cortland J. Silver." This raises the possibility that the Committee actually received a contribution from the elder Silver, rather than the younger Silver, on July 19).

2043601889

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

ORDER TO SUBMIT WRITTEN ANSWERS
SUBPOENA TO PRODUCE DOCUMENTS

TO: Cortland Silver
5650 Echo Canyon Drive
Phoenix, AZ 85018

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Order. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Commission along with the requested documents within 15 days of your receipt of this Order and Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on this 9th day of May, 1988.

Thomas J. Josefiak, Chairman
Federal Election Commission

ATTEST:

for Mary W. Dove
Marjorie W. Emmons
Secretary to the Commission

Attachments
Instructions
Definitions
Questions and Document Request (1 page)

2043601890

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery requests shall refer to the time period from January 1, 1985, to the present.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

' 4043601891

DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"Identify" or "include the identification of" with respect to a person shall mean state the full name, the most recent business and residence addresses and telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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You are asked to respond to the following interrogatories pertaining to payments apparently made by you for the salary of your daughter for her work for the Rhodes for Congress Committee ("the Committee").

1. Describe the payments made for the salary of your daughter, Debbie Lorhsbaugh, for her work for the Committee. Your response should include:

   a. when the payments were made;

   b. the amount of each payment;

   c. the time periods of work (e.g., from June 16 to June 29) covered by each payment;

   d. the payee(s) on the checks made out for the payment of Ms. Lorhsbaugh's salary, e.g., Ms. Lorhsbaugh, the Committee;

   e. the identification of the persons to whom you mailed or delivered the checks or other payments for Ms. Lorhsbaugh's salary.

2. Identify the person(s) with whom you made the arrangements to pay Ms. Lorhsbaugh's salary.

3. Identify the person(s) who, to your knowledge, knew of this arrangement. State how these persons knew of the arrangement and their roles, if any, in the transaction.

4. List all other contributions made by you to the Committee. In doing so, state, for each contribution,

   a. the date and amount of the contribution;

   b. whether the contribution was a direct contribution (e.g., by check or cash to the Committee) or an in-kind contribution (e.g., goods, services or payment for the services of others); and

   c. if an in-kind contribution, a description of the contribution.

Request for Production of Documents

Provide all documents pertaining to the payment of Ms. Lorhsbaugh's salary and to all other contributions to the Committee by you. These documents should include, but not be limited to, front and back copies of checks, and correspondence and memoranda pertaining to these payments.

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plm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 10, 1988

James P. Simmons
Chairman and Chief Executive Officer
United Bank of Arizona
3300 North Central Avenue
Phoenix, Arizona 85012

RE: MUR 2602
United Bank of Arizona

Dear Mr. Simmons:

On April 28, 1988, the Federal Election Commission found that there is reason to believe the United Bank of Arizona ("the United Bank") violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against the United Bank. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against the United Bank, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

4043601894

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 authorizing such counsel to receive any notifications and other communications from the Commission.

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 investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Thomas J. Josefiak
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

4043601895

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: United Bank of Arizona MUR 2602

On July 6, 1987, this Office received a letter from the United States Attorney for the District of Arizona referring to "certain irregularities in the financial activities" of the House campaign of John J. Rhodes, III ("Jay Rhodes"), the Republican candidate in the First Congressional District of Arizona in 1986. Subsequently, this Office received an investigative file from the Federal Bureau of Investigation containing materials relating to activities in connection with the House campaign of Mr. Rhodes.

The file refers to a loan obtained by the Rhodes for Congress Committee ("the Committee"), Mr. Rhodes principal campaign committee, in the form of a $35,000 revolving line of credit from the United Bank of Arizona.

The $35,000 line of credit was reported by the Committee in two parts. The 1986 July Quarterly Report of the Committee reported the receipt of $29,500 on June 3, 1986. The Pre-Primary Report disclosed the receipt of $5,500 on July 3, 1986. The loan was reported as having a due date of December 1, 1986, with an interest rate of prime plus two percent. Jay Rhodes was listed as the guarantor. The line of credit was arranged by John O'Neill at the United Bank. Mr. O'Neill was the branch manager of the United Bank in Mesa, Arizona, the finance chairman of the Rhodes campaign, and the Committee's assistant treasurer.

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In an interview with the FBI, Marie Evans, the Assistant Vice President at O'Neill's branch, stated that she had to obtain credit information and Mr. Rhodes' financial statement for this line of credit and that the financial statement on file was dated January, 1985. According to the account of the interview, even though the line of credit was granted on June 3, 1986, the bank did not obtain an up-to-date statement from Rhodes until June 26, 1986. During an FBI interview of Rhodes, Rhodes could not recall signing for the $35,000 line of credit and "could only recall that O'Neill handled that for him."

It appears that this situation involves the arrangement by a committee officer of a line of credit for that committee at a bank which he managed without even obtaining up-to-date financial information on the guarantor or the signature of the guarantor. Section 441b(b)(2) of Title 2 excludes from the definition of contribution "a loan of money by a national or state bank made in accordance with the applicable banking laws and regulations and in the ordinary course of business." According to 11 C.F.R. § 100.7(b)(11),

> [a] loan will be deemed to be made in the ordinary course of business if it: bears the usual and customary interest rate of the lending institution for the category of loan involved; is made on a basis which assures repayment; is evidenced by a written instrument; and is subject to a due date or amortization schedule.

11 C.F.R. § 100.7(b)(11). It appears that this loan may not have been granted on a basis that assures repayment and, therefore, may not have been made in the ordinary course of business. The

4043601897

United Bank of Arizona is an incorporated state bank. Section 441b(a) of Title 2 prohibits a corporation from making a contribution in connection with a federal election and prohibits an officer of any corporation from consenting to a contribution by the corporation. Because Mr. O'Neill, as bank manager, was acting on behalf of the bank in arranging this loan, there is reason to believe that the United Bank of Arizona violated 2 U.S.C. § 441b(a).

4043601898

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 10, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Benjamin A. Dodson
2121 W. Main Street
Apt. 3011
Mesa, AZ 85201

RE: MUR 2602

Dear Mr. Dodson:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended. The Commission has issued the attached Order to Submit Written Answers and Subpoena to Produce Documents which requires you to provide certain information in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this order and subpoena. However, you are required to submit the information under oath within 15 days of your receipt of this letter.

If you have any questions, please direct them to Jonathan Levin, the attorney assigned to this matter, at (202) 376-5690.

Sincerely,

Lawrence M. Noble

Lawrence M. Noble
General Counsel

Enclosure
Order and Subpoena

4043601899

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
) MUR 2602
)
)

ORDER TO SUBMIT WRITTEN ANSWERS
SUBPOENA TO PRODUCE DOCUMENTS

TO: Benjamin A. Dodson
2121 West Main Street
Apartment 3011
Mesa, AZ 85201

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Order. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Commission along with the requested documents within 15 days of your receipt of this Order and Subpoena.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on this 9th day of May, 1988.

Thomas J. Josefiak, Chairman
Federal Election Commission

ATTEST:

for Marjorie W. Emmons
Secretary to the Commission

Attachments
Instructions
Definitions
Questions and Document Request (3 pages)

2043601900

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery requests shall refer to the time period from January 1, 1985, to the present.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

4043601901

DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

"Document" shall mean the copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"A description of" with respect to a document shall mean a statement of the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" or "include the identification of" with respect to a person shall mean state the full name, the most recent business and residence addresses and telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person. "And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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It appears that Cortland Silver may have made payments to his daughter, Debbie Lorhsbaugh, to cover her salary for her work for the Rhodes for Congress Committee ("the Committee"). The following interrogatories pertain to those payments, any other payments that Mr. Silver may have made in connection with his daughter's salary for Committee work, and any other contributions by Mr. Silver.

1. Describe the payments made for the salary of Ms. Lorhsbaugh for her work for the Committee. Your response should include:

   a. when the payments were made;

   b. the amount of each payment;

   c. the time periods of work (e.g., from June 16 to June 29) covered by each payment;

   d. the payee(s) on the checks made out for the payment of Ms. Lorhsbaugh's salary, e.g., Ms. Lohrbaugh, the Committee;

   e. the identification of the person(s) to whom the checks or other payments for Ms. Lorhsbaugh's salary were mailed or delivered.

2. Identify the person(s) with whom Mr. Silver made the arrangements to pay Ms. Lorhsbaugh's salary.

3. Identify the person(s) who, to your knowledge, knew of this arrangement. State how these persons knew of the arrangement and their roles, if any, in the transaction.

4. List all other contributions made by Mr. Silver to the Committee. In doing so, state, for each contribution,

   a. the date and amount of the contribution;

   b. whether the contribution was a direct contribution (e.g., by check or cash to the Committee) or an in-kind contribution (e.g., goods, services, or payment for the services of others); and

   c. if an in-kind contribution, a description of the contribution.

On May 30, 1986, John J. O'Neill, assistant treasurer of the Committee, had a $4,000 cashier's check made out to him with the

4043601903

Riviera Capital Corporation listed as the purchaser. It appears that the $4,000 may have come from Committee funds and may have been placed back into a Committee account. The following interrogatories pertain to this check and the apparent use of Committee funds.

5. State the source of the funds used as an offset to the $4,000 cashier's check made out to John O'Neill on May 30, 1986, in the name of Riviera Capital Corporation. In answering this interrogatory, state:

   a. the specific contribution used, if any, including the names used as the source of the contributions, the amounts reported, and the dates reported; and

   b. if different from the persons whom names were used, the true source of the funds.

6. State how the $4,000 was placed back into the Committee account after the use of the funds. In answering this interrogatory, state:

   a. the date the funds were put back;

   b. a description of the instrument used;

   c. the source of the funds;

   d. whether this was reported by the Committee and, if reported by the Committee, the names reported as the source of these funds, the amounts reported, and the dates reported.

Request for the Production of Documents

1. Provide all documents pertaining to or making reference to payments by Cortland Silver for Debbie Lorhsbaugh's salary and to all other contributions to the Committee by Mr. Silver. These documents should include, but not be limited to, front and back copies of checks and correspondence and memoranda pertaining to these payments.

2. Provide all documents pertaining to or making reference to the $4,000 cashier's check made out to John O'Neill on May 30, 1986, in the name of Riviera Capital Corporation. These documents should include, but not be limited to, documents pertaining to the offset for the payment, documents pertaining to the payment itself, and documents pertaining to the repayment of funds to the accounts of the Committee.

3. Provide all documents pertaining to or making reference to the $35,000 line of credit granted to the Committee by the

40436019004

United Bank of Arizona during June and July, 1986. These documents should include, but not be limited to, agreements, notes, guarantee instruments, and any other instruments, correspondence, and memoranda pertaining to the Committee's receipt of the line of credit.

4. Provide all documents pertaining to or making reference to the $50,000 loan made by the Sun National Bank to the Committee in September, 1986. These documents should include, but not be limited to, agreements, notes, guarantee instruments, and any other instruments, documents, and correspondence pertaining to the loan and to John O'Neill's guarantee of the loan.

0043601905

HAND DELIVERED

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 MAY 20 AM 9:43

MUR 2602

BURCH & CRACCHIOLO, P.A.

ATTORNEYS AT LAW

FRANK HAZE BURCH
BRIAN KAVEN
LUPE INIGUEZ-ESPINOZA
IAN NEALE
BRYAN F. MURPHY
DONALD W. LINDHOLM
DAVID R. BOSSE

DANIEL CRACCHIOLO
JACK DANIEL KLAUSNER
BRAD S. OSTROFF
DAVID G. DERICKSON
LINDA A. FINNEGAN
CLARE H. ABEL

STEPHEN E. SILVER
JERRY L. COCHRAN
DARYL MANHART
EDWIN C. BULL
ANDREW ABRAHAM
F. MICHAEL CARROLL

EDWIN D. FLEMING
RALPH D. HARRIS
MARIGENE DESSAINT
ANNE E. FINDLING
WILLIAM FOREMAN
TODD A. BORNHOFT

SCOTT D. CROWELL
STEPHEN HART
DAVID M. KOZAK
JOEL BROOKS ROBBINS
J. BRENT WELKER
BRIAN V. PEARSON

DANIEL R. MALINSKI
JOEL K. HERIFORD
MARTHA C. PATRICK
WALTER T. MERRILL
DAVID M. VILLADOLID
LARRY J. DAHL

702 EAST OSBORN ROAD, SUITE 200
PHOENIX, ARIZONA 85014
(602) 274-7611
FAX (602) 234-8711

MAILING ADDRESS
P.O. BOX 16882
PHOENIX, ARIZONA 85011

May 19, 1988

WRITER'S DIRECT LINE

234-9905

RECEIVED
FEDERAL ELECTION COMMISSION
88 MAY 20 PM 3:22

Office of the General Counsel
Federal Election Commission
999 "E" Street N.W.
Washington, D.C. 20463

Re: MUR 2602
Cortland Silver

Gentlemen:

I represent the referenced respondent. You sent a letter and interrogatories to Mr. Silver dated May 10, 1988, which means a response is due May 25, 1988. Mr. Silver was unable to retain the undersigned until May 18, and now has to leave town for approximately a week due to business matters in upstate Arizona.

Under the circumstances, it is necessary that additional time be granted so that the materials requested can be located, compiled, and returned to the Commission. Please also note that the respondent has requested a pre-probable cause conciliation.

Due to the above reasons, we would request a twenty day extension in which to file our responses.

Thank you for your consideration.

Very truly yours,

Jack Daniel Klausner

JDK/jg

4043601906

BURCH & CRACCHIOLO, P.A.

ATTORNEYS AT LAW

FRANK HAZE BURCH
BRIAN KAVEN
LUPE INIGUEZ-ESPINOZA
IAN NEALE
BRYAN F. MURPHY
DONALD W. LINDHOLM
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(602) 274-7611
FAX (602) 234-8711

MAILING ADDRESS
P. O. BOX 16882
PHOENIX, ARIZONA 85011

May 19, 1988

WRITER'S DIRECT LINE

234-9905

Office of the General Counsel
Federal Election Commission
999 "E" Street N.W.
Washington, D.C. 20463

Re: MUR 2602
Cortland Silver

Gentlemen:

Pursuant to 11 C.F.R. Sec. 111.18(d), please accept this letter as our request, and indication of our desire, to enter into negotiations directed towards reaching a pre-probable cause conciliation agreement. Plese let me hear from you on this request at your earliest convenience.

Thank you for your consideration.

Very truly yours,

Jack Daniel Klausner

JDK/jg

4043601907

BURCH & CRACCHIOLO, P.A.

ATTORNEYS AT LAW

FRANK HAZE BURCH
BRIAN KAVEN
LUPE INIGUEZ-ESPINOZA
IAN NEALE
BRYAN F. MURPHY
DONALD W. LINDHOLM
DAVID R. BOSSE

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PHOENIX, ARIZONA 85014
(602) 274-7611
FAX (602) 234-8711

MAILING ADDRESS
P. O. BOX 16882
PHOENIX, ARIZONA 85011

WRITER'S DIRECT LINE
234-9905

May 19, 1988

Office of the General Counsel
Federal Election Commission
999 "E" Street N.W.
Washington, D.C. 20463

Re: MUR 2602
Cortland Silver

Gentlemen:

In accordance with the referenced matter, I enclose a Statement of Designation of Counsel, designating the undersigned as counsel for Cortland Silver, a request for extension of time, and a request for pre-probable cause conciliation.

Thank you for your consideration.

Very truly yours,

Jack Daniel Klausner

JDK/jg

Enclosures

4043601908

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2602

NAME OF COUNSEL: Jack Daniel Klausner

ADDRESS: 702 E. Osborn, Suite 200
Phoenix, AZ 85014

TELEPHONE: (602) 274-7611

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.

May 18 - 1988
Date

Cortland J. Silver
Signature

RESPONDENT'S NAME: Cortland J. Silver

ADDRESS: 1826 W. Broadway #4
Mesa, AZ 85202

HOME PHONE:

BUSINESS PHONE: (602 834-8877

2043601909

GCC#9350

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 MAY 23 AM 10:08

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN W. BARAN
(202) 429-7330

May 20, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 MAY 24 AM 11:24

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Jonathan Levin

RE: MUR 2602 (Conley D. Wolfswinkel and Wolfswinkel Group, Incorporated)

Dear Mr. Noble:

I am in receipt of Chairman Thomas J. Josefiak's letter of May 10, 1988 notifying me that the Commission has found reason to believe that Conley D. Wolfswinkel and Wolfswinkel Group, Incorporated ("Respondents") violated the Act in this matter. Chairman Josefiak's letter was accompanied by Interrogatories and Request for Production of Documents with a requested response date of fifteen days after receipt, which in this case would be May 31, 1988. In order to fully confer with Respondents in Arizona with respect to this matter and to produce documents, I respectfully request a twenty day extension of time to and including June 20, 1988 within which to respond.

Your favorable consideration of this request will be appreciated.

Sincerely,

Jan W. Baran

JWB/slg
cc: Conley Wolfswinkel

2043601910

MEYER, HENDRICKS, VICTOR, OSBORN & MALEDON
A PROFESSIONAL ASSOCIATION

PAUL J. MEYER
DAVID VICTOR
WILLIAM J. MALEDON
ANDREW D. HURWITZ
RANDALL C. NELSON
R. DOUGLAS DALTON
VINCENT F. CHIAPPETTA *
COLIN F. CAMPBELL
JAY I. MOYES
THOMAS H. CURZON
JOHN A. LASOTA, JR.
HOWARD N. SINGER
GARY A. GOTTO
WILLIAM M. HARDIN
HELEN PERRY GRIMWOOD
JEAN K. FITZSIMON
DAVID B. ROSENBAUM
W. SCOTT BALES
WILLIAM J. SIMS III
MARK D. SAMSON
JUDITH M. DWORKIN
DAWN L. DAUPHINE
* ON LEAVE

EDWIN F. HENDRICKS
JONES OSBORN II
LARRY A. HAMMOND
ROBERT L. PALMER
JEFFREY L. SELLERS
DONALD W. BIVENS
MARK B. WALLACE
RON KILGARD
DONALD M. PETERS
DAVID G. CAMPBELL
C. TAYLOR ASHWORTH
JAMES G. DEROUIN
THOMAS D. PROFFITT
BRETT L. DUNKELMAN
ANNA L. DURAND
JEFFREY C. ZIMMERMAN
DIANE M. JOHNSEN
JOHN R. HANNAH
HELEN M. SANDALLS
SHANE R. SWINDLE
THAYNE G LOWE
CLARK M. PORTER

SUITE 4000
2700 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
602-266-2700
TELEX TWX 910-950-1101
TELECOPY (24 HOURS)
602-266-8751

HAND DELIVERED
RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
88 MAY 23 AM 9:46

MUR 2602

May 20, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
88 MAY 24 AM 11:25

FEDERAL EXPRESS

Mr. Johnathon Levin
Federal Election Commission
Washington, D.C. 20463

Dear Mr. Levin:

Enclosed are the Statement of Designation of Counsel for Ann Lorenzo O'Neill and John J. O'Neill. Mrs. O'Neill received a letter dated May 10, 1988 from Mr. Josefiak. Mr. O'Neill has not yet received a letter from the Commission. The Statement of Designation of Counsel states Mr. and Mrs. O'Neill's current address. If a letter has been sent to Mr. O'Neill's former address, it will be returned to the Commission. Please forward the letter to me as soon as possible.

On behalf of Mrs. O'Neill, since she has received the letter, I request an extension of time to submit any factual or legal materials to the Commission. This request is based upon the following good cause:

(1) Mrs. O'Neill was out of town when the letter from the Federal Election Commission was received at her home by her husband. The first time she was available to meet with me was Thursday, May 19. I will need additional time to research the applicable law and submit a Statement of Relevant Facts and Law.

(2) The Statement of Factual and Legal Analysis from the Commission refers to a witness statement apparently prepared by the F.B.I. These statements are commonly referred to as an "FD 302" which is the form the F.B.I. agents use to memorialize witness statements. Mrs. O'Neill does not have a copy of this F.B.I. interview which took place a little less than two years ago in 1986. In preparing a response to the Factual and Legal Analysis of the Commission, we request that the Commission provide us with a copy of Mrs. O'Neill's FD 302.

2 4 0 4 3 6 0 1 9 1 1

If any of the requests set forth in this letter are a problem, I would appreciate a telephone call from you.

Sincerely,

Colin F. Campbell

CFC:dm

Encls.

0043601912

STATEMENT OF DESIGNATION OF COUNSEL

MUR _____

NAME OF COUNSEL: Colin F. Campbell

ADDRESS: Meyer, Hendricks, Victor,
Osborn & Maledon
2700 North 3rd St., #4000
Phoenix, Arizona 85004

TELEPHONE: (602) 263-8700

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.

5-19-88
Date

John J. O'Neill
Signature

RESPONDENT'S NAME: JOHN J. O'NEILL

ADDRESS: 1529 E. GRANDVIEW
MESA, AZ
85203

HOME PHONE: 964-1061

BUSINESS PHONE: 831.2000

2043601913

STATEMENT OF DESIGNATION OF COUNSEL

MUR _____

NAME OF COUNSEL: Colin F. Campbell

ADDRESS: Meyer, Hendricks, Victor,
Osborn & Maledon
2700 North 3rd St., #4000
Phoenix, Arizona 85004

TELEPHONE: (602) 263-8700

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.

5-19-88
Date

Ann Lorenzo O'Neill
Signature

RESPONDENT'S NAME: Ann Lorenzo O'Neill

ADDRESS: 1529 E. Grandview
Mesa Arizona 85203

HOME PHONE: 964-1061

BUSINESS PHONE: 248-4150

2043601914

6CC#9345

FEDERAL ELECTION COMMISSION

88 MAY 23 PM 3:28

HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

JOHN J. RHODES III
FIRST DISTRICT
ARIZONA

May 20, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
88 MAY 24 AM 11:26

Mr. Thomas J. Josefiak
Chairman
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 2046

Re: MUR 2602

Dear Mr. Chairman:

On behalf of myself and my campaign committee, The Rhodes to Congress Committee, I request an extension of ten (10) days to respond to the (1) order to submit written answers, (2) subpoena to produce documents, (3) interrogatories, and (4) reasons why further action should not be taken.

I am in the process of retaining counsel to represent me and the committee in these matters. Due to previous commitments on the part of the counsel and myself, we will not be able to get together before May 24. Because of the complexity of the Commission's requests, we need additional time to prepare a comprehensive response.

Thank you for your consideration of this request.

Sincerely,

John J. Rhodes, III
Member of Congress

cc: Jonathan Levin

PRINTED AT GOVERNMENT EXPENSE
POLITICAL CONTRIBUTIONS ARE NOT DEDUCTIBLE AS CHARITABLE CONTRIBUTIONS FOR FEDERAL INCOME TAX PURPOSES

2043601915

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1988

Jan W. Baran, Esquire
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

Re: MUR 2602
Conley D. Wolfswinkel
Wolfswinkel Group,
Incorporated

Dear Mr. Baran:

This is in response to your letter dated May 20, 1988, which we received on May 24, 1988, requesting an extension of 20 days to respond to a reason to believe notification and subpoena. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on June 20, 1988.

If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

2043601916

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 26, 1988

Jack Daniel Klausner
Burch & Cracchiolo, P.A.
702 East Osborn Road
Suite 200
Phoenix, AZ 85014

RE: MUR 2602
Cortland Silver

Dear Mr. Klausner:

This is in response to your letter dated May 19, 1988, which we received on May 20, 1988, requesting an extension of 20 days to respond to a reason to believe notification and subpoena sent to your client. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by close of business on June 20, 1988.

If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

2004360917

plum

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 27, 1988

Daniel J. Swillinger, Esquire
Barnett & Alagia
1000 Thomas Jefferson Street, N.W.
Washington, D.C. 20007

RE: MUR 2602
Rhodes for Congress
Committee; Kent H. Mulkey,
as treasurer

John J. Rhodes, III

Dear Mr. Swillinger:

This is in response to a letter dated May 20, 1988, which we received on May 23, 1988, from Congressman John J. Rhodes, III, requesting an extension of ten days to respond to a reason to believe notification sent to him and a reason to believe notification and subpoena sent to the Rhodes for Congress Committee. After considering the circumstances presented in that letter, I have granted the requested extension. Accordingly, responses are due by close of business on June 10, 1988.

If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

2043601918

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 27, 1988

Colin F. Campbell, Esquire
Meyer, Hendricks, Victor,
Osborn & Maledon
2700 North Third Street
Suite 4000
Phoenix, AZ 85004

RE: MUR 2602
John J. O'Neill
Ann Lorenzo O'Neill

Dear Mr. Campbell:

This is in response to your letter dated May 20, 1988, which we received on May 24, 1988, requesting an extension of time to respond to reason to believe notifications and a subpoena. After considering the circumstances presented in your letter and in your phone conversation with Jonathan Levin of this Office on May 25, 1988, I have granted an extension of time until close of business on July 6, 1988, to respond on behalf of John O'Neill and Ann Lorenzo O'Neill.

In addition, we have enclosed the reason to believe notification letter, factual and legal analysis, and subpoena originally sent to Mr. O'Neill on May 10, 1988. It was returned to this Office undelivered on May 25, 1988.

If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosures

2043601919

Occ#9399

FEDERAL ELECTION COMMISSION

88 MAY 31 AM 9:50

HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

JOHN J. RHODES III
FIRST DISTRICT
ARIZONA

May 27, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
88 JUN -1 AM 11:33

Mr. Jonathan Levin
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2602

Dear Mr. Levin:

This is to amend my STATEMENT OF DESIGNATION OF COUNSEL to include Kent H. Mulkey, treasurer of the Rhodes to Congress Committee. He will also be represented by Daniel J. Swillinger in this matter.

If you have any questions, please let me know.

Sincerely,

John J. Rhodes, III
Member of Congress

CC: Daniel J. Swillinger

NOT PRINTED AT GOVERNMENT EXPENSE

4043601920

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

88 JUN -8 AM 9:13

MCC#9464

LAW OFFICES

BARNETT & ALAGIA

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

OFFICES IN:
ATLANTA, GEORGIA
FRANKFORT, KENTUCKY
LOUISVILLE, KENTUCKY
MIAMI, FLORIDA
NASHVILLE, TENNESSEE
NEW ALBANY, INDIANA
PALM BEACH, FLORIDA
BANGKOK, THAILAND

DANIEL J. SWILLINGER
PARTNER

June 7, 1988

HAND DELIVERED

Jonathan Levin, Esquire
Office of the General Counsel
Federal Election Commission
999 E Street, N.W., Suite 657
Washington, D.C. 20463

Re: MUR 2602

Dear Mr. Levin:

On behalf of my clients, Rep. John J. Rhodes, III, the Rhodes to Congress Committee, and Kent Mulkey, its Treasurer, I am requesting a seven day extension, until June 17, 1988, to file a response to the Commisssion's May 10 letter.

This extension would still keep respondents within the usual 20-day extension practice, and is necessary because of the time required to obtain documents and to contact the numerous individuals involved in this matter.

Thank you for your cooperation.

Sincerely,

BARNETT & ALAGIA

Daniel J. Swillinger

DJS:crj
cc: Hon. John J. Rhodes, III

2043601921

FEDERAL ELECTION COMMISSION RECEIVED
88 JUN -8 AM 10:40

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2602
Cortland Silver)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On April 28, 1988, the Commission made a number of reason to believe determinations with respect to activities in connection with the House campaign of John J. Rhodes, III, of Arizona. Included among those determinations was a finding that these was reason to believe that Cortland Silver violated 2 U.S.C. § 441a(a)(1)(A) in connection with payments of his daughter's salary for her work for the Rhodes for Congress Committee ("the Committee") and other contributions he may have made to the Committee. A reason to believe notification and order and subpoena for written responses and documents were mailed to Mr. Silver on May 10.

On May 20, 1988, this Office received a request from Mr. Silver's counsel for entry into pre-probable cause conciliation. In addition, counsel requested an extension of time to respond to the notification and order and subpoena. This Office has granted that extension until June 20, 1988.

II. ANALYSIS

This Office has yet to receive the responses of Mr. Silver or any other respondent in this matter. This Office believes that, until such time as the investigation with respect to Mr. Silver is complete, the Commission should not conciliate with

2043601922

him. Therefore, this Office recommends that the Commission decline to enter into pre-probable cause conciliation with Mr. Silver at this time.

III. RECOMMENDATIONS

1. Decline at this time to enter into conciliation prior to a finding of probable cause to believe with Cortland Silver.

2. Approve the attached letter.

6/7/88
Date

Lawrence M. Noble
General Counsel

Attachments
1. Request for conciliation
2. Proposed letter to counsel for Mr. Silver

24043601923

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: June 8, 1988

SUBJECT: MUR 2602 - General Counsel's Rpt.

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

Open Session _____

Closed Session _____

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

0043601924

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2602
Cortland Silver)

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on June 10, 1988, the Commission decided by a vote of 4-0 to take the following actions in MUR 2602:

1. Decline at this time to enter into conciliation prior to a finding of probable cause to believe with Cortland Silver.

2. Approve the letter, as recommended in the General Counsel's Report signed June 7, 1988.

Commissioners Aikens, Elliott, Josefiak and Thomas voted affirmatively for the decision; Commissioners McDonald and McGarry did not cast votes.

Attest:

6/10/88
Date

Joshua McGladdery
for Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary: Wed., 6-8-88, 10:40
Circulated on 48 hour tally: Wed., 6-8-88, 4:00
Deadline for vote: Fri., 6-10-88, 4:00

' 4043601925

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 14, 1988

Jack Daniel Klausner, Esquire
Burch & Cracchiolo, P.A.
702 East Osborn Road
Suite 200
Phoenix, AZ 85014

RE: MUR 2602
Cortland Silver

Dear Mr. Klausner:

On May 10, 1988, your client, Cortland Silver, was notified that the Federal Election Commission found reason to believe that he violated 2 U.S.C. § 441a(a)(1)(A). On May 20, 1988, this Office received your request to enter into conciliation negotiations prior to a finding of probable cause to believe.

The Commission has considered your request and determined, because of the need to complete the investigation, to decline at this time to enter into conciliation prior to a finding of probable cause to believe. At such time when the investigation in this matter has been completed, the Commission will reconsider your request.

If you have any questions, please contact Jonathan Levin, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

2004360199 26

HAND DELIVERED

RECEIVED
FEDERAL ELECTION COMMISSION

88 JUN 10 PM 12:04

MUR 2602

UNITED BANK OF ARIZONA

RECEIVED
FEDERAL ELECTION COMMISSION
88 JUN 10 PM 5:07

May 27, 1988

Federal Election Commission
Washington DC 20463
Attn: Mr. Jonathan Levin

Dear Mr. Levin:

Mr. Thomas J. Josefiak's letter of May 10, 1988 to Mr. James P. Simmons, former Chairman and Chief Executive Officer at United Bank has been directed to me for handling.

On September 26, 1986 United Bank of Arizona, of its own volition, contacted Mr. Stephen M. McNamee, United States Attorney for Arizona, to advise that we suspected irregularities regarding contributions to the John J. Rhodes, III, election campaign. Mr. McNamee should still be in possession of our statements to him.

Pursuant to your citing of 11 CFR, Section 100.7 (b) (11) we wish to advise of the following:

The loan to the election committee of John J. Rhodes, III, was in fact made to John J. Rhodes with Rhodes as the signer on the note. This loan was made entirely in the course of ordinary business.

FURTHER, the interest rate at the time of this loan was prime plus 2%, the same as was being charged on all similar commercial loans.

FURTHER, the funding of a commercial loan upon a promise to provide an updated financial statement, within a reasonable time period, is not uncommon at United Bank and other local banks when dealing with a very well known and responsible customer such as John J. Rhodes, III.

FURTHER, the Rhodes family have long been customers of United Bank, their financial worth is well known, and it is our firm belief that all appropriate loan documents were executed to establish this loan.

FURTHER, United Bank made the loan to John J. Rhodes, III, as a commercial endeavor for profit, did not discount any percentage earnings off this loan, held for repayment the loan with interest, and subsequently received payment in full.

FURTHER, United Bank was assured of payment of the loan by means of the signature of John J. Rhodes, III.

4043601927

FURTHER, United Bank denies having any knowledge of Election Law violations by John O'Neill prior to September 1986, never gave approval or authority to any persons to undertake contributing to election campaigns, and never undertook to use the funds or facilities of the corporation to assist any candidate.

I, Robert W. Randolph, Vice President and Manager of the Security/Loss Prevention Department of United Bank of Arizona hereby swear and affirm upon oath that the foregoing is true and factual to the best of my knowledge and no information otherwise germaine to the inquiry of the Federal Election Commission has been intentionally omitted or misstated.

Robert W Randolph
ROBERT W. RANDOLPH

On this 9 day of June, 1988, personally appeared before me Robert W. Randolph who is known to me to be a Vice President and Manager of the Security and Loss Prevention Department of United Bank of Arizona.

Valerie C Me
Notary Public

My commission expires:

My Commission Expires Jan. 1, 1991

4043601928

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 13, 1988

Daniel J. Swillinger, Esquire
Barnett & Alagia
1000 Thomas Jefferson Street, N.W.
Washington, D.C. 20007

RE: MUR 2602
Rhodes for Congress Committee
Kent H. Mulkey, as treasurer

John J. Rhodes, III

Dear Mr. Swillinger:

This is in response to your letter dated June 7, 1988, which we received on June 8, 1988, requesting a second extension of seven days to respond to reason to believe notifications and a subpoena. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by close of business on June 17, 1988.

If you have any questions, please contact Jonathan Levin or Colleen Miller, the attorneys assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

4043601929

GCC#9521

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN W. BARAN
(202) 429-7330

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 JUN 14 PM 5:47

June 14, 1988

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Jonathan Levin
Colleen Miller

RE: MUR 2602 (Conley D. Wolfswinkel and Wolfswinkel Group, Incorporated)

Dear Mr. Noble:

On behalf of Respondents, Conley D. Wolfswinkel and Wolfswinkel Group, Incorporated, I am writing to request an additional twenty day extension of time within which to respond to the Federal Election Commission's Interrogatories and Request for Production of Documents in the above referenced matter, currently due on June 20, 1988. This extension is necessitated by the difficulty of arranging a time in which to confer with Respondents in Arizona in order to prepare a complete response with respect to this matter. I appreciate that this extension is longer than customarily granted, but believe that an extension to and including July 11, 1988 will in no way prejudice the resolution of this matter.

Your favorable consideration of this request will be appreciated.

Sincerely,

Jan W. Baran

JWB/slg
cc: Conley Wolfswinkel

2043601930

HAND DELIVERED 6CC#9546

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 JUN 20 AM 11:40

BURCH & CRACCHIOLO, P.A.
702 EAST OSBORN ROAD
PHOENIX, ARIZONA 85014
TELEPHONE (602) 274-7611

Jack D. Klausner - SBA #004139
Attorneys for Respondent

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 JUN 21 AM 10:45

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of:	
CORTLAND J. SILVER 5650 Echo Canyon Drive Phoenix, Arizona 85018	No. MUR 2602 NOTICE OF SERVICE

COMES NOW Respondent, through counsel undersigned, and serves his Answers to Interrogatories and Response to Production of Documents on the Federal Election Commission as enclosed with this Notice.

DATED this 17 day of June, 1988.

BURCH & CRACCHIOLO, P.A.

By: Jack D. Klausner
Jack Daniel Klausner
702 East Osborn Road
Phoenix, Arizona 85014
Attorneys for Respondent
Cortland J. Silver

ORIGINAL Federal Expressed this 17th day of June, 1988, to:

Federal Election Commission
999 "E" Street N.W.
Washington, D.C. 20463

COPY Federal Expressed this 17th day of June, 1988, to:

Jonathan Levin, Esq.
Office of General Counsel
Federal Election Commission
999 "E" Street N.W.
Washington, D.C. 20463

Joan Gresch

2043601931

BURCH & CRACCHIOLO, P.A.
702 EAST OSBORN ROAD
PHOENIX, ARIZONA 85014
TELEPHONE (602) 274-7611

Jack D. Klausner - SBA #004139
Attorneys for Respondent

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of:	
CORTLAND J. SILVER 5650 Echo Canyon Drive Phoenix, Arizona 85018	No. MUR 2602 ANSWERS TO INTERROGATORIES

COMES NOW Respondent, through counsel undersigned, and answers the Interrogatories propounded to him as follows:

1. I do not have any personal recollection of the exact dates and payments made to Debbie Lorshbough. Our investigation indicates that the following payments were made on the following dates. It was my understanding that Debbie was paid weekly in arrears. I gave funds to John O'Neil to cover all the payments made by the Committee to Deborah Lorshbough. The payments and dates, as disclosed from our investigation, were as follows:

July 25, 1986 - $260.00
August 1, 1986 - $250.00
August 8, 1986 - $250.00
August 15, 1986 - $250.00
August 15, 1986 - $250.00*

(* I have no idea why two checks were paid on August 15, 1986.)

I have not been able to locate the means by which I covered Debbie's salary, but I believe I gave checks to John O'Neil to cover her compensation.

2043601932

2.-3. The person with whom I made the arrangements, and the only other person who was aware of the arrangements at the time was John O'Neil.

4. On or about July 14, 1986, I made a contribution of $1,000 by cashier's check, and on the same date, my wife, Lorraine M. Silver, made a contribution of $1,000 by cashier's check.

Although this information was not specifically requested by the interrogatories, the Commission is advised of the following, which may be responsive to its inquiry. On March 4, 1986, I endorsed a check in the sum of $5,000 and gave it to John O'Neil. I have subsequently discovered that those funds were given to five individuals, who each made $1,000 contributions to the campaign. I am informed that those people were Cortland Silver, Jr. (my son), John O'Neil's two daughters, and their husbands.

DATED this 17 day of June, 1988.

BURCH & CRACCHIOLO, P.A.

By: Jack Daniel Klausner
Jack Daniel Klausner
702 East Osborn Road
Phoenix, Arizona 85014
Attorneys for Respondent

BURCH & CRACCHIOLO P.A.
702 EAST OSBORN ROAD
PHOENIX ARIZONA 85014
TELEPHONE (602) 274 7611

ORIGINAL Federal Expressed
this 17 day of June, 1988, to:

Federal Election Commission
999 "E" Street N.W.
Washington, D.C. 20463

COPY Federal Expressed
this 17 day of June, 1988, to:

Jonathan Levin, Esq.
Office of General Counsel
Federal Election Commission
999 "E" Street N.W.
Washington, D.C. 20463

Joan Drescher

BURCH & CRACCHIOLO, P.A.
702 EAST OSBORN ROAD
PHOENIX, ARIZONA 85014
TELEPHONE (602) 274-7611

STATE OF ARIZONA)
) VERIFICATION
COUNTY OF MARICOPA)

CORTLAND J. SILVER, being first duly sworn under oath, deposes and says that:

I have read the foregoing Answers to Interrogatories, and being familiar with the facts therein contained, hereby state that the statements made therein are true and correct, to the best of my knowledge, information, and belief.

FURTHER AFFIANT SAYETH NOT.

Cortland J. Silver
CORTLAND J. SILVER

SUBSCRIBED and SWORN TO before me this 16th day of June, 1988.

Barbara S. Nedeau
Notary Public

OFFICIAL SEAL
BARBARA S. NEDEAU
Notary Public - Arizona
MARICOPA COUNTY
My Commission Expires May 28, 1990

My Commission Expires:
May 28, 1990

04360935

BURCH & CRACCHIOLO, P.A.
702 EAST OSBORN ROAD
PHOENIX, ARIZONA 85014
TELEPHONE (602) 274-7611

Jack D. Klausner - SBA #004139

Attorneys for Respondent

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of: CORTLAND J. SILVER 5650 Echo Canyon Drive Phoenix, Arizona 85018	No. MUR 2602 RESPONSE TO REQUEST FOR PRODUCTION OF DOCUMENTS

COMES NOW Respondent, through counsel undersigned, and in response to the Request for Production of Documents to Respondent, attaches all the documents requested.

DATED this 17 day of June, 1988.

BURCH & CRACCHIOLO, P.A.

By: _____
Jack Daniel Klausner
702 East Osborn Road
Phoenix, Arizona 85014
Attorneys for Respondent

ORIGINAL Federal Expressed this 17th day of June, 1988, to:

Federal Election Commission
999 "E" Street N.W.
Washington, D.C. 20463

COPY Federal Expressed this 17th day of June, 1988, to:

Jonathan Levin, Esq.
Office of General Counsel
Federal Election Commission
999 "E" Street N.W.
Washington, D.C. 20463

Joan French

2043601936

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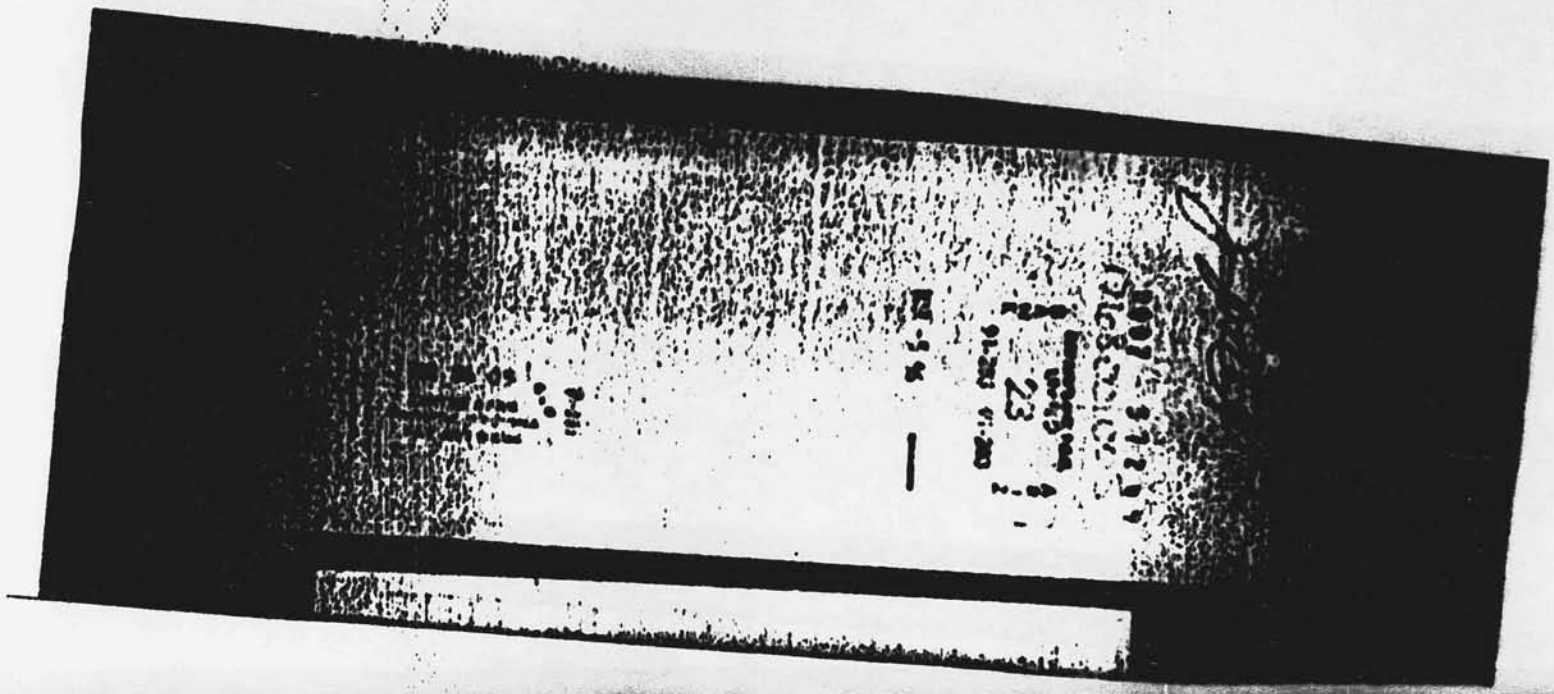

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Lorraine M. Silver

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100609

91-283/1221

July 14, 19 86

PAY TO THE ORDER OF RHODES to Congress********** $**1,000.00**

UNITED BANK 1,000dols00cts DOLLARS

CASHIER'S CHECK

⑈100609⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

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MESA REGIONAL HOME OFFICE

Cortland J. Silver

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MESA MAIN OFFICE JUL 14 '86

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UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100608
CASHIER'S CHECK
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July 14, 19 86

PAY TO THE ORDER OF RHODES ********** $**1,000.00**

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Cortland J. Silver

UNITED BANK
OF ARIZONA
MESA, ARIZONA

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91-283/1221

July 14, 19 86

PAY TO THE ORDER OF RHODES to Congress********** $**1,000.00**

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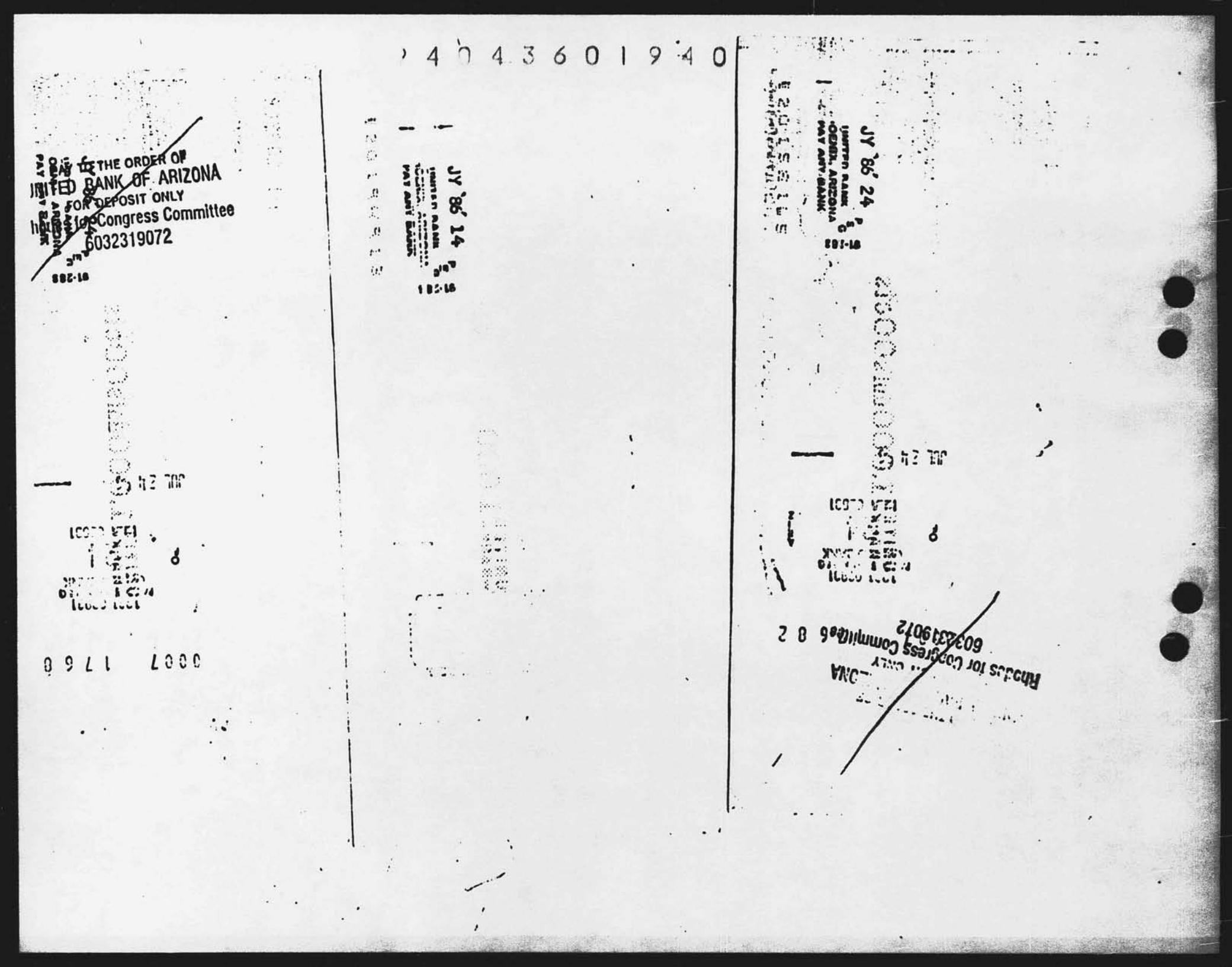
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FOR DEPOSIT ONLY
Congress Committee
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Cortland Silver, Jr.

REGISTER COPY

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA ARIZONA

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MAR 05 '86

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $ 1000.00

UNITED BANK 1,000dlls00cts DOLLARS

PURCHASER'S SIGNATURE [signature]

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Cortland Silver, Jr.

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA ARIZONA

№ 97685

91-283/1221

March 5, 19 86

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CASHIER'S CHECK

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MR 86 05
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MR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

0007 32766

MAR -7 86

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PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
6032819072

W. K. EATON
MA[illegible]YN JEAN EATON
[illegible]-5694
22 S. COUNTRY CLUB DR.
MESA, AZ 85202

7116

7/12/86 19

91-2/1221

PAY TO THE ORDER OF Rhodes For Congress $ 100.00

One Hundred and No/100- DOLLARS

MAIN STREET OFFICE (012)
P. O. BOX 1408
MESA, ARIZONA 85201

W. K. Eaton

⑈0007116⑈ ⑆122100024⑆ 028 2⑈5532⑈

GARY K. HERBERGER
7045 EAST CAMELBACK
P. O. BOX 2083
SCOTTSDALE, ARIZONA 85252

2003

91-283/1221

July 14, 19 86

PAY TO THE ORDER OF Rhodes to Congress $ 100.00

REGISTERED 178N40319 ONE HUNDRED DOLS 00 CTS DOLLARS

Scottsdale Regional Home Office
UNITED BANK
OF ARIZONA
7111 E. Camelback Road, Scottsdale, AZ 85251

FOR [redacted]

⑈002003⑈ [redacted]

⑆122100243⑆ 0194360⑈

100-4 R. 4/71

Lorraine M. Silver

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100609

91-283/1221

July 14, 19 86

PAY TO THE ORDER OF RHODES to Congress********** $**1,000.00**

UNITED BANK 1,000dols00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈100609⑈ ⑆[redacted]

RECEIVED JUL 13 1986

Cortland J. Silver

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100608

91-283/1221

July 14, 19 86

PAY TO THE ORDER OF RHODES to Congress********** $**1,000.00**

UNITED BANK One Thousand dollars 00 cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈100608⑈ ⑆122102831⑆ ⑈2140400070⑈

BLANCHE CHRISTENSEN
MESA, ARIZ. 85203

2149

7/16 19 86 2-28/710

PAY TO THE ORDER OF Jay Rhodes Campaign Fund $ 200.00

Two hundred & no/100 DOLLARS

HARRIS BANK Harris Trust and Savings Bank Chicago, Illinois 60690

MEMO

Blanche Christensen

⑆071000288⑆ [redacted]

JOHN FORNEY RUDY OR CAROLINE W. RUDY
LAKE DORA VILLAS
100 S. TREMAIN ST., 383-5274
MOUNT DORA, FL 32757

1219

July 14 19 86 63-431/631

PAY TO THE ORDER OF Rhodes for Congress $ 30.00

Thirty DOLLARS

THE FIRST NATIONAL BANK OF MOUNT DORA

FOR

⑆063 [redacted]

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RECEIVED JUL 18 1986

Remitter: Rhodes to Congress

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

No 100648

CASHIER'S CHECK

91-283/1221

REGISTER COPY

CONTRA Cash

MESA RHO #1 JUL 25 '85 COMPT. LOANS

7/25/86 19__

PAY TO THE ORDER OF DEBORAH LARSHBOUGH $**260.00**

UNITED BANK 260dls00cts DOLLARS

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Remitter: Rhodes to Congress

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

No 100648

91-283/1221

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DEBORAH LARSHBOUGH $**260.00**

UNITED BANK 260dls00cts DOLLARS

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Deborah Lou Bogle

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Rhodes to Congress

REGISTER COPY

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MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

AUG 01 '86

COMM'L LOANS

№ 100678

CASHIER'S CHECK

91-283/1221

August 1, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH $ 250.00

250dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bk. Use

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MESA REGIONAL HOME OFFICE

Rhodes to Congress

UNITED BANK OF ARIZONA

MESA, ARIZONA

№ 100678

91-283/1221

August 1, 19 86

$ 250.00

250dol's00cts DOLLARS

CASHIER'S CHECK

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Rhodes for Congress

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UNITED BANK
OF ARIZONA
MESA, ARIZONA

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CASHIER'S CHECK
91-283/1221

August 8, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

*250dol's00cts DOLLARS

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OF ARIZONA
MESA, ARIZONA

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August 8, 19 86

Rhodes for Congress

LORSHBAUGH ..... $ *250.00

UNITED BANK *250dol's00cts DOLLARS

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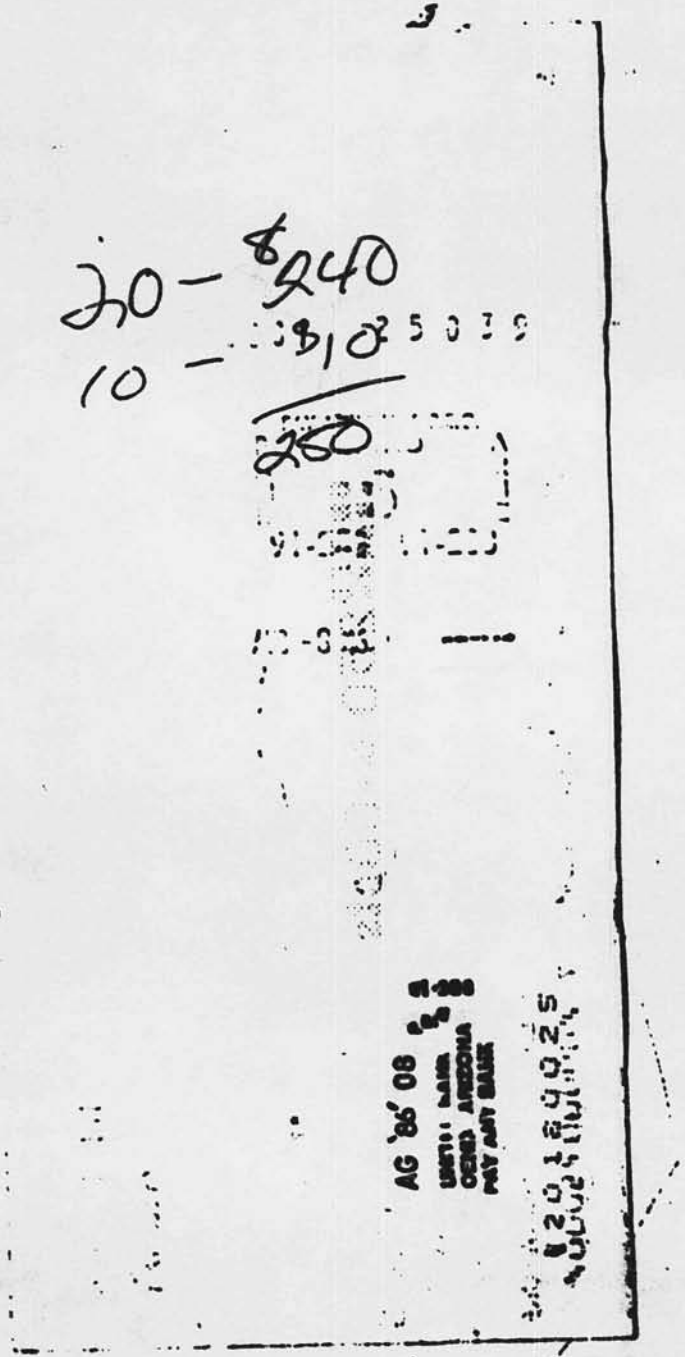
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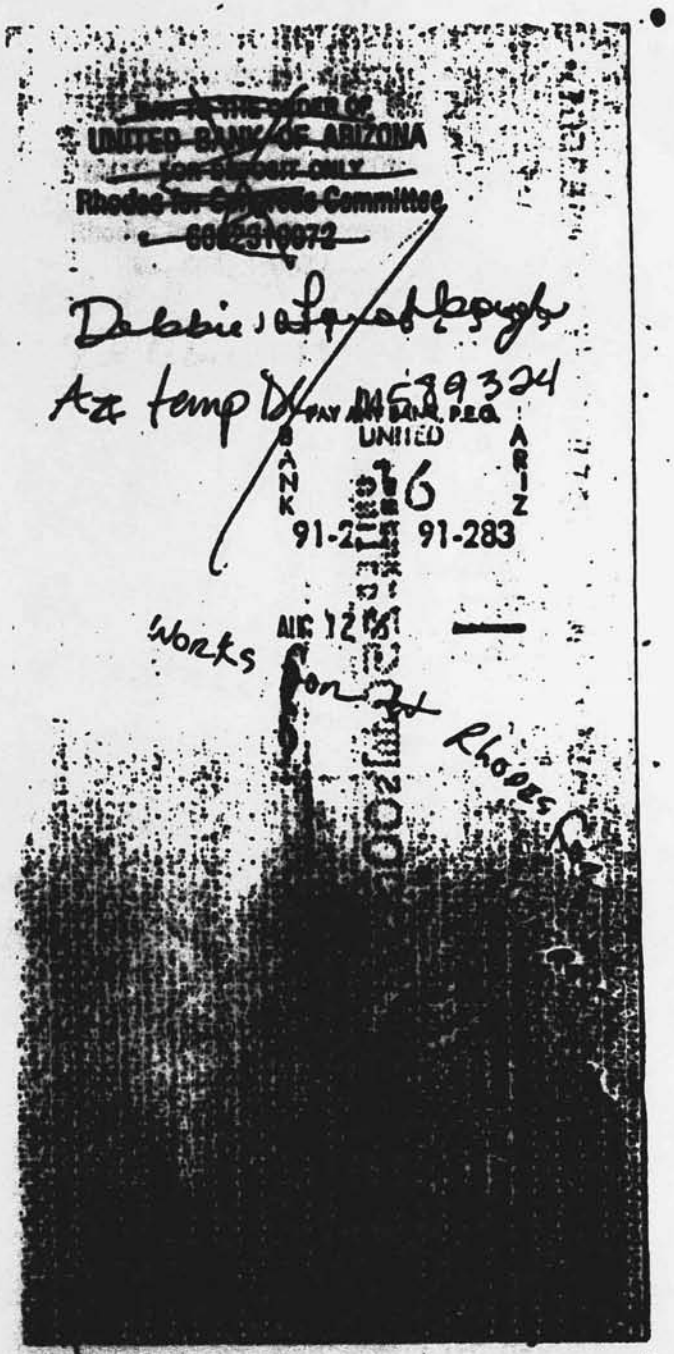
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Rhodes for Congress Committee
Debbie Hayabbough
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Rhodes for Congress

MESA REGIONAL HOME OFFICE

UNITED BANK
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August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ 250.00

UNITED BANK-250dls00cts DOLLARS

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PURCHASER'S SIGNATURE

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AUTH. SIGNATURE

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PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ 250.00

August 15, 19 86

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Rhodes for Congress

CONTRA

COMM'L LOANS

AUG 15 '86

MESA REGIONAL HOME OFFICE

UNITED BANK
OF ARIZONA
MESA, ARIZONA

CASHIER'S CHECK
91-283/1221

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PHOENIX ARIZONA
PAY ANY BANK

Rhodes for Congress

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CONTRA cash

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OF ARIZONA
AUG 15 '86 MESA, ARIZONA
Bill Boudet
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No 101728
CASHIER'S CHECK
91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

UNITED BANK *250dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bill Rhodes

ADDRESS

EXCH. FEE ☐ COLLECTED ☒ WAIVED

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UNITED BANK
OF ARIZONA
MESA, ARIZONA

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91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

UNITED BANK *250dol's00cts DOLLARS

CASHIER'S CHECK
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Rhodes for Congress

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100696

91-283/1221

August 8, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

UNITED BANK 250dlr 00cts DOLLARS

CASHIER'S CHECK

Georgeann R. Boudet
AUTHORIZED SIGNATURE

grb

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ANN LORENZO 2-83
PHONE 964-1061
1529 EAST GRANDVIEW
MESA, ARIZONA 85203

2470

8/5 86 91-7001/3221

PAY TO THE ORDER OF Rhodes to Congress — $ 1000.00

One Thousand and 00/100 — DOLLARS

RECEIVED AUG 1 1986

APACHE TRAIL OFFICE
6915 E. APACHE TRAIL
MESA, ARIZONA 85207

MeraBank
FEDERAL SAVINGS BANK

1986 CHECK CLUB II

MEMO

ENTERED

[redacted]

Ann Lorenzo

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ADMINISTRATIVE DIVISION

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MUR 2602

Tab A Response of Rep. John J. Rhodes, III

Tab B Response of Rhodes to Congress Committee

Tab C Exhibits 1-5

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2043601957

BEFORE THE

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RE: MUR 2602

RESPONSE OF REP. JOHN J. RHODES, III

TO FEC "REASON TO BELIEVE" LETTER

2043601958

Now comes Rep. John J. Rhodes, III, through undersigned counsel, and responds to the Federal Election Commission's letter dated May 10, 1988, in which it is stated that the Commission found "reason to believe" that Rep. Rhodes is in violation of the Federal Election Campaign Act of 1971, as amended.

I. INTRODUCTION

The transactions which form the basis for the Commission's charges occurred during the 1986 primary and general elections for the First Congressional District of Arizona.

The basis for the Commission's finding is an "investigative file from the Federal Bureau of Investigation containing materials relating to activities in connection with the House campaign of Mr. Rhodes." FEC Factual and Legal Analysis, p. 1 (hereinafter "FLA").

The FBI investigation occurred because Rep. Rhodes brought to the attention of the U.S. Attorney in Phoenix possible irregularities in the way contributions had been made to his campaign. Rep. Rhodes had learned about potential problems as the result of an internal bank investigation, conducted his own inquiry, and within 24 hours of first learning of a potential problem, met with the U.S. Attorney and fully cooperated in his subsequent investigation.

The U.S. Attorney has apparently decided not to bring criminal charges, and has therefore turned over the matter to the FEC. The FEC reason to believe finding is based on the U.S. Attorney's investigation, and relies upon FBI interviews and documents gathered by the FBI.

Counsel for Rep. Rhodes requested, and was denied by counsel to the Commission, access to the interviews and documents pertaining to Rep. Rhodes. The staff's FLA is replete with quotations and purported statements of fact taken from these materials. Several appear to be taken out of context, offered without the qualifications which also may have been contained in the interview, or based on hearsay.

Having been denied access to the full materials, Rep. Rhodes is left with the task of responding to charges with limited knowledge of their basis. In considering this response, the Commission should understand the difficult position in which Rep. Rhodes is placed.

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The Commission should also give limited credence to the underlying interviews and materials, because of their hearsay quality and because of the context in which they were gathered.

II. FACTS

A. Background

John J. Rhodes, III, was one of two major candidates in the 1986 Republican primary election in the First District of Arizona. This was an open seat, the incumbent having become a candidate for the U.S. Senate. This seat had been held for 30 years by Rep. Rhodes' father, John J. Rhodes, the former House Minority Leader. Rep. Rhodes won the primary 44% to 37% over his major opponent, and then won the general election with over 71% of the vote.

He became a candidate in May of 1985, and raised funds steadily from that time through the general election, 18 months later. Rep. Rhodes determined at the outset of the campaign not to finance it with his own funds, but rather to depend on contributions. As FEC records show, during the entire primary period, he loaned a total of $1,675 to the Committee, of which $713 was repaid in August, 1985.

For most of this period, he maintained an active private law practice as one of two partners in the firm of Reynolds, Rhodes & Golston. As the September 9 primary election drew near, Rep. Rhodes devoted less time to law practice, and more time to the campaign, as demonstrated by by his schedule for the four weeks prior to the primary. (Exhibit 1)

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On September 25, 1986, Rep. Rhodes learned indirectly that an internal audit of the transactions supervised by Mr. John J. O'Neill, a vice president of the bank, by the management of the United Bank of Arizona, raised questions about certain contributions which had been made to the campaign in late August.

Rep. Rhodes was able to verify enough of the information provided to him that he arranged a meeting with the U.S. Attorney in Phoenix the next day, at which he disclosed all the information he had and requested that the U.S. attorney investigate the matter.

Rep. Rhodes learned during this period that Conley D. Wolfswinkel had given $30,000 to John J. O'Neill, who in turn used the bulk of those funds to make contributions to the campaign. It was these transactions which were disclosed to the U.S. Attorney.

Soon thereafter, Rep. Rhodes learned that a $3000 legal fee he had accepted from John J. O'Neill in late August had also come from this $30,000. (Exhibit 2, par. 3, Statement of John J. Rhodes, III) Rep. Rhodes promptly returned this $3,000 to Mr. O'Neill. (He had returned the other $27,000 directly to Mr. Wolfswinkel.)

It is this $3,000 payment by Mr. O'Neill to Rep. Rhodes which forms the basis for the Commission's allegations against Rep. Rhodes.

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B. Receipt of the $3,000 Fee

Mr. O'Neill retained Rep. Rhodes on an hourly fee basis in late 1985 to represent him in a dispute over a real estate contract. (Ex. 2, par. 5) Mr. O'Neill's position did not prevail, and the matter was settled in the summer of 1986. Fees and expenses owed to the law firm totaled $3,855.45. Rep. Rhodes reduced the amount owed to $3,000, before discussing the bill with Mr. O'Neill (Id.), because Rep. Rhodes was not "satisfied" with the result.

When Mr. O'Neill subsequently asked Rep. Rhodes how much he owed for the representation, Rep. Rhodes told Mr. O'Neill that he had reduced the bill to $3,000. Mr. O'Neill gave Rep. Rhodes a $3,000 personal check, in payment of the fee. (Id.)

Rep. Rhodes and Mr. O'Neill had known each other for at least 15 years. Mr. O'Neill had served as "personal banker" to Rep. Rhodes for several years, and Rep. Rhodes had borrowed funds from Mr. O'Neill's bank on previous occasions. Mr. O'Neill and Rep. Rhodes had had previous discussions about Rep. Rhodes' personal financial condition, both as a banker and as a friend, and Rep. Rhodes did not regard it as unusual that Mr. O'Neill would inquire about Rep. Rhodes' personal finances. (Ex. 2, par. 6)

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C. Deposit of the $3,000 Fee

Rep. Rhodes deposited the $3,000 in his personal checking account. He regarded it as a partnership draw to which he was entitled, and as an offset to extra draws his partner had taken. (Ex. 2, par. 7)

While it was not a monthly occurrence, neither was it unusual for either partner to take extra draws when needed. Rodger Golston, Rep. Rhodes' partner, recalls at least three other instances during the first part of 1986 in which one of the partners had taken extra funds. (Ex. 3, Affidavit of Rodger Golston, par. 4)

In the press of the final days of the primary campaign, Rep. Rhodes put the funds in his personal account, with the intention of informing his partner; before he was able to do this, he learned of the source of the funds, and returned the $3,000 to Mr. O'Neill. It was at this time that he told Mr. Golston. (Ex. 2, par. 7)

Mr. Golston maintained the $3,000 as an account receivable until mid-1987, when he wrote it off after Mr. O'Neill refused to pay the fee, after repeated bills and a discussion. (Ex. 3, par. 3)

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III. ARGUMENT

The Commission's central allegation against Rep. Rhodes is that the $3,000 he accepted from John O'Neill was a contribution, and not a legal fee payment, and therefore Rep. Rhodes "knowingly accepted" a contribution in excess of the limit in violation of § 441a(f). The facts and circumstances demonstrate that this allegation is without merit.

A. Legal Fee

There is no dispute that Rep. Rhodes had performed bona fide legal services for Mr. O'Neill, that Mr. O'Neill did not prevail in the matter, and that the matter was settled. The timing, then, of Mr. O'Neill's payment is logical -- at the conclusion of the matter. That it also came in the midst of the campaign is simply coincidence.

Much is made of the fact that Rep. Rhodes deposited the check in his personal account. This was not common practice, but there are far less sinister explanations than that put forward in the FLA.

In the press of the final two weeks of the primary, Rep. Rhodes was campaigning almost full time seven days a week. He was devoting little time to the law practice. As best Rep. Rhodes can recall, it was simply more convenient to put the check in his personal account, and later tell his partner.

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Rep. Rhodes felt he was entitled to the $3,000 as both his regular draw and to offset extra draws his partner had taken. As reflected in Rodger Golston's statement, both partners took extra draws from time to time.

The $3,000 payment has always been treated as a fee by the law firm. After Rep. Rhodes refunded the money to Mr. O'Neill, it was carried as an account receivable until the summer of 1987, when Mr. Golston gave up trying to collect it, and wrote it off, which is a common practice when the amount is not large enough to warrant a lawsuit. It should be noted that this was entirely Mr. Golston's decision, since the partnership had ended December 31, 1986. (Ex. 3, par. 1)

B. Living Expenses

The Commission letter argues that the $3,000 was actually a contribution to pay Rep. Rhodes' living expenses, and looks to AO 1982-64 for the indicia of such a contribution.

Looking at each of these elements, it is clear that in fact, the $3,000 was not a contribution, but a fee for services:

1. "Freeing-up candidate funds for campaign purposes" -- Rep. Rhodes made no contributions to his campaign during this period, or at any other time in 1986. Indeed, Rep. Rhodes reimbursed Mr. O'Neill with a $3,000 personal check immediately upon learning the source of the funds, an indication that he had available sizable sums of cash.

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2. "More time to campaign" -- As his schedule shows, Rep. Rhodes was already campaigning full time; this payment had no effect on Rep. Rhodes' ability to devote needed time to the election effort.

3. "No donation but for the campaign" -- This is a payment which was due for services rendered, and would have been due regardless of the existence of a campaign.

The Commission's FLA also relies on a purported statement from Mr. O'Neill that the payment was given for "legal and/or living expenses." Whatever Mr. O'Neill's confusion a month after the payment was made, the fact remains that he owed a $3,000 fee to Rep. Rhodes, and that is what Rep. Rhodes asked for.

Finally, the Commission relies on a comment Rep. Rhodes purportedly made to the FBI, in response to a question from Mr. O'Neill, that his finances "were not as good as they could be."

First, Mr. O'Neill was both a personal friend to, and a personal banker for, Rep. Rhodes. It was not unusual, in the course of conversation, for Mr. O'Neill to ask such a question.

Second, regardless of what Rep. Rhodes actually meant, the fact is that, by any reasonable standard, he was in a sound financial condition. The financial statement filed with the United Bank on June 26, 1986, (Exhibit 4) shows Rep. Rhodes and his wife with a significant net worth, as well as substantial income from his law practice and her employment at a local hospital. There is no indication that Rep. Rhodes was in default on mortgage payments, or was in any other financial difficulty.

2404360-1966

IV. CONCLUSION

The circumstantial case put forth in the FLA cannot survive close scrutiny, and the facts set forth above.

A client paid his lawyer a fee in the normal course of business. There is no dispute that the services were performed, or that the matter had been concluded. That is the usual time that statements are rendered and payment sought.

The fact that Rep. Rhodes put the check in his personal account was uncharacteristic, and makes the matter more awkward to explain, but there is nothing in the surrounding circumstances which requires a conclusion of illegality. Rep. Rhodes was not desperate for money to pay personal expenses, and repaid the $3,000 as soon as its source became known.

Therefore, Rep. John J. Rhodes, III, requests that the Commission find that he did not violate 2 U.S.C. § 441a(f), and that the Commission dismiss all allegations against him.

Respectfully submitted,

BARNETT & ALAGIA

Daniel J. Swillinger
Counsel to Rep. John J. Rhodes, III

June 17, 1988

DJS/5:1.3/lr

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ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

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2043601968

BEFORE THE

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RE: MUR 2602

RESPONSE OF THE RHODES TO CONGRESS COMMITTEE

TO FEC "REASON TO BELIEVE" LETTER

Now comes the Rhodes to Congress Committee, and its Treasurer, Kent Mulkey, and responds to the Federal Election Commission's letter dated May 10, 1988, in which it is stated that the Commission found "reason to believe" that the Rhodes to Congress Committee is in violation of the Federal Election Campaign Act of 1971, as amended.

2043601969

I. INTRODUCTION

This matter is the result of transactions which occurred during the 1986 primary and general elections in the First District of Arizona.

The basis for the Commission's findings is investigative files compiled by the U.S. Attorney and the Federal Bureau of Investigation during the fall of 1986, and turned over to the Commission in July of 1987. FEC Factual and Legal Analysis, p. 1 (hereinafter "FLA"). The investigation was undertaken at the request of Rep. Rhodes, after he was informed of, and partially confirmed, allegations about John O'Neill's actions as a bank officer.

As also stated in the accompanying response on behalf of Rep. John J. Rhodes, III, counsel for Rep. Rhodes and for the Committee requested access to the interview notes and other records which underpin the Commission's allegations. Such access was denied by Commission counsel, therefore requiring the Committee to respond to charges based on quotations taken out of context, offered without the qualifications which may also have been contained in the interview report, or based on hearsay.

Because the Committee is not able to fully confront the allegations, and must respond with limited knowledge of their basis, the Commission should give limited credence to the interviews and other documents.

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II. FACTS

The bulk of the Commission's allegations arise from the receipt and disbursement of $30,000, which apparently was given to John O'Neill by Conley D. Wolfswinkel in August, 1986. Of this amount, $7,000 was given to the Committee in the form of cashiers checks and was deposited into the Committee's checking account. Another $18,000 was deposited into the Committee's line of credit at the United Bank of Arizona's Mesa office, of which Mr. O'Neill was a vice president. This deposit was reflected in contributor cards given to the Committee by Mr. O'Neill.

Mr. O'Neill apparently retained $5,000 of the $30,000, contributed $900 to the Committee, apparently gave $1,000 to a friend, and used $3,000 to pay a legal fee due to Rep. Rhodes.

The FLA, at p. 17, describes an arrangement through which Cortland Silver, Sr. paid the salary of his daughter, Deborah Lohrsbaugh, during the five weeks she worked for the campaign. These payments, totaling $1,260, apparently were made by John O'Neill to Ms. Lohrsbaugh.

Mr. O'Neill asked Anne Brown, the campaign manager, if she could use an additional staff member. Ms. Brown agreed, and Ms. Lohrsbaugh appeared the following week. Mr. O'Neill told Ms. Brown that Ms. Lohrsbaugh was a "loaned employee." Ms. Brown later learned that Ms. Lohrsbaugh's salary was being paid by her father. (See Committee's Response to Written Questions, p. 4).

Finally, the FLA, at p. 19, sets out information about two bank loans taken out by the Committee. The first, a $35,000 line of credit from the United Bank, was arranged by Mr. O'Neill, as vice president of the bank, and guaranteed by Rep. Rhodes on June 3, 1986. He submitted an updated financial statement on June 26 (Ex. 4), which reflected no significant change in his financial status since the statement the bank had on file from January, 1985. (Ex. 2, par. 8)

The second loan was for $50,000, from the Sun National Bank. Mr. O'Neill was authorized by the Committee to "sign notes" to obtain the loan. (See Exhibit 5, Letter to Sun Bank from Committee Co-Chairmen, dated 9/9/86). He was not authorized to guarantee the loan.

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III. ARGUMENT

A. Introduction

The central character in this complex proceeding is John O'Neill; the central issue is his relationship to the Committee. Throughout the FLA, e.g. pp. 5, 6, 7, 14, 17, 18, 21, and 22, the Commission states that Mr. O'Neill was acting as an agent for the Committee or acting on the Committee's behalf, and therefore all of Mr. O'Neill's acts and knowledge thereof must be attributed to the Committee.

This appears to be based on the titles Mr. O'Neill held: Finance Chairman and Assistant Treasurer. However, except for one instance, the payment of Deborah Lohrsbaugh's salary, neither the candidate nor responsible campaign personnel authorized, or were even aware of, Mr. O'Neill's actions.

In past enforcement matters, the Commission staff has taken a broad view of the law of agency. For example, in MUR 1312, the General Counsel's Report, at pp. 13-14, offers the sweeping conclusion that a principal is always responsible for the acts and knowledge of the agent, regardless of the facts and circumstances. That position falls far short of a full explanation of the law of agency applicable to this situation.

To summarize, a principal is <u>not</u> responsible for the illegal acts of an agent when those acts were <u>clearly inappropriate</u> to or <u>unforeseeable</u> in the accomplishment of the authorized result. Restatement (2nd) of Agency, Sec. 231. (Emphasis added.)

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Mr. O'Neill's acts were certainly "inappropriate" and "unforeseeable", and clearly so far outside the scope of any authority he had as Finance Chairman as to render those acts beyond the scope of his agency and authority. Indeed, even when he had precise authority, as when the Committee's co-chairmen authorized Mr. O'Neill to sign the Sun Bank note on behalf of the Committee, Mr. O'Neill exceeded his authority and, in addition to signing the note, guaranteed it. This was Mr. O'Neill's own, unauthorized and unratified act, and typified his "renegade" style. Immediately upon learning about Mr. O'Neill's conduct, Rep. Rhodes repudiated it.

Based on the candidate's recollection, Mr. O'Neill's performance was as Finance Chairman was "disappointing," raising very little legitimate money. (Ex. 2, Par. 4) Neither was he intimately involved with campaign operations.

In sum, while a principal cannot blithely deny responsibility for an agent's actions, neither is a political committee - principal legally liable for the improper acts of a fundraiser - agent so far beyond the pale that no one, least of all the candidate, could possibly foresee them. These acts did not "benefit" the Committee or the candidate; to the contrary, these unauthorized acts continue to be a huge detriment to the Committee.

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B. Specific Allegations

1. The Commission alleges a violation by the Committee of 2 U.S.C. Sec. 441f, accepting a contribution knowing it was made in the name of another, FLA, p. 6, and further alleges a violation of Sec. 441a(f), knowingly accepting a contribution in excess of the statutory limits, FLA, p. 7.

These allegations have as their factual basis the $26,900 passed through to the campaign accounts by Mr. O'Neill, which had originated with Mr. Wolfswinkel, including contributions attributed to Ann Lorenzo ($1,000) and to Mr. O'Neill ($900).

As the FLA itself states, at p. 2, Mr. O'Neill prepared seemingly valid contribution checks and contributor cards, which he passed on to Committee staff. There was no reason for the staff to doubt the validity of these contributions. The Committee properly disclosed them to the Commission. Mr. O'Neill said that he would take care of the "thank you" letters; the staff presumably regarded this as saving it work.

The candidate and responsible campaign officials had no knowledge of the source of these funds until the candidate was informed on September 25, 1986 by Mr. O'Neill's former employer, the United Bank, of the results of its own internal audit of Mr. O'Neill's activities. (Mr. O'Neill had left the bank's employ on or about August 19, 1986, and became an employee of Mr. Wolfswinkel's company.)

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The Committee should not be held liable for Mr. O'Neill's acts, when they were unauthorized by and unknown to the Committee, and when the Committee apparently exercised reasonable care in the processing of the checks delivered by Mr. O'Neill.

2. The next section of the FLA, pp. 8 - 11, is a recitation of the allegations regarding a $3,000 legal fee paid to Rep. Rhodes by Mr. O'Neill. These allegations are rebutted in detail in the response filed by Rep. Rhodes, which is incorporated by reference here.

The Committee did not disclose the $3,000 as a contribution because it was not a contribution.

3. The Commission next alleges, pp. 13 - 14, that Mr. O'Neill made contributions from his own funds in March, 1986, in the amount of $5,000, by having a United Bank employee issue checks in the names of Mr. O'Neill's daughters, their husbands, and Cortland Silver, Jr. The Committee has no independent knowledge of this allegation.

If true, Mr. O'Neill's acts were substantially outside his authority as an agent of the Committee, and should not be attributed to the Committee.

4. The Commission next sets out, at pp. 14 - 17, allegations that Cortland Silver, Sr. made $5,000 in contributions to the Committee in the names of his wife and children. The Committee has no independent knowledge of this allegation.

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If true, Mr. O'Neill's acts were substantially outside his authority as an agent of the Committee, and should not be attributed to the Committee.

5. The arrangement by which Cortland Silver, Sr. paid the salary of his daughter, Deborah Lohrsbaugh, is the subject of the Commission's allegations, pp. 17 - 19.

In the Committee's Response to Written Questions, the Committee has described what campaign manager Anne Brown knew about this matter: Mr. O'Neill asked Ms. Brown if she needed an additional staff member; when Ms. Brown agreed, Ms. Lohrsbaugh began her brief tenure; Ms. Brown understood from Mr. O'Neill that Ms. Lohrsbaugh was a "loaned employee;" she later learned that Mr. Silver was actually paying the salary, which Mr. O'Neill apparently delivered to Ms. Lohrsbaugh. The Committee produced copies of checks payable to Ms. Lohrsbaugh, which it obtained from the United Bank.

This is the one instance in which a responsible Committee staff member was aware of Mr. O'Neill's activities, and, therefore, Mr. O'Neill's acts may properly be attributed to the Committee. He apparently assured Ms. Brown that the payment arrangement was permissible under the FECA and she relied, to the Committee's detriment, on that advice.

6. The final subject of the FLA is two loans taken out by the Committee during the course of the campaign.

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a. The $35,000 line of credit from the United Bank was personally guaranteed by Rep. Rhodes, and has been fully repaid.

The Commission's allegation that the loan was not made in the ordinary course of business appears to be based solely on the fact that the bank did not have a "current" financial statement from Rep. Rhodes until three weeks after the line of credit was drawn upon.

This allegation ignores the fact that Rep. Rhodes was a regular customer of the bank and had a financial statement on file as the result of previous transactions. That statement continued to be a generally accurate statement of Rep. Rhodes' financial condition, and was, therefore, "current."

Since Rep. Rhodes was known to the bank from previous loans, since he was a respected and prominent member of the Mesa community, and since his financial condition was generally as reflected in the statement the bank had on hand, the Commission's conclusion that the loan was not in the ordinary course of business is not accurate.

b. The Committee received a $50,000 loan from the Sun National Bank in early September. The Commission's allegations regarding this loan are two-fold: a guarantee of the loan by Mr. O'Neill, and the Committee's failure to disclose Mr. O'Neill as guarantor on the October Quarterly report.

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Mr. O'Neill was authorized by the campaign's co-chairman to sign the note or notes on behalf of the Committee in order to obtain the loan. He was not authorized to guarantee the loan. As soon as the Committee learned that he had, in fact, guaranteed the loan, Rep. Rhodes personally guaranteed the loan, which has since been repaid in full. The Committee should not be held liable for Mr. O'Neill's unauthorized actions.

The candidate and the Committee had just learned of Mr. O'Neill's various transgressions as the October Quarterly reporting period was drawing to a close. Since Rep. Rhodes immediately guaranteed the loan retroactively to the date it was granted, it was the Committee's reasonable view that he, not Mr. O'Neill, should be listed as the guarantor. This is especially true since Mr. O'Neill's action to guarantee the loan was the unauthorized act of a renegade.

IV. CONCLUSION

The Committee should not be held responsible for the acts of John O'Neill, who was acting against the interests of the Committee, and without its knowledge or authorization, except where the candidate or a responsible campaign official was aware of Mr. O'Neill's actions.

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Therefore, the Rhodes to Congress Committee, and Kent Mulkey, its Treasurer, request that the Commission find that the Committee did not violate the FECA, and further request that the Commission dismiss all allegations against it.

Respectfully submitted,

BARNETT & ALAGIA

Daniel J. Swillinger
Counsel to the Rhodes
to Congress Committee, and
Kent Mulkey, its Treasurer

June 17, 1988

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STATEMENT OF

REP. JOHN J. RHODES, III

I, John J. Rhodes, III, under penalty of perjury, state the following to the best of my knowledge and belief:

1. I am a U.S. Representative in Congress from the First District of Arizona, having been elected in 1986. I am a member of the Bar of Arizona, and was in private practice until assuming my Congressional duties.

2. On September 25, 1986, I learned that an internal investigation at the Mesa office of the United Bank of Arizona had raised questions about certain contributions to my campaign, and involving Conley D. Wolfswinkel and John J. O'Neill. After verifying enough of the information to cause me to conclude that discrepancies existed, I arranged to meet with the U.S. Attorney, told him all that I knew, and asked him to investigate.

3. Shortly after I first learned a problem existed, I also learned that a $3000 legal fee paid to me by Mr. O'Neill had come from funds provided by Mr. Wolfswinkel. I immediately returned the funds to Mr. O'Neill by personal check.

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4. I had known John O'Neill for at least 15 years, both as a friend and as a personal banker. I asked him to serve as the campaign's Finance Chairman because I thought he would be able to raise substantial funds. In fact, the results of his efforts disappointing.

5. Late in 1985, he asked me to represent him in a dispute over a real estate contract, on an hourly fee basis. Mr. O'Neill's position did not prevail, and he settled the case. Before discussing the fee with Mr. O'Neill, I reduced it from approximately $3800 to $3000, because I was not satisfied with the result. To the best of my recollection, when Mr. O'Neill asked me how much he owed, I told him $3000, and he gave me a personal check for that amount.

6. I do not have an independent recollection of the conversation we had. However, I would not regard it as unusual for Mr. O'Neill to ask me about my personal finances, something he had done in the past. In any event, the $3000 he gave me was in payment of legal fees incurred during my representation of him in the matter described above.

7. I regarded the $3000 as a partnership draw and as an off-set to extra draws my partner, Rodger Golston, had previously taken. In the press of the hectic final days of the primary, I put the check in my personal checking account, intending to tell my partner. I did not actually tell him about the transaction until I had returned the money to Mr. O'Neill.

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8. The campaign took out a $35,000 line of credit at the United Bank, which I personally guaranteed. As I recall, the loan was issued based on my long-standing relationship with the bank, including my history of repaying prior loans. My personal financial condition was not substantially different in June, 1986 and January, 1985.

This statement is made under penalties of perjury, see 18 U.S.C. 1001.

John J. Rhodes, III

June 16, 1988

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ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

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AFFIDAVIT OF RODGER A. GOLSTON

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

Before me personally appeared RODGER A. GOLSTON, who being duly sworn, deposes and says:

1. My name is Rodger A. Golston, and I am an attorney-at-law in private practice in Mesa, Arizona. From February 1, 1983, until December 31, 1986, I was in partnership with John J. Rhodes, III, in a firm called Reynolds, Rhodes & Golston.

2. John O'Neill retained the firm in 1986 to represent him in a dispute regarding a real estate transaction, on a fee for services basis. Mr. Rhodes handled the matter. Mr. O'Neill's position did not prevail, and the matter was settled.

3. I learned some time in early October 1986, from Mr. Rhodes that he had accepted, and then returned, the $3000 fee to Mr. O'Neill. I continued to carry this $3000 as an account receivable, and sent Mr. O'Neill regular bills. Finally, in about May 1987, I had lunch with Mr. O'Neill and asked him if he intended to pay. He told me that he would not pay the bill, and I subsequently wrote it off.

4. I can recall at least three instances between January and August 1986, when either Mr. Rhodes or I took an "extra draw." In my case it was to pay estimated taxes, and to purchase a camera. Mr. Rhodes took an extra draw to pay a personal credit card bill as well as estimated income taxes. We also had agreed that I could draw out the fees resulting from weekend work that I

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did for the City Court.

Further, affiant saith naught.

RODGER A. GOLSTON

Subscribed and sworn to before me, a Notary Public, this 14th day of June 1988.

Notary Public

Commission Expires:

4/16/89

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RHODES TO CONGRESS

POST OFFICE BOX [illegible]
[illegible], ARIZONA [illegible]
[illegible]

Sun Bank

September 9, 1986

To whom it may concern:

John J. O'Neill , as assistant treasurer, is authorized to sign notes on behalf of the Rhodes to Congress campaign.

Hazel Davis-Conley

Hazel Davis-Conley
Campaign Co-Chairman

Rudy E. Campbell

Rudy Campbell
Campaign Co-Chairman

Paid for by the Rhodes to Congress Committee

>4043601989

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ADMINISTRATIVE DIVISION
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BEFORE THE

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

RE: MUR 2602

24043601990

RESPONSE OF THE RHODES TO CONGRESS COMMITTEE
TO FEC ORDER TO PRODUCE WRITTEN ANSWERS AND DOCUMENTS

A. Now comes respondent Rhodes to Congress Committee, and answers as follows to written questions propounded by the Federal Election Commission:

The following three interrogatories pertain to payments apparently made by Cortland Silver, Sr. for the salary of his daughter, Debbie Lohrsbaugh, for her work for the Rhodes for Congress Committee ("the Committee").

1. Describe the payments made for the salary of Ms. Lohrsbaugh for her work for the Committee. Your response should include:

   a. when the payments were made;

   b. the amount of each payment;

   c. the time periods of work (e.g., from June 16 to June 29) covered by each payment;

   d. the payee(s) on the checks made out for the payment of Ms. Lohrsbaugh's salary, e.g., Ms. Lohrsbaugh, the Committee;

   e. the identification of the person(s) to whom the checks or other payments for Ms. Lohrsbaugh's salary were mailed or delivered.

24043601991

ANSWER:

1. The Committee is aware of the following:

a. Based on records obtained from the bank, there appear to be five payments, dated July 25, 1986, August 1, 1986, August 8, 1986 and August 15, 1986 (two checks);

b. The payments totalled $1,260.00, with one payment of $260.00 and four payments of $250.00 each;

c. No time records were kept, but it appears the first four checks covered the preceding week (date of check included) while the period covered by the last check is unknown;

d. The payee on each check was Ms. Lohrsbaugh; and

e. The checks apparently were delivered by John O'Neill to Ms. Lohrsbaugh personally.

2. Identify the person(s) with whom Mr. Silver made the arrangements to pay Ms. Lohrsbaugh's salary.

2043601992

ANSWER:

2. Apparently, John O'Neill

3. Identify the person(s) who, to your knowledge, knew of this arrangement. State how these persons knew of the arrangement and their roles, if any, in the transaction.

ANSWER:

3. Anne Brown, the campaign manager, was asked by Mr. O'Neill if the campaign could use an additional worker. Ms. Brown said "yes" and shortly thereafter Ms. Lohrsbaugh appeared. Mr. O'Neill told Ms. Brown that she was a "loaned employee". Ms. Brown later was told by Mr. O'Neill that Mr. Silver provided the funds to Mr. O'Neill with which Mr. O'Neill paid Ms. Lohrsbaugh.

4. List all other contributions made by Mr. Silver to the Committee. In doing so, state, for each contribution,

   a. the date and amount of the contribution;

   b. whether the contribution was a direct contribution (e.g., by check or cash to the Committee) or an in-kind contribution (e.g., goods, services, or payment for the services of others); and

   c. if an in-kind contribution, a description of the contribution.

24043601993

ANSWER:

4. It appears that Cortland Silver, Sr. made a $1,000 direct contribution to the campaign received on or about July 18, 1986, via a cashier's check dated July 14, 1986. This contribution was reported in the pre-primary report, dated August 25, 1986, but was inadvertently attributed to Cortland Silver, Jr.

   On May 30, 1986, Mr. O'Neill had a $4,000 cashier's check made out to him with the Riviera Capital Corporation listed as the purchaser. It appears that the $4,000 may have come from Committee funds and may have been placed back into a Committee account. The following interrogatories pertain to this check and the apparent use of Committee funds.

5. State the source of the funds used as an offset to the $4,000 cashier's check made out to John O'Neill on May 30, 1986, in the name of Riviera Capital Corporation.

6. State how the $4,000 was placed back into the Committee account after the use of the funds. In answering this interrogatory, state:

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ANSWER:

5. and 6. The Committee has no knowledge of the $4,000.00 transactions referred to.

B. In response to the Commission's request for production of documents, the Committee is providing the following documents:

Request for the Production of Documents:

1. Provide all documents pertaining to or making reference to payments by Cortland Silver for Debbie Lohrsbaugh's salary and to all other contributions by Mr. Silver to the Committee. These documents should include, but not be limited to, front and back copies of checks and correspondence and memoranda pertaining to these payments.

24043601995

DOCUMENTS PROVIDED:

A. Photocopy of United Bank Cashiers check No. 100608, for $1000, dated 7-14-86, payable to Rhodes to Congress.

B. Photocopies of Cashiers Checks, drawn on United Bank, payable to Deborah (Debbie) Lohrsbaugh, Nos. 1000648 (7-25-86); 100678 (8-1-88); 100696 (8-8-88); 101728 (8-15-88); and, 101729

(8-15-88), along with photocopies of reverse side and bank copy of each check.

2. Provide all documents pertaining to or making reference to the $4,000 cashier's check made out to John O'Neill on May 30, 1986, in the name of Riviera Capital Corporation. These documents should include, but not be limited to, documents pertaining to the offset for the payment, documents pertaining to the payment itself, and documents pertaining to the repayment of funds to the accounts of the Committee.

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DOCUMENTS PRODUCED

The Committee possesses no documents pertaining to a $4000 cashiers check.

3. Provide all documents pertaining to or making reference to the $35,000 line of credit granted to the Committee by the United Bank of Arizona during June and July, 1986. These documents should include, but not to be limited to agreements, notes, guarantee instruments, and any other instruments, correspondence, and memoranda pertaining to the Committee's receipt of the line of credit.

DOCUMENTS PRODUCED:

A. Promissory Notes executed on behalf of the Committee, dated 6/3/86, 12/1/86, 3/31/87, 9/28/87, and 12/31/87.

B. Financial statement of John J. Rhodes, III, dated 6/26/86 and 10/16/87.

C. Correspondence and other bank records relating to the loan/line of credit.

4. Provide all documents pertaining to or making reference to the $50,000 loan made by the Sun National Bank to the Committee in September, 1986. These documents should include, but not be limited to, agreements, notes, guarantee instruments, and any other instruments, documents, and correspondence pertaining to the loan and to John O'Neill's guarantee of the loan.

DOCUMENTS PRODUCED:

A. Promissory Notes and Guarantys dated 9/3/86; 12/2/86; and 3/30/87.

B. Financial statements of John J. Rhodes, III, dated 12/1/86.

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C. Financial statement of John O'Neill, dated 8/31/86.

D. Correspondence to the bank, dated 9/9/86; 10/2/86; 11/26/86; and 11/28/86, relating to the loan.

E. Receipts related to the loan.

The preceding is a full and complete response to the Commission's written questions and document-production request. This response is submitted under penalties of perjury, see 18 U.S.C. Section 1001.

Thomas V. Rawles

Thomas V. Rawles
Campaign Manager
on behalf of the
Rhodes to Congress Committee

6-14-88
Date

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Cortland J. Silver

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100608

91-283/1221

July 14, 19 86

PAY TO THE ORDER OF RHODES to Congress********** $**1,000.00**

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈100608⑈ ⑆122102831⑆ ⑈2141040070⑈

BLANCHE CHRISTENSEN
MESA, ARIZ. 85203

2149

7/16 19 86 2-28/710

PAY TO THE ORDER OF Jay Rhodes Campaign Fund $ 200⁰⁰/₁₀₀

Two hundred & ⁰⁰/₁₀₀ DOLLARS

HARRIS BANK
Harris Trust and Savings Bank
Chicago, Illinois 60690

MEMO [redacted]

Blanche Christensen

JOHN FORNEY RUDY OR CAROLINE W. RUDY
LAKE DORA VILLAS
100 S. TREMAIN ST., 383-5274
MOUNT DORA, FL 32757

1219

5 July 19 86 63-431/631

PAY TO THE ORDER OF Rhodes for Congress $ 30⁰⁰

Thirty DOLLARS

THE FIRST NATIONAL BANK OF MOUNT DORA

FOR [redacted]

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Remitter: Rhodes to Congress

MESA REGIONAL HOME OFFICE

UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100648
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTRA Cash

MESA RHO #7
JUL 25 '85

7/25/86 19__

PAY TO THE ORDER OF **DEBORAH LARSHBOUGH** $**260.00**

260dol'sOOcts DOLLARS

PURCHASER'S SIGNATURE Bancuse

EXCH. FEE ☐ COLLECTED ☑ WAIVED

ADDRESS

INITIALS AUTH. SIGNATURE

⑈100648⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈00000 26000⑈

100-4 R. 4/73

Remitter: Rhodes to Congress

MESA REGIONAL HOME OFFICE

UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100648

91-283/1221

7/25/86 19__

PAY TO THE ORDER OF **DEBORAH LARSHBOUGH** $**260.00**

UNITED BANK 260dol'sOOcts DOLLARS

blg CASHIER'S CHECK

SO-DURSON CASH CK-OTH FX
RT/TR # 122102831 ACCT
07-29-86 12:59 TELLER 1722 SIGNATURE

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Deborah Lowenbaugh
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[illegible]

Rhodes to Congress

REGISTER COPY

CONTRA

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

AUG 01 '86

COMM'L LOANS

№ 100678

CASHIER'S CHECK

91-283/1221

August 1, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH $ 250.00

UNITED BANK 250dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bk Use

ADDRESS grb

EXCH. FEE ☐ COLLECTED ☒ WAIVED

JRB INITIALS AUTH. SIGNATURE

⑈100678⑈ ⑆122102831⑆ ⑈2141040070⑈ ? ⑈0000025000⑈

2041360200 4

Rhodes to Congress

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

№ 100678

91-283/1221

August 1, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH $ 250.00

UNITED BANK 250dol's00cts DOLLARS

CASHIER'S CHECK

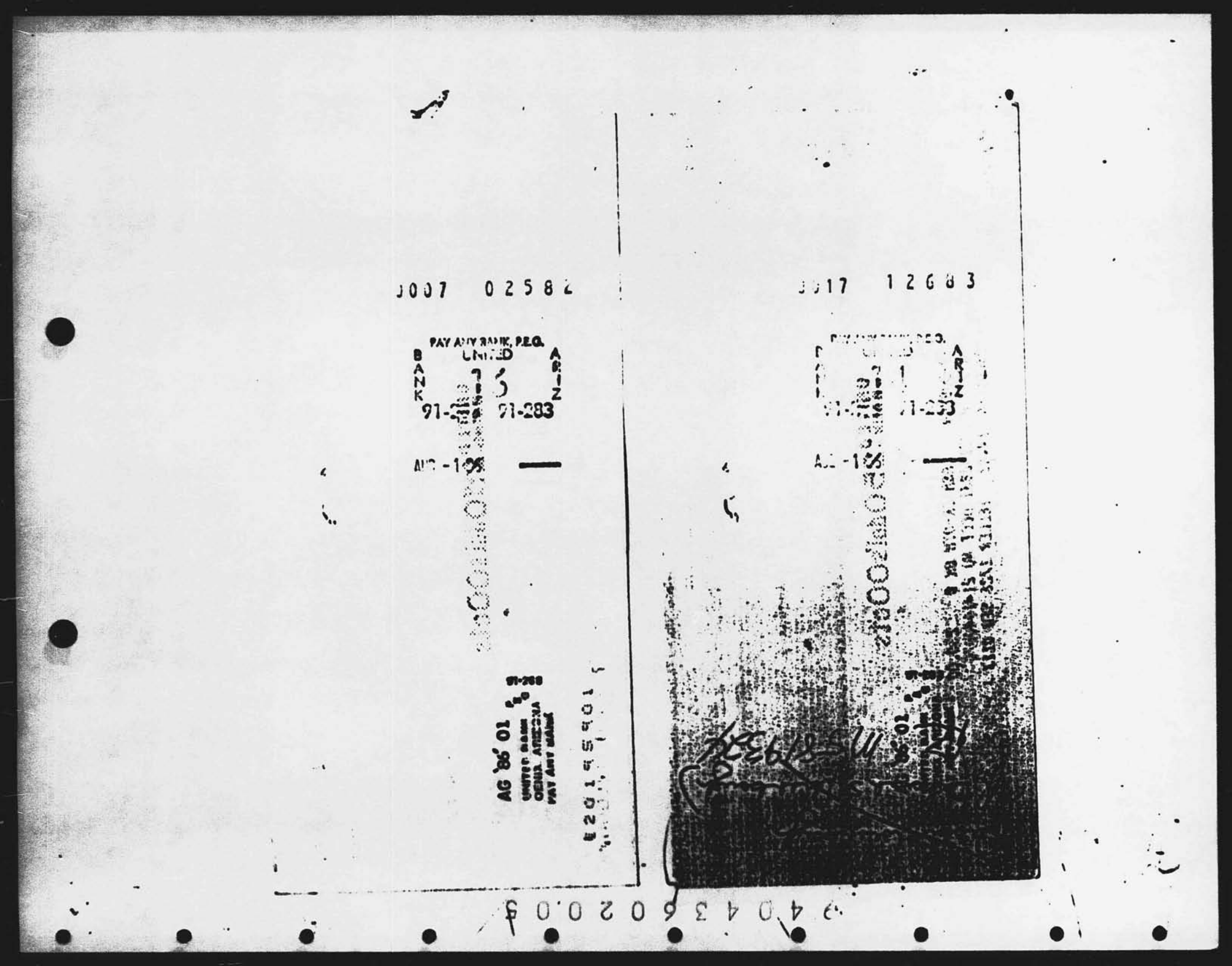
SO-DOBSON BASHOK-OTHO BK 6 250.00 R Beaudet

RT/TR # 122102831 ACCT (NO) 2141040070 SIGNATURE

08-01-86 14:42 TELLER 2726 SEQ 0113

grb

⑈100678⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000025000⑈



100-4 R. 4/73

Rhodes for Congress

REGISTER COPY

CONTRA cash

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

MESA BRANCH
AUG 08 '86
DeBoudet
COMPT. LOANS

No 100696
CASHIER'S CHECK
91-283/1221

August 8, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

UNITED BANK 250dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bkr Use

ADDRESS grb

EXCH. FEE. ☐ COLLECTED ☒ WAIVED

DeB INITIALS AUTH. SIGNATURE

⑈100696⑈ ⑆122102831⑆ ⑈214104007⑀ ? ⑈00000 25000⑈

2043902006

100-4 R. 4/73

Rhodes for Congress

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

No 100696

91-283/1221

August 8, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

UNITED BANK 250dol's00cts DOLLARS

CASHIER'S CHECK

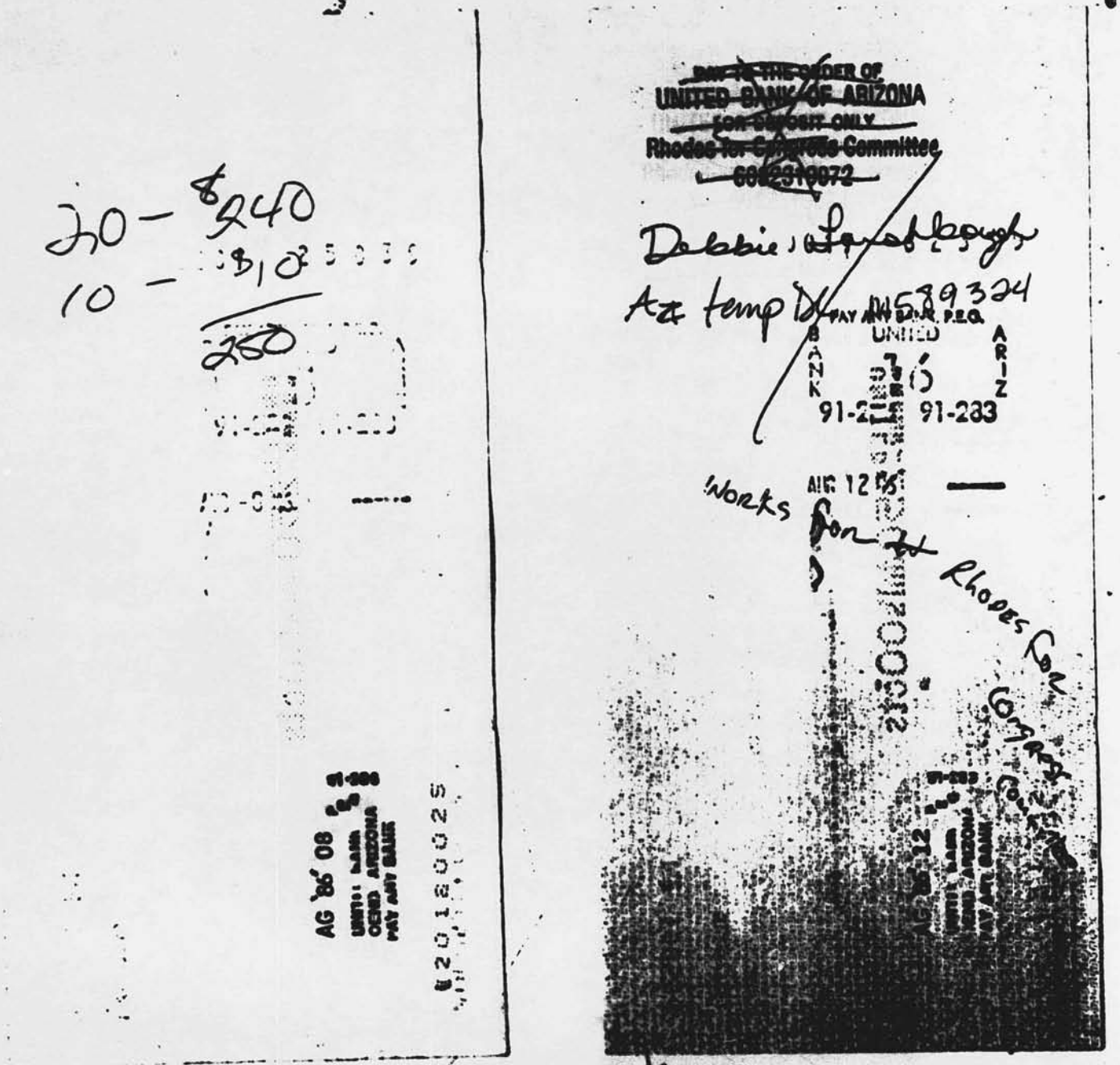
SO-DOBSON
RT/IR # 1221
08-12-86 14/14

OK-9TH SK $ 250.00
TELLER 1722 SEQ 9317

Deborah R. Boudet
AUTHORIZED SIGNATURE

grb

⑈100696⑈ ⑆122102831⑆ ⑈214104007⑀ 18 ⑈00000 25000⑈



94043602007

100-4 R. 4/73

Rhodes for Congress

MESA REGIONAL HOME OFFICE

UNITED BANK
OF ARIZONA
MESA, ARIZONA

No. 101729

91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ********** $ 250.00

UNITED BANK 250dls00cts DOLLARS

CASHIER'S CHECK

SO-DOBSON

grb

RT/TR # 122102831 ACCT NO 2141040070 AUTHORIZED SIGNATURE

08-15-86 17:40 TELLER 3120 SEQ 0329

⑈101729⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈00000250⑈

2 0 4 3 6 0 2 0 0 8

⑈101729⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈00000250⑈

ADDRESS

PURCHASER'S SIGNATURE

EXCH. FEE ☒ WAIVED ☐ COLLECTED

AUTH. SIGNATURE

INITIALS

DOLLARS

UNITED BANK 250dls00cts

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ********** $ 250.00

REGISTER COPY

CONTRA

Rhodes for Congress

MESA REGIONAL HOME OFFICE

UNITED BANK
OF ARIZONA
MESA, ARIZONA

AUG 15 '86

COMMERCIAL LOANS

August 15, 19 86

No. 101729

CASHIER'S CHECK

91-283/1221

100-4 R. 4/73

2 4 0 4 3 6 0 2 0 0 9

100-4 R. 4/73

Rhodes for Congress

REGISTER COPY

CONTRA cash

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

AUG 15 '86

CONSOLIDATION

№ 101728
CASHIER'S CHECK
91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ********** $ *250.00

UNITED BANK *250dd's00cts DOLLARS

PURCHASER'S SIGNATURE Bk Rhodes

ADDRESS grb

EXCH. FEE ☐ COLLECTED ☒ WAIVED

INITIALS AUTH. SIGNATURE

⑈101728⑈ ⑆122102831⑆ ⑈214104007⑈ 7 ⑈0000025000⑈

100-4 R. 4/73

Rhodes for Congress

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 101728

91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ********** $ *250.00

UNITED BANK *250dd's00cts DOLLARS

CASHIER'S CHECK

SO-DOBSON CASH CK-TELLER 250.00

RT/TR # 122102831 ACCT NO

08-22-86 15:42 TELLER 1722 SEQ 0092

AUTHORIZED SIGNATURE

grb

⑈101728⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000025000⑈

Georgeann R. Brandt

9204360202.1d

2436020.1

AG '86 15

AG '86 22

ALL STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE CRANFORD, NEW JERSEY 07016

ED 11

3

2043602012

UNITED BANK OF ARIZONA

REVOLVING CREDIT NOTE (VARIABLE RATE)

Maximum Amount (The "Commitment")

$ 35,000.00

Mesa, Arizona

June 3, 1986

For value received, the undersigned ("Borrower"), promises to pay on or before December 1, 1986 to the order of United Bank of Arizona ("Bank") at its Mesa Regional office in Mesa, Arizona, the aggregate principal amount outstanding on Borrower's revolving line of credit as shown on Bank's records which shall at all times be conclusive and govern, with interest payable quarterly on the unpaid balance outstanding from time to time computed at an annual rate equal to Two- - - - - - percent (--2.00-- %) per annum, more than the "prime rate" of interest charged by United Bank of Arizona. Said annual rate shall be adjusted on a daily basis calculated as of the date of this note. Interest is to be charged on a daily basis for the actual number of days the principal is outstanding, computed on the basis of a 360 day year, from the date of disbursement to the date of maturity or repayment, whichever comes first. If permitted by law the undersigned hereby agrees and contracts to pay all direct costs, fees, taxes and expenses ("Expenses") incurred in connection with this loan transaction and authorizes the direct payment of Expenses and agrees that Expenses and any compensating balance requirements shall be considered, in addition to the interest rate stated in the note, to be interest contracted for in writing. It is expressly agreed by Borrower that the maximum outstanding principal at any one time on this note shall not exceed the amount of Thirty-Five Thousand and no/100---------- Dollars ($ 35,000.00), and the amount outstanding on this note at any specific time shall be the total amount advanced hereunder by Bank less the amount of principal payments made hereon from time to time by Borrower. All amounts payable hereunder shall be paid in lawful money of the United States. All past due payments of principal and interest shall bear interest at Four - - - - - - - - - percent (360 %) per annum, (360 day year) more than the prime rate in effect at the time of default (as such prime shall change from time to time) until paid.

Advances, hereunder, not to exceed an unpaid balance owing at any one time equal to the maximum amount specified above, may be made by Bank at the oral or written request of either John J. Rhodes III or _____ who are authorized to request advances and direct the disposition of any such advances, until written notice of the revocation of such authority is received by the Bank at said office. Any such advance shall be conclusively presumed to have been made for the benefit of the Borrower when made in accordance with such requests despite the fact that persons other than those authorized hereunder may have authority to draw against such account.

This commitment expires December 1, 1986 at which time the entire unpaid principal balance plus unpaid accrued interest shall be due and payable.

This debt may be prepaid without notice or penalty at any time.

CREDIT COMMENT See Attached Loan Memo for Remarks

LIABILITY:

UNSEC.

COLL.

END.

R/E

ORIG. ADVANCE _____ NEW $ 35,000.00 RLC RENEWAL $ _____

LOAN OFFICER'S INITIALS

LOAN REVIEW:

TOTAL INSTAL. LOANS

CURRENT A/C BAL.

3 MO. AVERAGE A/C BAL.

12 MO. AVERAGE A/C BAL.

John J. O'Neill

Address 1738 N. Gentry Circle

Mesa, Arizona 85203

John J. Rhodes

Customer No. 01100 35 079 Note No. 24456

Maturity Date 12/1/86 Class C1 (6B)

LG 5

11-55 R. 1/84

UNITED BANK OF ARIZONA

PROMISSORY NOTE

Mesa, Arizona December 1, 19 86

$ 35,000.00 One Hundred Twenty (120) days- - - -

UNITED BANK
OF ARIZONA

PROMISSORY NOTE

Mesa, Arizona March 31, 19 87

$ 35,000.00 One Hundred Eighty-one (181) days- - - - -, after date,

for value received, I, we, and each of us, as principals, promise to pay to the order of UNITED BANK OF ARIZONA at its Mesa Regional office, in Mesa, Arizona, the principal sum of

* * * * * * * * *THIRTY-FIVE THOUSAND AND 00/100* * * * * * * * * * * * * * * * * DOLLARS

in lawful money of the United States, with interest on the unpaid balance of this note until paid in full at an annual rate equal to the prime rate of interest of the United Bank of Arizona plus TWO- - - - - - - - - - - - - - - percent (---2.00--- %) per annum. Said annual rate shall be adjusted on a daily basis calculated as of the date of this note. The rate of interest on the unpaid balance on this note shall not be less than N/A percent (N/A %) per annum. Interest shall be payable quarterly. Interest shall be computed on the basis of a 360 day year.

If permitted by law the undersigned hereby agrees and contracts to pay all direct costs, fees, taxes and expenses ("Expenses") incurred in connection with this loan transaction and authorizes the direct payment of Expenses and agrees that Expenses and any compensating balance requirements shall be considered, in addition to the interest rate stated in the Note, to be interest contracted for in writing.

If default be made in the payment when due of any part or installment of principal or interest, then the whole sum of principal, and interest thereon, shall become immediately due and payable at the option of the holder of this Note, without notice to or demand upon the makers, endorsers, or guarantors, or any of them.

The makers, endorsers, and guarantors of this Note and all other persons who may become liable for the payment hereof hereby severally waive diligence, demand, presentment for payment, protest and notice, and agree to all extensions and partial payments, before or after maturity, without notice.

All past due payments of principal and interest shall bear interest at four- - - - - - - - - - percent (---4.00--- %) per annum (360 -day year) more than the prime rate in effect at the time of default (as such prime shall change from time to time) until paid.

It is expressly agreed that the acceptance by the holder of this Note of any performance which does not comply strictly with the terms of the Note shall not be deemed to be a waiver of any right of the holder.

In the event of default in the payment when due of any part or installment of principal or interest, the undersigned agrees to pay all costs and collection charges. Should this Note be referred to an attorney or should suit or other action be instituted to collect this note, or any portion thereof, the undersigned promise to pay, besides costs and disbursements allowed by law, reasonable attorneys' fees and in the case of suit or other action, such additional sums as attorneys' fees as the Judge of the Court may adjudge reasonable in such suit or action.

The undersigned agree that upon the occurrence of any of the following: Default in any obligation created by an agreement executed in connection with this Note or any other obligation with the holder; the death of the maker, or of any endorser, guarantor or other person who may become liable for the payment hereof; calling a meeting of creditors of any of the makers, endorsers, guarantors or other persons liable hereon; assignment for the benefit of creditors, application for the appointment of a receiver, filing of a voluntary or involuntary petition in bankruptcy, the issuance of any writ of garnishment, execution or attachment, for service upon the holder hereof, or any material change in financial condition, by or with respect to any of the makers, endorsers, guarantors or other persons liable hereon; or if any statement contained in any credit application, including financial statements, shall be false, or if the holder shall deem itself insecure for any reason whatsoever; then and in such case the obligations of the makers, endorsers, guarantors and other persons liable hereon to the holder hereof, shall at its option, immediately become due and payable without demand or notice. The holder shall have the right immediately and without prior notice or demand to set off against any unpaid principal of this Note, and/or any interest accrued thereon, whether or not due, any money or other amounts owed by the holder hereof in any capacity to the makers, guarantors, endorsers or other persons liable hereon, or any one or more of them. If any of the foregoing events of default shall occur and the holder shall exercise such right of set off, the holder shall be deemed to have so exercised such right of set off and to have made a charge against said money and amounts immediately upon the occurrence of such event of default; even though such charge is entered on the books of the holder subsequent thereto. The undersigned further agree that recourse may be had against their separate property as well as their community property for the indebtedness evidenced hereby.

2 4 0 4 3 6 0 2 0 5

Customer Name(s) John J. Rhodes III

Customer Address 1738 N. Gentry Circle
Mesa, Arizona 85203

Customer No. 01100 35 079 Note No. 24456 -R

Maturity Date 9/28/87 Class C01 , (6b)

John J. Rhodes III

11-45 R.9/85

Prime Rate Proviso

UNITED BANK OF ARIZONA

PROMISSORY NOTE

Mesa, Arizona March 31, 19 87

$ 35,000.00 One Hundred Eighty-one (181) days- - - - -, after date,

LGS

for value received, I, we, and each of us, as principals, promise to pay to the order of UNITED BANK OF ARIZONA at its Mesa Regional office, in Mesa, Arizona, the principal sum of

* * * * * * * * *THIRTY-FIVE THOUSAND AND 00/100* * * * * * * * * * * * * * * * * * DOLLARS

in lawful money of the United States, with interest on the unpaid balance of this note until paid in full at an annual rate equal to the prime rate of interest of the United Bank of Arizona plus TWO- - - - - - - - - - - - - - - - percent (2.00 %) per annum. Said annual rate shall be adjusted on a daily basis calculated as of the date of this note. The rate of interest on the unpaid balance on this note shall not be less than N/A percent (N/A %) per annum. Interest shall be payable quarterly. Interest shall be computed on the basis of a 360 day year.

CREDIT COMMENT See attached Offering Sheet

LIABILITY:

UNSEC.

COLL.

END.

R/E

ORIG. ADVANCE NEW $ RENEWAL $

LOAN OFFICER'S INITIALS

LOAN REVIEW:

Stephen D. Todd, RVP

TOTAL INSTAL. LOANS

SAVINGS & UMMA BAL.

12 MO. AVERAGE DDA BAL.

12 MO. PROFITABILITY

Customer Name(s) John J. Rhodes III

Customer Address 1738 N. Gentry Circle
Mesa, Arizona 85203

Customer No. 01100 35 079 Note No. 24456 -R

Maturity Date 9/28/87 Class C01 (6b)

11-45 R.9/85 LG 5

Prime Rate Proviso

UNITED BANK OF ARIZONA

PROMISSORY NOTE

Mesa, Arizona September 28, 19 87

$ 30,000.00

LG5

Ninety-four (94) days, after date,

for value received, I, we, and each of us, as principals, promise to pay to the order of UNITED BANK OF ARIZONA at its Mesa Regional Home office, in Mesa, Arizona, the principal sum of

* * * * * * * * * * * *Thirty Thousand and 00/100* * * * * * * * * * * * * * DOLLARS

in lawful money of the United States, with interest on the unpaid balance of this note until paid in full at an annual rate equal to the prime rate of interest of the United Bank of Arizona plus - - - - - - -Two- - - - - - - percent (----2.00---- %) per annum. Said annual rate shall be adjusted on a daily basis calculated as of the date of this note. The rate of interest on the unpaid balance on this note shall not be less than N/A percent (N/A %) per annum. Interest shall be payable at maturity. Interest shall be computed on the basis of a 360 day year.

CREDIT COMMENT See Attached Offering Sheet

LIABILITY:

UNSEC.

COLL.

END.

R/E

ORIG. ADVANCE NEW $ RENEWAL $

LOAN OFFICER'S INITIALS

LOAN REVIEW:

Stephen D. Todd, RVP

TOTAL INSTAL. LOANS

SAVINGS & UMMA BAL.

12 MO. AVERAGE DDA BAL.

12 MO. PROFITABILITY

Customer Name(s) John J. Rhodes III

Customer Address 3129 Worthington NW

Washington D.C. 20015

Customer No. 0110035079 Note No. 24456-R

Maturity Date 12/31/87 Class C01 (4a)

11-45 R.9/85 LG 5

Prime Rate Proviso

UNITED BANK
OF ARIZONA

Statement of Purpose – Proceeds – Property

The transaction to which the following applies is a loan in the sum of $ 30,000.00, dated September 28, 1987, by United Bank of Arizona to John J. Rhodes III (called "Undersigned").

CHECK AND COMPLETE AS APPLICABLE:

☒ **Business Purpose:**

Undersigned herewith represent, covenant and warrant that, in connection with the credit offered or extended to undersigned, the money, property, or service which is the subject of this transaction: (1) is not for personal, family, household, or agricultural purposes; and (2) is for business purposes as follows (describe in full detail):

Renewal of loan originally used for campaign funds

☐ **Proceeds:**

Undersigned acknowledge, represent, covenant and warrant that the proceeds of the aforementioned loan will not be used, in any manner whatsoever, to create a security interest in any real property which is used or expected to be used as the principal residence of the undersigned; and, that said proceeds will be used only as follows:

☐ **Property:**

Undersigned acknowledge, represent, covenant and warrant that if a security interest is or will be retained or acquired in any real property, in connection with the aforementioned loan, said real property is not being used or expected to be used as the principal residence of the undersigned and that the real property is used or expected to be used as follows:

2043602018

Undersigned acknowledge that the aforesaid representations, covenants, and warranties made by undersigned are substantial, material, and made with the specific intent and purpose to induce United Bank of Arizona to enter the said transaction. Undersigned agree to pay all court costs and United Bank's reasonable attorneys' fees (to be determined by the judge of the court) in any suit or action wherein any of the foregoing representations, covenants or warranties are disputed.

John J. Rhodes III
Customer's Signature

Customer's Signature

Customer's Signature

Customer's Signature

September 28, 1987
Date

9-145 R. 8/69

UNITED BANK OF ARIZONA

PROMISSORY NOTE

Mesa, Arizona December 31, 19 87

$ 2,000.00 Ninety (90) Days- - - -

UNITED BANK
OF ARIZONA

Statement of Purpose — Proceeds — Property

The transaction to which the following applies is a loan in the sum of $2,000.00, dated December 31, 1987, by United Bank of Arizona to John J. Rhodes III (called "Undersigned").

CHECK AND COMPLETE AS APPLICABLE:

[XX] **Business Purpose:**

Undersigned herewith represent, covenant and warrant that, in connection with the credit offered or extended to undersigned, the money, property, or service which is the subject of this transaction: (1) is not for personal, family, household, or agricultural purposes; and (2) is for business purposes as follows (describe in full detail):

Renewal of loan originally advanced to supplement campaign funds

[ ] **Proceeds:**

Undersigned acknowledge, represent, covenant and warrant that the proceeds of the aforementioned loan will not be used, in any manner whatsoever, to create a security interest in any real property which is used or expected to be used as the principal residence of the undersigned; and, that said proceeds will be used only as follows:

[ ] **Property:**

Undersigned acknowledge, represent, covenant and warrant that if a security interest is or will be retained or acquired in any real property, in connection with the aforementioned loan, said real property is not being used or expected to be used as the principal residence of the undersigned and that the real property is used or expected to be used as follows:

2043602020

Undersigned acknowledge that the aforesaid representations, covenants, and warranties made by undersigned are substantial, material, and made with the specific intent and purpose to induce United Bank of Arizona to enter the said transaction. Undersigned agree to pay all court costs and United Bank's reasonable attorneys' fees (to be determined by the judge of the court) in any suit or action wherein any of the foregoing representations, covenants or warranties are disputed.

J. J. Rhodes

Customer's Signature

Customer's Signature

Customer's Signature

Customer's Signature

December 31, 1987

Date

9-145 R. 8/69

UNITED BANK OF ARIZONA
P. O. Box 2908
Phoenix, AZ 85062-2908
(602) 248-2447

STEPHEN D. TODD
Regional Vice President
Mesa Regional Home Office
305 East Main Street

November 18, 1986

Mr. John J. Rhodes III
1738 North Gentry Circle
Mesa, Arizona 85203

Dear Jay:

This letter is just a reminder that your commercial loans mature December 1.

Please give me a call at your convenience so that we can make arrangements to go over the repayment or renewal of these loans.

Kindest regards,

Steve

Stephen D. Todd
Regional Vice President

SDT:mp

0243602021

UNITED BANK OF ARIZONA
P. O. Box 2908
Phoenix, AZ 85062-2908
(602) 248-2447

STEPHEN D. TODD
Regional Vice President
Mesa Regional Home Office
301 East Main Street

December 19, 1986

Mr. John J. Rhodes III
1738 N. Gentry Circle
Mesa, Arizona 85203

Dear Jay:

Enclosed is your copy of a charge to your personal account. This represents the interest due on your $35,000 commercial loan, through 12/1/86. We have charged your account for the amount necessary to process the renewal note and get this off the past-due list.

As of this writing, the checking account is overdrawn $2,204.84, including the enclosed charge. I just want to keep you informed so you may adjust your records accordingly.

Sincerely,

Stew

Stephen D. Todd
Regional Vice President

SDT:mp

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

ADVICE OF CHARGE

ACCOUNT NO.	TRANS. CODE	AMOUNT
11933 01 079	38	$ 819.63

IMPORTANT

YOUR ACCOUNT HAS BEEN CHARGED FOR THE REASON SHOWN AT RIGHT PLEASE ADJUST YOUR RECORDS ACCORDINGLY.

UNITED BANK OF ARIZONA

REASON

Interest due thru 12/1/86 on commercial note - 01100 35 079 #24436001

per Steve Todd, RVP

DEBIT

FILE COPY

EN 14-1

2-28 R. 9-84

John J. Rhodes III

1738 N. Gentry Circle

Mesa, AZ 85203

ORIGINATING BRANCH Mesa RHO #07

DATE 12/19/86

AUTH. BY

2043602023

ADVICE OF CREDIT

ACCOUNT NO.	TRANS. CODE	AMOUNT
65296 01 073	37	11,000.00

IMPORTANT

YOUR ACCOUNT HAS BEEN CREDITED FOR THE REASON SHOWN AT RIGHT PLEASE ADJUST YOUR RECORDS ACCORDINGLY.

UNITED BANK OF ARIZONA

REASON

Advanced un der RLC Note 24456 01

Jay Rhodes I 01100 35 079

to cover checks written

FILE COPY

EN 14-1

2-31 R. 9/84

Rhodes for Congress
C/O Kent Mulkey
793 N. Alma School Road
Chandler, Arizona 85224

CREDIT

ORIGINATING BRANCH 07

DATE 6/12/86

AUTH. BY HRBrandt

P 0 4 3 6 0 2 0 2 4

UNITED BANK
OF ARIZONA

MATURITY NOTICE

MESA MAIN
P.O. BOX 2908
PHOENIX, AZ 85062

CUSTOMER NO.	NOTE NUMBER	PAYMENT DUE DATE	NOTICE DATE
0110035079	00024456-01	03/31/87	03/19/87

JOHN J RHODES III
1738 N GENTRY CIRCLE
MESA AZ 85203

CURRENT DUE	
PRINCIPAL	35,000.00
INTEREST	1,006.74
FEES/ IMPOUNDS	0.00
PAST DUE	
PRINCIPAL	
INTEREST	
TOTAL DUE	36,006.74

LOAN TYPE	PAY METHOD	OFFICER	CURRENT RATE
001	01	SDT	9.500%

THIS LOAN HAS VARIABLE INTEREST TIED TO THE UNITED BANK OF ARIZONA PRIME RATE

TRANSACTION INFORMATION

POSTING DATE	EFFECTIVE DATE	TRAN CODE	DESCRIPTION	INTEREST RATE	AMOUNT	PRINCIPAL BALANCE
			BALANCE FORWARD 11/20/86	9.500		35000 00
1219	1219	58	MISC.INT.PYMT.		921 23	35000 00
1219	1219	58	MISC.INT.PYMT.		819 63	35000 00
1222	1222	57	MISC.INT.PYMT.REV.		819 63	35000 00
			ENDING BALANCE			35000 00

Paid the Interest
4/3/87
Check #1387

2 4 2 3 6 0 2 6 2

17-100 5/85

CUSTOMER RETAINS ONE COPY AND RETURNS ONE COPY WITH REMITTANCE

UNITED BANK
OF ARIZONA

PAYMENT NOTICE

MESA MAIN
P.O. BOX 2908
PHOENIX, AZ 85062

CUSTOMER NO.	NOTE NUMBER	PAYMENT DUE DATE	NOTICE DATE
0110035079	00024456-01	06/28/87	06/17/87

JOHN J RHODES III
1733 N GENTRY CIRCLE
MESA AZ 85203

CURRENT DUE	
PRINCIPAL	0.00
INTEREST	867.95
FEES/ IMPOUNDS	0.00
PAST DUE	
PRINCIPAL	
INTEREST	
TOTAL DUE	867.95

LOAN TYPE	PAY METHOD	OFFICER	CURRENT RATE
001	02	SDT	10.250%

THIS LOAN HAS VARIABLE INTEREST TIED TO THE UNITED BANK OF ARIZONA PRIME RATE

TRANSACTION INFORMATION

POSTING DATE	EFFECTIVE DATE	TRAN CODE	DESCRIPTION	INTEREST RATE	AMOUNT	PRINCIPAL BALANCE
			BALANCE FORWARD 03/19/87	9.500		35000 00
0402	0402	23	RATE CHANGE (LOW)	9.750		35000 00
0406	0406	59	SCHLD.INT.PYMT		1006 74	35000 00
0501	0501	23	RATE CHANGE (LOW)	10.000		35000 00
0517	0515	23	RATE CHANGE (LOW)	10.250		35000 00
			ENDING BALANCE			35000 00

Paid
Check #1430
7/6/87

100 5-85

CUSTOMER RETAINS ONE COPY AND RETURNS ONE COPY WITH REMITTANCE

UNITED BANK
OF ARIZONA

MATURITY NOTICE

MESA MAIN
P.O. BOX 2908
PHOENIX, AZ 85062

CUSTOMER NO.	NOTE NUMBER	PAYMENT DUE DATE	NOTICE DATE
0110035079	00024456-01	09/28/87	09/17/87

JOHN J RHODES III
P O BOX 1381
MESA AZ 85201

CURRENT DUE	
PRINCIPAL	35,000.00
INTEREST	928.47
FEES/ IMPOUNDS	0.00
PAST DUE	
PRINCIPAL	
INTEREST	
TOTAL DUE	35,928.47

LOAN TYPE	PAY METHOD	OFFICER	CURRENT RATE
001	02	SDT	10.750%

THIS LOAN HAS VARIABLE INTEREST TIED TO THE UNIED BANK OF ARIZONA PRIME RATE

TRANSACTION INFORMATION

POSTING DATE	EFFECTIVE DATE	TRAN CODE	DESCRIPTION	INTEREST RATE	AMOUNT	PRINCIPAL BALANCE
			BALANCE FORWARD 06/17/87	10.250		35000 00
0706	0706	59	SCHLD. INT. PYMT		867 95	35000 00
0908	0904	23	RATE CHANGE (LOU)	10.750		35000 00
			ENDING BALANCE			35000 00

2-4-6-0-2-0-2-7

Interest and $5,000 forward principal paid 9-29-87 Check #1453

$7,000 paid on Oct. 14, 1987 Check #1461

$5,000 paid on Oct. 28, 1987 Check #1467

$8,000 paid on Nov. 20, 1987 Check #1483

$8,000 paid on 12/5/87 Check #1486

7-100 5/85

CUSTOMER RETAINS ONE COPY AND RETURNS ONE COPY WITH REMITTANCE

UNITED BANK
OF ARIZONA

MATURITY NOTICE

MESA MAIN
P.O. BOX 2908
PHOENIX, AZ 85062

CUSTOMER NO.	NOTE NUMBER	PAYMENT DUE DATE	NOTICE DATE
0110035079	00024456-01	12/31/87	12/20/87

JOHN J RHODES III
P O BOX 1381
MESA AZ 85201

CURRENT DUE	
PRINCIPAL	2,000.00
INTEREST	425.19
FEES/ IMPOUNDS	0.00
PAST DUE	
PRINCIPAL	
INTEREST	
TOTAL DUE	2,425.19

LOAN TYPE	PAY METHOD	OFFICER	CURRENT RATE
001	01	SDT	10.750%

THIS LOAN HAS VARIABLE INTEREST TIED TO THE UNITED BANK OF ARIZONA PRIME RATE

TRANSACTION INFORMATION

POSTING DATE	EFFECTIVE DATE	TRAN. CODE	DESCRIPTION	INTEREST RATE	AMOUNT	PRINCIPAL BALANCE
			BALANCE FORWARD 09/17/87	10.750		35000 00
0929	0929	58	MISC.INT.PYMT.		928 47	35000 00
0929	0929	67	MISC.PR.CR.ADJ		5000 00	30000 00
1007	1007	23	RATE CHANGE (LOW)	11.250		30000 00
1014	1014	67	MISC.PR.CR.ADJ		7000 00	23000 00
1022	1022	23	RATE CHANGE (LOW)	11.000		23000 00
1028	1028	67	MISC.PR.CR.ADJ		5000 00	18000 00
1105	1105	23	RATE CHANGE (LOW)	10.750		18000 00
1120	1120	67	MISC.PR.CR.ADJ		8000 00	10000 00
1202	1202	67	MISC.PR.CR.ADJ		8000 00	2000 00
			ENDING BALANCE			2000 00

Paid Interest of $425.19
12/31/87
Check #1500

17-100 5/85

CUSTOMER RETAINS ONE COPY AND RETURNS ONE COPY WITH REMITTANCE

UNITED BANK
OF ARIZONA

MATURITY NOTICE

MESA MAIN
P.O. BOX 2908
PHOENIX, AZ 85062

CUSTOMER NO.	NOTE NUMBER	PAYMENT DUE DATE	NOTICE DATE
0110035079	00024456-01	03/30/88	03/17/88

JOHN J RHODES III
P O BOX 1381
MESA AZ 85201

CURRENT DUE	
PRINCIPAL	2,000.00
INTEREST	17.50
FEES/ IMPOUNDS	0.00
PAST DUE	
PRINCIPAL	
INTEREST	
TOTAL DUE	2,017.50

LOAN TYPE	PAY METHOD	OFFICER	CURRENT RATE
001	02	SDT	10.500%

THIS LOAN HAS VARIABLE INTEREST TIED TO THE UNITED BANK OF ARIZONA PRIME RATE

TRANSACTION INFORMATION

POSTING DATE	EFFECTIVE DATE	TRAN CODE	DESCRIPTION	INTEREST RATE	AMOUNT	PRINCIPAL BALANCE
			BALANCE FORWARD 02/18/88	10.500		2000 00
0229	0229	59	SCHLD.INT.PYMT		35 46	2000 00
			ENDING BALANCE			2000 00

Paid $2,020.41
Check #1536
4-4-88

full payoff of loan

3-4-7-8-10-2-17-29

17-100 5-85

CUSTOMER RETAINS ONE COPY AND RETURNS ONE COPY WITH REMITTANCE

ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

ED 11

94043602030

009

RHODES TO CONGRESS P O BOX 1381 MESA, AZ 85204 **BORROWER'S NAME AND ADDRESS** "I" includes each borrower above, jointly and severally.	SUN NATIONAL BANK 1220 SOUTH ALMA SCHOOL ROAD MESA, AZ 85202 **LENDER'S NAME AND ADDRESS** "You" means the lender, its successors and assigns.	ACCOUNT # 0064668 Loan Number 20757 Date SEPTEMBER 3, 19 1986 Maturity Date DECEMBER 2, 19 1986 Loan Amount $ 50,000.00 Renewal Of

I promise to pay to you, or your order, at your address listed above the
PRINCIPAL sum of FIFTY THOUSAND AND NO/100 Dollars $ 50,000.00

XX **Single Advance:** I have received all of this principal sum. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. As of today I have received the amount of $ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

Paid by renewal #20860

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires no later than _____ 19 _____.

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

PURPOSE: The purpose of this loan is BUSINESS: CAMPAIGN CONTRIBUTION

INTEREST: I agree to pay interest on the principal balance(s) owing from time to time as stated in this section.

☐ **Fixed Rate:** I agree to pay interest at the fixed, simple rate of _____ % per year.

XX **Variable Rate:** I agree to pay interest at the initial simple rate of 11.500 % per year. This rate may change as stated below.

XX **Index Rate:** The future rate will be 2.500% OVER the following index rate: SUN NATIONAL BANK BASE INDEX RATE

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

XX **Frequency and Timing:** The rate on this note may increase as often as DAILY.
An increase in the index will take effect ON THE SAME DAY.

☐ **Limitations:** The rate on this note will not at any time (and no matter what happens to any index rate used) go above or below these limits:

☐ **Maximum Rate:** The rate will not go above _____

☐ **Minimum Rate:** The rate will not go below _____

Post Maturity Rate: I agree to pay interest on the principal owing after maturity, and until paid in full, as stated below:

☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).

XX at a rate equal to 21.0

ADDITIONAL CHARGES: In addition to interest, I ☐ have paid ☐ agree to pay the following additional charges _____

PAYMENTS: I agree to pay this note as follows:

XX **Interest:** I agree to pay accrued interest ON DEMAND, BUT IF NO DEMAND IS MADE AT MATURITY

XX **Principal:** I agree to pay the principal ON DEMAND, BUT IF NO DEMAND IS MADE THEN ON DECEMBER 2, 1986

☐ **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of $ _____ and will be due _____, 19 _____. A payment of $ _____ will be due on the _____ day of each _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____, 19 _____.

XX **Effect of Variable Rate:** An increase in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will be increased.

XX The amount of the final payment will be increased.

☐ _____

ADDITIONAL TERMS:

☐ **SECURITY:** This note is secured by _____

XX If checked, no agreement was signed today securing this note.

(This section is for your internal use. It may not include every agreement or item of collateral securing this note. You will not lose any security by omitting it from this section.)

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON THE OTHER SIDE). I have received a copy on today's date.

RHODES TO CONGRESS

BY: _____
JOHN J O'NEILL, CAMPAIGN CHRMN

BY: _____
JOHN J. RHODES III, CANDIDATE

© 1984 BANKERS SYSTEMS, INC. ST. CLOUD, MN FORM UN 2/17/84

ADDITIONAL TERMS

APPLICABLE LAW: The law of the state in which you are located will govern this note. Any term of this note which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation.

PAYMENTS: Each payment I make on this note will first reduce the amount I owe you for charges which are neither interest nor principal. The remainder of each payment will then reduce unpaid earned interest, and then unpaid principal. If you and I agree to a different application of payments, we will describe our agreement on this form.

INTEREST: If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal advanced at that time. If the interest rate on this note is variable, decreases in the interest rate will have the corresponding opposite effect on my payment that increases will have (as shown on the front of this form). No matter how the interest rate is computed, it will never be higher than the highest rate allowed by law.

INDEX RATES: If you and I have agreed that the interest rate on this note will be variable and will be related to an index rate, then the index we select will function only as a tool for setting the rate on this note. You do not guarantee, by selecting any index, that the rate on this note will have a particular relationship to the rate you charge on any other loans or any type or class of loans with your other customers.

SINGLE ADVANCE LOANS: If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph below.

MULTIPLE ADVANCE LOANS: If this is a multiple advance loan, you and I expect that you will make more than one advance of principal.

If this is closed end credit, then repaying a part of the principal will not entitle me to additional credit.

If this is open end credit, then repaying a part of the principal will entitle me to additional credit, unless the open end feature has expired. You will not ordinarily make an advance if it would cause the unpaid principal amount to become greater than the maximum principal amount, or if the unpaid principal amount is already greater than the maximum principal amount. You will never be obligated to make such an advance, even if you occasionally do so.

PAYMENTS BY LENDER: If you are authorized to pay, on my behalf, charges I am obligated to pay (such as property insurance premiums), then you may treat those payments as advances and add them to the unpaid principal under this note.

POST MATURITY RATE: For purposes of deciding when the "Post Maturity Rate" (shown on the other side) applies, the term "maturity" means the following:
(1) if the note is payable on demand, the date you make your demand;
(2) if the note is payable on demand with an alternate maturity date(s), the date you make your demand or the final alternate maturity date or the date you accelerate payment on the note, whichever is earlier; and
(3) in all other cases, the date of the last scheduled payment of principal or the date you accelerate payment on the note, whichever is earlier.

SET-OFF: You have the right to set-off any amount I owe you under this note against any right I have to receive money from you. If my right to receive money from you is owned by someone else not paying this note, your set-off can only reach funds I could have reached with my own request or endorsement. Your right of set-off does not extend to accounts where my rights are only as a fiduciary. It also does not extend to my IRA or other tax-deferred retirement account.

Your right of set-off applies without your first telling me you are going to use it. It applies no matter what sort or value of collateral is on this loan. It also applies no matter who else has agreed to pay this note.

You will not be liable for wrongful dishonor of a check where such dishonor occurs because you set-off this debt against my account.

DEFAULT: I will be in default if any one or more of the following occur:
(1) I fail to make a payment on time or in the amount due.
(2) I fail to keep the collateral insured, if required.
(3) I fail to keep any other promise I have made in connection with this loan.
(4) I fail to pay, or keep any other promise, on any other loan or agreement I have with you.
(5) Any other creditor of mine attempts to collect the debt I owe him through court proceedings.
(6) I die.
(7) I go into bankruptcy, whether by my own choice or not.
(8) I do or fail to do something which causes you to believe that you will have difficulty collecting the amount I owe you.
(9) Anything else happens which causes you to believe that you will have difficulty collecting the amount I owe you.

REMEDIES: If I am in default on this note, you have the following remedies:
(1) You may demand immediate payment of all I owe you under this note.
(2) You may set-off this debt against any right I have to the payment of money from you.
(3) You may demand more security or new parties obligated to pay this note in return for not using any other remedy.
(4) You may make use of any remedy you have under state or federal law.
(5) You may make use of any remedy given to you in any agreement securing this note.
(6) If this is a multiple advance loan, either open end or closed end, you may refuse to make advances to me while I am in default.

By selecting any one or more of these remedies you do not give up your right to later use any other remedy. By deciding not to use any remedy should I default, you do not waive your right to later consider the event a default if it happens again.

WAIVER: I give up my rights to require you to do certain things. I will not require you to:
(1) demand payment of amounts due (presentment);
(2) obtain official certification of nonpayment (protest);
(3) give notice that amounts due have not been paid (notice of dishonor).

ATTORNEYS' FEES: If you must hire a lawyer to collect this note, I must pay his or her fee, plus court costs (except where prohibited by law).

SECURITY: The portion of this form identifying agreements securing this note is for your internal reference only. The fact that you do not list an agreement in that portion of the form does not mean that the agreement does not secure this note.

ADDITIONAL PARTIES AND SECURITY: I understand that I must pay this note even if someone else has signed it. You may sue me, or anyone else, or any of us together, to collect this note. You do not have to tell me this note has not been paid. You may release any cosigner and I will still be obligated to pay the note. If you give up any of your rights it will not affect my duty to pay this note. Extending new credit or renewing this note will not affect my duty to pay this note.

GUARANTEE: By signing below, I unconditionally guarantee the payment of any amounts owed under this note. I also agree that all the other terms of the note will apply to me.

X _____

X _____

DATE OF TRANSACTION	PRINCIPAL ADVANCE	BORROWER'S INITIALS (not required)	PRINCIPAL PAYMENTS	PRINCIPAL BALANCE	INTEREST RATE	INTEREST PAYMENTS	INTEREST PAID THROUGH
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /

GUARANTY

Mesa (City), AZ (State)

Sept. 3, 19 86

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce SUN NATIONAL BANK (herein, with its participants, successors and assigns, called "Bank"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of RHODES TO CONGRESS (herein called "Borrower") or to engage in any other transactions with Borrower, the undersigned hereby absolutely and unconditionally guarantee(s) to the Bank the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☐ is checked, the undersigned guarantee(s) to Bank the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Bank (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several, all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness").

B. If this ☐ is checked, the undersigned guarantee(s) to Bank the payment and performance of the debt, liability or obligation of Borrower to Bank evidenced by or arising out of the following: Note No. 0064668 20757 in the amount of $50,000.00 dated 9/3/86 maturity of 12/2/86

and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

The undersigned further acknowledge(s) and agree(s) with Bank that:

1. No act or thing need occur to establish the liability of the undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the undersigned or modify, reduce, limit or release the liability of the undersigned hereunder.

2. If paragraph A is checked, this is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked prospectively as to future transactions, by written notice actually received by the Bank, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Bank, or as to any renewals, extensions and refinancings thereof. If there be more than one undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by the Bank and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) then the Bank shall have the right to declare immediately due and payable, and the undersigned will forthwith pay to the Bank, the full amount of all Indebtedness, whether due and payable or unmatured. If the undersigned voluntarily commences or there is commenced involuntarily against the undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the undersigned hereunder shall be limited to a principal amount of $ 50,000.00 (if unlimited or if no amount is stated, the undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the undersigned hereunder. The Bank may apply any sums received by or available to the Bank on account of the Indebtedness from Borrower or any other person (except the undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the undersigned hereunder. If the liability of the undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Bank, advising the Bank that such payment is made under this guaranty for such purpose.

5. The undersigned will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the undersigned against any person liable to payment of the Indebtedness, or as to any collateral security therefor, unless and until all of the Indebtedness shall have been fully paid and discharged.

6. The undersigned will pay or reimburse the Bank for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Bank in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on the reverse side hereof, all of which are made a part hereof.

This guaranty is ☒ unsecured. ☐ secured by a mortgage or security agreement dated _____.
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the undersigned the day and year first above written.

John J. Rhodes III

_____

_____

_____

2404360203 3

-M-340-6/82 (For Corporate Guaranty) Rev 6-85

ADDITIONAL PROVISIONS

7. Whether or not any existing relationship between the undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, the Bank may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the undersigned and without any notice to the undersigned. The liability of the undersigned shall not be affected or impaired by any of the following acts or things (which the Bank is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security, or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Bank under §1111(b)(2) of the United States Bankruptcy Code.

8. The undersigned waive(s) any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the undersigned will not assert, plead or enforce against the Bank any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness, or any setoff available against the Bank to Borrower or any such other person, whether or not on account of a related transaction. The undersigned expressly agree(s) that the undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

9. The undersigned waive(s) presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. The Bank shall not be required first to resort for payment of the Indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

10. If any payment applied by the Bank to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

11. The liability of the undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to the Bank as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

12. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the undersigned. This guaranty shall be effective upon delivery to the Bank, without further act, condition or acceptance by the Bank, shall be binding upon the undersigned and the heirs, representatives, successors and assigns of the undersigned and shall inure to the benefit of the Bank and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. This guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the undersigned and the Bank. This guaranty shall be governed by the laws of the State in which it is executed. The undersigned waive(s) notice of the Bank's acceptance hereof and waive(s) the right to a trial by jury in any action based on or pertaining to this guaranty.

2 4 0 4 3 6 0 2 0 3 4

GUARANTY

Mesa, (City) Arizona (State)

_____, 19____

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce SUN NATIONAL BANK (herein, with its participants, successors and assigns, called "Bank"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of Rhodes to Congress (herein called "Borrower") or to engage in any other transactions with Borrower, the undersigned hereby absolutely and unconditionally guarantee(s) to the Bank the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☐ is checked, the undersigned guarantee(s) to Bank the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Bank (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several, all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness")

B. If this ☒ is checked, the undersigned guarantee(s) to Bank the payment and performance of the debt, liability or obligation of Borrower to Bank evidenced by or arising out of the following:
Promissory note dated September 3, 1986 in the amount of $50,000.00
in the name of Rhodes to Congress
and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

The undersigned further acknowledge(s) and agree(s) with Bank that:

1. No act or thing need occur to establish the liability of the undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the undersigned or modify, reduce, limit or release the liability of the undersigned hereunder.

2. If paragraph A is checked, this is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked prospectively as to future transactions, by written notice actually received by the Bank, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Bank, or as to any renewals, extensions and refinancings thereof. If there be more than one undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by the Bank and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) then the Bank shall have the right to declare immediately due and payable, and the undersigned will forthwith pay to the Bank, the full amount of all Indebtedness, whether due and payable or unmatured. If the undersigned voluntarily commences or there is commenced involuntarily against the undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured shall be immediately due and payable without demand or notice thereof.

4. The liability of the undersigned hereunder shall be limited to a principal amount of $ 50,000.00 (if unlimited or if no amount is stated the undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the undersigned hereunder. The Bank may apply any sums received by or available to the Bank on account of the Indebtedness from Borrower or any other person (except the undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the undersigned hereunder. If the liability of the undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Bank, advising the Bank that such payment is made under this guaranty for such purpose.

5. The undersigned will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the undersigned against any person liable to payment of the Indebtedness, or as to any collateral security therefor, unless and until all of the Indebtedness shall have been fully paid and discharged.

6. The undersigned will pay or reimburse the Bank for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Bank in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on the reverse side hereof, all of which are made a part hereof.

This guaranty is ☒ unsecured. ☐ secured by a mortgage or security agreement dated _____.
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the undersigned the day and year first above written.

John J. O'Neill

_____

_____

_____

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ADDITIONAL PROVISIONS

7. Whether or not any existing relationship between the undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, the Bank may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the undersigned and without any notice to the undersigned. The liability of the undersigned shall not be affected or impaired by any of the following acts or things (which the Bank is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure or enforce any collateral security, or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Bank under §1111(b)(2) of the United States Bankruptcy Code.

8. The undersigned waive(s) any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the undersigned will not assert, plead or enforce against the Bank any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness, or any setoff available against the Bank to Borrower or any such other person, whether or not on account of a related transaction. The undersigned expressly agree(s) that the undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

9. The undersigned waive(s) presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. The Bank shall not be required first to resort for payment of the Indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

10. If any payment applied by the Bank to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

11. The liability of the undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to the Bank as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

12. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the undersigned. This guaranty shall be effective upon delivery to the Bank without further act, condition or acceptance by the Bank, shall be binding upon the undersigned and the heirs, representatives, successors and assigns of the undersigned and shall inure to the benefit of the Bank and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. This guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the undersigned and the Bank. This guaranty shall be governed by the laws of the State in which it is executed. The undersigned waive(s) notice of the Bank's acceptance hereof and waive(s) the right to a trial by jury in any action based on or pertaining to this guaranty.

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ADDITIONAL TERMS

APPLICABLE LAW: The law of the state in which [redacted] are located will govern this note. Any term of this note which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation.

PAYMENTS: Each payment I make on this note will first reduce the amount I owe you for charges which are neither interest nor principal. The remainder of each payment will then reduce unpaid earned interest, and then unpaid principal. If you and I agree to a different application of payments, we will describe our agreement on this form.

INTEREST: If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal advanced at that time. If the interest rate on this note is variable, decreases in the interest rate will have the corresponding opposite effect on my payment that increases will have (as shown on the front of this form). No matter how the interest rate is computed, it will never be higher than the highest rate allowed by law.

INDEX RATES: If you and I have agreed that the interest rate on this note will be variable and will be related to an index rate, then the index we select will function only as a tool for setting the rate on this note. You do not guarantee, by selecting any index, that the rate on this note will have a particular relationship to the rate you charge on any other loans or any type or class of loans with your other customers.

SINGLE ADVANCE LOANS: If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph below.

MULTIPLE ADVANCE LOANS: If this is a multiple advance loan, you and I expect that you will make more than one advance of principal.

If this is closed end credit, then repaying a part of the principal will not entitle me to additional credit.

If this is open end credit, then repaying a part of the principal will entitle me to additional credit, unless the open end feature has expired. You will not ordinarily make an advance if it would cause the unpaid principal amount to become greater than the maximum principal amount, or if the unpaid principal amount is already greater than the maximum principal amount. You will never be obligated to make such an advance, even if you occasionally do so.

PAYMENTS BY LENDER: If you are authorized to pay, on my behalf, charges I am obligated to pay (such as property insurance premiums), then you may treat those payments as advances and add them to the unpaid principal under this note.

POST MATURITY RATE: For purposes of deciding when the "Post Maturity Rate" (shown on the other side) applies, the term "maturity" means the following:
(1) if the note is payable on demand, the date you make your demand;
(2) if the note is payable on demand with an alternate maturity date(s), the date you make your demand or the final alternate maturity date or the date you accelerate payment on the note, whichever is earlier; and
(3) in all other cases, the date of the last scheduled payment of principal or the date you accelerate payment on the note, whichever is earlier.

SET-OFF: You have the right to set-off any amount I owe you under this note against any right I have to receive money from you. If my right to receive money from you is owned by someone else not paying this note, your set-off can only reach funds I could have reached with my own request or endorsement. Your right of set-off does not extend to accounts where my rights are only as a fiduciary. It also does not extend to my IRA or other tax-deferred retirement account.

Your right of set-off applies without your first telling me you are going to use it. It applies no matter what sort or value of collateral is on this loan. It also applies no matter who else has agreed to pay this note.

You will not be liable for wrongful dishonor of a check where such dishonor occurs because you set-off this debt against my account.

DEFAULT: I will be in [redacted]ult if any one or more of the following occur:
(1) I fail to make a payment on time or in the amount due.
(2) I fail to keep the collateral insured, if required.
(3) I fail to keep any other promise I have made in connection with this loan.
(4) I fail to pay, or keep any other promise, on any other loan or agreement I have with you.
(5) Any other creditor of mine attempts to collect the debt I owe him through court proceedings.
(6) I die.
(7) I go into bankruptcy, whether by my own choice or not.
(8) I do or fail to do something which causes you to believe that you will have difficulty collecting the amount I owe you.
(9) Anything else happens which causes you to believe that you will have difficulty collecting the amount I owe you.

REMEDIES: If I am in default on this note, you have the following remedies:
(1) You may demand immediate payment of all I owe you under this note.
(2) You may set-off this debt against any right I have to the payment of money from you.
(3) You may demand more security or new parties obligated to pay this note in return for not using any other remedy.
(4) You may make use of any remedy you have under state or federal law.
(5) You may make use of any remedy given to you in any agreement securing this note.
(6) If this is a multiple advance loan, either open end or closed end, you may refuse to make advances to me while I am in default.

By selecting any one or more of these remedies you do not give up your right to later use any other remedy. By deciding not to use any remedy should I default, you do not waive your right to later consider the event a default if it happens again.

WAIVER: I give up my rights to require you to do certain things. I will not require you to:
(1) demand payment of amounts due (presentment);
(2) obtain official certification of nonpayment (protest);
(3) give notice that amounts due have not been paid (notice of dishonor).

ATTORNEYS' FEES: If you must hire a lawyer to collect this note, I must pay his or her fee, plus court costs (except where prohibited by law).

SECURITY: The portion of this form identifying agreements securing this note is for your internal reference only. The fact that you do not list an agreement in that portion of the form does not mean that the agreement does not secure this note.

ADDITIONAL PARTIES AND SECURITY: I understand that I must pay this note even if someone else has signed it. You may sue me, or anyone else, or any of us together, to collect this note. You do not have to tell me this note has not been paid. You may release any cosigner and I will still be obligated to pay the note. If you give up any of your rights it will not affect my duty to pay this note. Extending new credit or renewing this note will not affect my duty to pay this note.

GUARANTEE: By signing below, I unconditionally guarantee the payment of any amounts owed under this note. I also agree that all the other terms of the note will apply to me.

X _____

X _____

DATE OF TRANSACTION	PRINCIPAL ADVANCE	BORROWER'S INITIALS (not required)	PRINCIPAL PAYMENTS	PRINCIPAL BALANCE	INTEREST RATE	INTEREST PAYMENTS	INTEREST PAID THROUGH
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /

FORM UN BACKSIDE REVISION DATE 1/28/85

RHODES TO CONGRESS P O BOX 1381 MESA, AZ 85204 **BORROWER'S NAME AND ADDRESS** "I" includes each borrower above, jointly and severally.	SUN NATIONAL BANK 1220 SOUTH ALMA SCHOOL ROAD MESA, AZ 85202 **LENDER'S NAME AND ADDRESS** "You" means the lender, its successors and assigns.	ACCOUNT # 0064668 Loan Number 20860 Date DECEMBER 2, 19 1986 Maturity Date APRIL 1, 19 1987 Loan Amount $ 20,000.00 Renewal Of 20757

I promise to pay to you, or your order, at your address listed above the
PRINCIPAL sum of TWENTY THOUSAND AND NO/100 Dollars $ 20,000.00

[X] **Single Advance:** I have received all of this principal sum. No additional advances are contemplated under this note.

[ ] **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. As of today I have received the amount of $ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

PAID BY RENEWAL

[ ] **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires no later than _____ 19 ____.

[ ] **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

PURPOSE: The purpose of this loan is BUSINESS; REDUCTION AND RENEWAL OF NOTE #20757

INTEREST: I agree to pay interest on the principal balance(s) owing from time to time as stated in this section.

[ ] **Fixed Rate:** I agree to pay interest at the fixed, simple rate of _____ % per year.

[X] **Variable Rate:** I agree to pay interest at the initial simple rate of 11.500 % per year. This rate may change as stated below.

[X] **Index Rate:** The future rate will be 2.500% OVER the following index rate: SUN NATIONAL BANK BASE INDEX RATE

[ ] **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

[X] **Frequency and Timing:** The rate on this note may increase as often as DAILY. An increase in the index will take effect ON THE SAME DAY.

[ ] **Limitations:** The rate on this note will not at any time (and no matter what happens to any index rate used) go above or below these limits:

[ ] **Maximum Rate:** The rate will not go above _____

[ ] **Minimum Rate:** The rate will not go below _____

Post Maturity Rate: I agree to pay interest on the principal owing after maturity, and until paid in full, as stated below:

[ ] on the same fixed or variable rate basis in effect before maturity (as indicated above).

[X] at a rate equal to 21.

ADDITIONAL CHARGES: In addition to interest, I [ ] have paid [ ] agree to pay the following additional charges _____

PAYMENTS: I agree to pay this note as follows:

[X] **Interest:** I agree to pay accrued interest ON DEMAND, BUT IF NO DEMAND IS MADE AT MATURITY

[X] **Principal:** I agree to pay the principal ON DEMAND, BUT IF NO DEMAND IS MADE THEN ON APRIL 1, 1987

[ ] **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of $ _____ and will be due _____, 19 ____. A payment of $ _____ will be due on the _____ day of each _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____, 19 ____.

[X] **Effect of Variable Rate:** An increase in the interest rate will have the following effect on the payments:

[ ] The amount of each scheduled payment will be increased.

[X] The amount of the final payment will be increased.

[ ] _____

Paid March 3, 1987 Check # 1385 10,000 & interest of $43.56

ADDITIONAL TERMS:

[ ] **SECURITY:** This note is secured by: _____

[X] If checked, no agreement was signed today securing this note.

(This section is for your internal use. It may not include every agreement or item of collateral securing this note. You will not lose any security by omitting it from this section.)

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON THE OTHER SIDE). I have received a copy on today's date.

RHODES TO CONGRESS

BY: John J. Rhodes

JOHN J RHODES III,

© 1984 BANKERS SYSTEMS, INC. ST. CLOUD, MN FORM UN 2/17/84

GUARANTY

Mesa (City), Arizona (State)

December 2, 1986

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Sun National Bank (herein, with its participants, successors and assigns, called "Bank"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of Rhodes to Congress (herein called "Borrower") or to engage in any other transactions with Borrower, the undersigned hereby absolutely and unconditionally guarantee(s) to the Bank the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A If this ☐ is checked, the undersigned guarantee(s) to Bank the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Bank (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several, all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness")

B If this ☒ is checked, the undersigned guarantee(s) to Bank the payment and performance of the debt, liability or obligation of Borrower to Bank evidenced by or arising out of the following: Note #0064668 20860 in the amount of $20,000.00 dated 12-2-86 maturing 4-1-87

and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness")

The undersigned further acknowledge(s) and agree(s) with Bank that

1. No act or thing need occur to establish the liability of the undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the undersigned or modify, reduce, limit or release the liability of the undersigned hereunder.

2. If paragraph A is checked, this is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked prospectively as to future transactions, by written notice actually received by the Bank, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Bank, or as to any renewals, extensions and refinancings thereof. If there be more than one undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by the Bank and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) then the Bank shall have the right to declare immediately due and payable, and the undersigned will forthwith pay to the Bank, the full amount of all Indebtedness, whether due and payable or unmatured. If the undersigned voluntarily commences or there is commenced involuntarily against the undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the undersigned hereunder shall be limited to a principal amount of $ 20,000.00 (if unlimited or if no amount is stated, the undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the undersigned hereunder. The Bank may apply any sums received by or available to the Bank on account of the Indebtedness from Borrower or any other person (except the undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the undersigned hereunder. If the liability of the undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Bank, advising the Bank that such payment is made under this guaranty for such purpose.

5. The undersigned will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the undersigned against any person liable to payment of the Indebtedness, or as to any collateral security therefor, unless and until all of the Indebtedness shall have been fully paid and discharged.

6. The undersigned will pay or reimburse the Bank for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Bank in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on the reverse side hereof, all of which are made a part hereof.

This guaranty is ☒ unsecured ☐ secured by a mortgage or security agreement dated _____,

☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the undersigned the day and year first above written.

John J. Rhodes III

_____

_____

_____

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ADDITIONAL PROVISIONS

7. Whether or not any existing relationship between the undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, the Bank may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the undersigned and without any notice to the undersigned. The liability of the undersigned shall not be affected or impaired by any of the following acts or things (which the Bank is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security, or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Bank under §1111(b)(2) of the United States Bankruptcy Code.

8. The undersigned waive(s) any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the undersigned will not assert, plead or enforce against the Bank any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness, or any setoff available against the Bank to Borrower or any such other person, whether or not on account of a related transaction. The undersigned expressly agree(s) that the undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

9. The undersigned waive(s) presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. The Bank shall not be required first to resort for payment of the Indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

10. If any payment applied by the Bank to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

11. The liability of the undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to the Bank as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

12. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the undersigned. This guaranty shall be effective upon delivery to the Bank without further act, condition or acceptance by the Bank, shall be binding upon the undersigned and the heirs, representatives, successors and assigns of the undersigned and shall inure to the benefit of the Bank and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. This guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the undersigned and the Bank. This guaranty shall be governed by the laws of the State in which it is executed. The undersigned waive(s) notice of the Bank's acceptance hereof and waive(s) the right to a trial by jury in any action based on or pertaining to this guaranty.

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BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally.	LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.	
RHODES TO CONGRESS P.O. BOX 1381 MESA, AZ 85204	SUN NATIONAL BANK 1220 SOUTH ALMA SCHOOL ROAD MESA, AZ 85202	ACCOUNT # 0064668 Loan Number 21058 Date MARCH 30, 19 1987 Maturity Date JUNE 29, 19 1987 Loan Amount $ 10,000.00 Renewal Of 20860

I promise to pay to you, or your order, at your address listed above the
PRINCIPAL sum of TEN THOUSAND AND NO/100 Dollars $ 10,000.00

☒ **Single Advance:** I have received all of this principal sum. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. As of today I have received the amount of $ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires no later than _____ 19 ____.

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

PAID
SUN NATIONAL BANK
MESA, ARIZONA

PURPOSE: The purpose of this loan is BUSINESS: RENEW NOTE 20860

INTEREST: I agree to pay interest on the principal balance(s) owing from time to time as stated in this section.

☐ **Fixed Rate:** I agree to pay interest at the fixed, simple rate of _____ % per year.

☒ **Variable Rate:** I agree to pay interest at the initial simple rate of 11.500 % per year. This rate may change as stated below.

☒ **Index Rate:** The future rate will be 2.500% OVER the following index rate: SUN NATIONAL BANK BASE INDEX RATE

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ **Frequency and Timing:** The rate on this note may increase as often as DAILY.
An increase in the index will take effect ON THE SAME DAY.

☐ **Limitations:** The rate on this note will not at any time (and no matter what happens to any index rate used) go above or below these limits:

☐ **Maximum Rate:** The rate will not go above _____

☐ **Minimum Rate:** The rate will not go below _____

Post Maturity Rate: I agree to pay interest on the principal owing after maturity, and until paid in full, as stated below:

☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☒ at a rate equal to 21.00

ADDITIONAL CHARGES: In addition to interest, I ☐ have paid ☐ agree to pay the following additional charges _____

PAYMENTS: I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest ON DEMAND, BUT IF NO DEMAND IS MADE AT MATURITY

☒ **Principal:** I agree to pay the principal ON DEMAND, BUT IF NO DEMAND IS MADE THEN ON JUNE 29, 1987

☐ **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of $ _____ and will be due _____, 19 ____. A payment of $ _____ will be due on the _____ day of each _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____, 19 ____.

☒ **Effect of Variable Rate:** An increase in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will be increased.

☒ The amount of the final payment will be increased.

☐ _____

ADDITIONAL TERMS:

☐ **SECURITY:** This note is secured by: _____

☒ If checked, no agreement was signed today securing this note.

(This section is for your internal use. It may not include every agreement or item of collateral securing this note. You will not lose any security by omitting it from this section.)

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON THE OTHER SIDE). I have received a copy on today's date.

RHODES TO CONGRESS

BY: _____
JOHN J. RHODES III,

© 1984 BANKERS SYSTEMS, INC. ST. CLOUD, MN FORM UN 2/17/84

BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally.	LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.	
RHODES TO CONGRESS P.O. BOX 1381 MESA, AZ 85204	SUN NATIONAL BANK 1220 SOUTH ALMA SCHOOL ROAD MESA, AZ 85202	ACCOUNT # 0064668 Loan Number 21058 Date MARCH 30, 19 1987 Maturity Date JUNE 29, 19 1987 Loan Amount $ 10,000.00 Renewal Of 20860

I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of TEN THOUSAND AND NO/100 Dollars $ 10,000.00

☒ **Single Advance:** I have received all of this principal sum. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. As of today I have received the amount of $ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

PAID
BY: #602
SUN NATIONAL BANK
MESA, ARIZONA

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires no later than _____ 19 ____.

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

PURPOSE: The purpose of this loan is BUSINESS: RENEW NOTE 20860.

INTEREST: I agree to pay interest on the principal balance(s) owing from time to time as stated in this section.

☐ **Fixed Rate:** I agree to pay interest at the fixed, simple rate of _____ % per year.

☒ **Variable Rate:** I agree to pay interest at the initial simple rate of 11.500 % per year. This rate may change as stated below.

☒ **Index Rate:** The future rate will be 2.500% OVER the following index rate: SUN NATIONAL BANK BASE INDEX RATE

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ **Frequency and Timing:** The rate on this note may increase as often as DAILY.
An increase in the index will take effect ON THE SAME DAY.

☐ **Limitations:** The rate on this note will not at any time (and no matter what happens to any index rate used) go above or below these limits:
- ☐ **Maximum Rate:** The rate will not go above _____
- ☐ **Minimum Rate:** The rate will not go below _____

Post Maturity Rate: I agree to pay interest on the principal owing after maturity, and until paid in full, as stated below:
- ☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).
- ☒ at a rate equal to 21.00

☐ **ADDITIONAL CHARGES:** In addition to interest, I ☐ have paid ☐ agree to pay the following additional charges _____

PAYMENTS: I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest ON DEMAND, BUT IF NO DEMAND IS MADE AT MATURITY

☒ **Principal:** I agree to pay the principal ON DEMAND, BUT IF NO DEMAND IS MADE THEN ON JUNE 29, 1987

☐ **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of $ _____ and will be due _____, 19 ____. A payment of $ _____ will be due on the _____ day of each _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____, 19 ____.

☒ **Effect of Variable Rate:** An increase in the interest rate will have the following effect on the payments:
- ☐ The amount of each scheduled payment will be increased.
- ☒ The amount of the final payment will be increased.
- ☐ _____

ADDITIONAL TERMS:

☐ **SECURITY:** This note is secured by: _____

☒ If checked, no agreement was signed today securing this note.

(This section is for your internal use. It may not include every agreement or item of collateral securing this note. You will not lose any security by omitting it from this section.)

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON THE OTHER SIDE). I have received a copy on today's date.

RHODES TO CONGRESS

BY: John J. Rhodes
JOHN J. RHODES III,

© 1984 BANKERS SYSTEMS, INC. ST. CLOUD, MN FORM UN 2/17/84

ADDITIONAL TERMS

APPLICABLE LAW: The law of the state in which you are located will govern this note. Any term of this note which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation.

PAYMENTS: Each payment I make on this note will first reduce the amount I owe you for charges which are neither interest nor principal. The remainder of each payment will then reduce unpaid earned interest, and then unpaid principal. If you and I agree to a different application of payments, we will describe our agreement on this form.

INTEREST: If I receive the principal in more than one advance, each advance will start to earn interest only when I receive the advance. The interest rate in effect on this note at any given time will apply to the entire principal advanced at that time. If the interest rate on this note is variable, decreases in the interest rate will have the corresponding opposite effect on my payment that increases will have (as shown on the front of this form). No matter how the interest rate is computed, it will never be higher than the highest rate allowed by law.

INDEX RATES: If you and I have agreed that the interest rate on this note will be variable and will be related to an index rate, then the index we select will function only as a tool for setting the rate on this note. You do not guarantee, by selecting any index, that the rate on this note will have a particular relationship to the rate you charge on any other loans or any type or class of loans with your other customers.

SINGLE ADVANCE LOANS: If this is a single advance loan, you and I expect that you will make only one advance of principal. However, you may add other amounts to the principal if you make any payments described in the "PAYMENTS BY LENDER" paragraph below.

MULTIPLE ADVANCE LOANS: If this is a multiple advance loan, you and I expect that you will make more than one advance of principal.

If this is closed end credit, then repaying a part of the principal will not entitle me to additional credit.

If this is open end credit, then repaying a part of the principal will entitle me to additional credit, unless the open end feature has expired. You will not ordinarily make an advance if it would cause the unpaid principal amount to become greater than the maximum principal amount, or if the unpaid principal amount is already greater than the maximum principal amount. You will never be obligated to make such an advance, even if you occasionally do so.

PAYMENTS BY LENDER: If you are authorized to pay, on my behalf, charges I am obligated to pay (such as property insurance premiums), then you may treat those payments as advances and add them to the unpaid principal under this note.

POST MATURITY RATE: For purposes of deciding when the "Post Maturity Rate" (shown on the other side) applies, the term "maturity" means the following:
(1) if the note is payable on demand, the date you make your demand;
(2) if the note is payable on demand with an alternate maturity date(s), the date you make your demand or the final alternate maturity date or the date you accelerate payment on the note, whichever is earlier; and
(3) in all other cases, the date of the last scheduled payment of principal or the date you accelerate payment on the note, whichever is earlier.

SET-OFF: You have the right to set-off any amount I owe you under this note against any right I have to receive money from you. If my right to receive money from you is owned by someone else not paying this note, your set-off can only reach funds I could have reached with my own request or endorsement. Your right of set-off does not extend to accounts where my rights are only as a fiduciary. It also does not extend to my IRA or other tax-deferred retirement account.

Your right of set-off applies without your first telling me you are going to use it. It applies no matter what sort or value of collateral is on this loan. It also applies no matter who else has agreed to pay this note.

You will not be liable for wrongful dishonor of a check where such dishonor occurs because you set-off this debt against my account.

DEFAULT: I will be in default if any one or more of the following occur:
(1) I fail to make a payment on time or in the amount due.
(2) I fail to keep the collateral insured, if required.
(3) I fail to keep any other promise I have made in connection with this loan.
(4) I fail to pay, or keep any other promise, on any other loan or agreement I have with you.
(5) Any other creditor of mine attempts to collect the debt I owe him through court proceedings.
(6) I die.
(7) I go into bankruptcy, whether by my own choice or not.
(8) I do or fail to do something which causes you to believe that you will have difficulty collecting the amount I owe you.
(9) Anything else happens which causes you to believe that you will have difficulty collecting the amount I owe you.

REMEDIES: If I am in default on this note, you have the following remedies:
(1) You may demand immediate payment of all I owe you under this note.
(2) You may set-off this debt against any right I have to the payment of money from you.
(3) You may demand more security or new parties obligated to pay this note in return for not using any other remedy.
(4) You may make use of any remedy you have under state or federal law.
(5) You may make use of any remedy given to you in any agreement securing this note.
(6) If this is a multiple advance loan, either open end or closed end, you may refuse to make advances to me while I am in default.

By selecting any one or more of these remedies you do not give up your right to later use any other remedy. By deciding not to use any remedy should I default, you do not waive your right to later consider the event a default if it happens again.

WAIVER: I give up my rights to require you to do certain things. I will not require you to:
(1) demand payment of amounts due (presentment);
(2) obtain official certification of nonpayment (protest);
(3) give notice that amounts due have not been paid (notice of dishonor).

ATTORNEYS' FEES: If you must hire a lawyer to collect this note, I must pay his or her fee, plus court costs (except where prohibited by law).

SECURITY: The portion of this form identifying agreements securing this note is for your internal reference only. The fact that you do not list an agreement in that portion of the form does not mean that the agreement does not secure this note.

ADDITIONAL PARTIES AND SECURITY: I understand that I must pay this note even if someone else has signed it. You may sue me, or anyone else, or any of us together, to collect this note. You do not have to tell me this note has not been paid. You may release any cosigner and I will still be obligated to pay the note. If you give up any of your rights it will not affect my duty to pay this note. Extending new credit or renewing this note will not affect my duty to pay this note.

GUARANTEE: By signing below, I unconditionally guarantee the payment of any amounts owed under this note. I also agree that all the other terms of the note will apply to me.

X _____

X _____

DATE OF TRANSACTION	PRINCIPAL ADVANCE	BORROWER'S INITIALS (not required)	PRINCIPAL PAYMENTS	PRINCIPAL BALANCE	INTEREST RATE	INTEREST PAYMENTS	INTEREST PAID THROUGH:
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /
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/ /	$		$	$	%	$	/ /
/ /	$		$	$	%	$	/ /

RHODES
TO CONGRESS

September 9, 1986

To whom it may concern:

John J. O'Neill , as assistant treasurer, is authorized to sign notes on behalf of the Rhodes to Congress campaign.

Hazel Davis-Conley
Campaign Co-Chairman

Rudy Campbell
Campaign Co-Chairman

Paid for by the Rhodes to Congress Committee

24043602044

RHODES
TO CONGRESS

October 2, 1986

Sun National Bank
1220 S. Alma School Rd.
Mesa, Arizona 85202

To Whom It May Concern:

This is to advise you that Thomas Rawles is my Campaign Manager, and authorized to act on my behalf.

Sincerely,

John J. Rhodes, III

JJR:sak

9243602045

RHODES TO CONGRESS

November 26, 1986

Mr. William Horton
President
SUN NATIONAL BANK
1220 South Alma School Rd.
Mesa, Arizona 85203

Re: Rhodes To Congress Loan

Dear Mr. Horton:

We submit the following letter in support of the $20,000.00 renewal of the loan to the Rhodes To Congress Committee. The purpose of this letter is to provide information on the method and sources of repayment of the $20,000.00.

Please be advised that the Rhodes To Congress Committee has, in the planning stages, several fund raising activities. These activities include:

1. A letter to all federal Pac's asking for assistance in debt retirement. Approximately 600 of these letters went out during the week of November 17, 1986;

2. A debt retirement letter signed by Senator Barry Goldwater to all of the contributors to the Rhodes To Congress Campaign, the members of the Trunk n' Tusk and earlybird groups of the Republican party and a selected list of people who contributed heavily to other campaigns in 1986;

3. A fund raiser at the home of Jim Smets, presently scheduled for March, 1986, where we intend to invite 300 couples at $100.00 a couple;

4. A fund raising event at the home of Roger Jeppsen during the month of February, 1986;

5. Several relatively high ticket priced luncheons and breakfasts sponsored by bankers and businessmen in the community; and

Paid for by the Rhodes to Congress Committee

6. The United States Chamber of Commerce has agreed to urge its affiliated businesses and groups to assist in the debt retirement of Congressman Rhodes.

Between these various functions, we feel extremely confident that more than enough funds will be raised to pay your loan by its due date.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Thomas V. Rawles

Thomas V. Rawles

lav

9243602047

RHODES
TO CONGRESS

November 28, 1986

Mr. William Horton
President
SUN NATIONAL BANK
1220 South Alma School Rd.
Mesa, AZ 85203

Re: Rhodes To Congress Loan

Dear Mr. Horton:

This is to acknowledge that the Rhodes To Congress Committee is specifically authorized to obtain a $20,000.00 extension of the $50,000.00 loan taken out by the committee on or about September 1, 1986.

Thomas V. Rawles

Thomas V. Rawles
Campaign Director

Paid for by the Rhodes to Congress Committee

831-6433

2 4 0 4 3 6 0 2 0 4 8

PURCHASER'S RECEIPT

5759

SUN NATIONAL BANK

1220 South Alma School Road
Mesa, Arizona 85202-4825

91-630/1221

LOAN PROCEEDS

REMITTER

SEP. 03, 86

DRAWN TO ORDER OF RHODES TO CONGRESS

$$$$$50,000.00

FIFTY THOUSAND DOLLARS AND 00 CENTS

*****$50,000 DOLLARS AND 00 CENTS

NON NEGOTIABLE

CUSTOMER'S MEMO:

CASHIER'S CHECK

FOR

"005759" "122105304" "0100990013"

2436020449

SUN NATICNAL BANK
COMMERCIAL LOAN DEPARTMENT PRIME RATE

COMMERCIAL LOAN DEPARTMENT PAGE 1
INTEREST STATEMENT 12/31/86
FEDERAL TAX ID 86-0483765
CUSTOMER 0064668

NOTE	NOTE DATE	MAT DATE	PRIN BALANCE	INTEREST PAID	INT REPORTED
20757	9/03/86	12/02/86	.00	1,417.81	
20860	12/02/86	4/01/87	20,000.00	.00	

RHODES TO CONGRESS
P O BOX 1381
MESA AZ 85204

TAX ID NUM - -
TOTAL INTEREST PAID THIS YEAR 1,417.81

RECEIPT Date 5-26 1987 9599
Received From Rhodes for Congress
Address
Dollars $ 10,180.34
For Payment on loan #21057 principal 10,000.00
Int 180.34
ACCOUNT | HOW PAID
AMT. OF ACCOUNT | CASH
AMT. PAID | CHECK
BALANCE DUE | MONEY ORDER
By L Panning Paid w/ Cash #1410
5/26/87
802 REDIFORM

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 21, 1988

Jan W. Baran
Wiley, Rein & Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 2632 (Conley D. Wolfswinkel and Wolfswinkel Group, Incorporated.)

Dear Mr. Baran:

On May 10, 1988, you were notified that the Federal Election Commission found reason to believe that that your clients, Conley D. Wolfswinkel and Wolfswinkel Group, Incorporated, violated 2 U.S.C. § 441a and 2 U.S.C. § 441b. Interrogatories and a Request for Documents were included with that notice. On May 26, 1988, you were granted an extension until June 20, 1988 to respond.

This is in response to your letter dated June 16, 1988, requesting an additional extension of 20 days until July 11, 1988 to respond to the Commission's notification and Interrogatories and Request for Production of Documents. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on July 11, 1988.

If you have any questions, please contact Jonathan Levin or Colleen Miller, the attorneys assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

2404360205 1

MUR 2602

MEYER, HENDRICKS, VICTOR, OSBORN & MALEDON

A PROFESSIONAL ASSOCIATION

PAUL J. MEYER
DAVID VICTOR
WILLIAM J. MALEDON
ANDREW D. HURWITZ
RANDALL C. NELSON
R. DOUGLAS DALTON
VINCENT F. CHIAPPETTA *
COLIN F. CAMPBELL
JAY I. MOYES
THOMAS H. CURZON
JOHN A. LASOTA, JR.
HOWARD N. SINGER
GARY A. GOTTO
WILLIAM H. HARDIN
HELEN PERRY GRIMWOOD
JEAN K. FITZSIMON
DAVID B. ROSENBAUM
W. SCOTT BALES
WILLIAM J. SIMS III
MARK D. SAMSON
JUDITH M. DWORKIN
DAWN L. DAUPHINE

EDWIN F. HENDRICKS
JONES OSBORN II
LARRY A. HAMMOND
ROBERT L. PALMER
JEFFREY L. SELLERS
DONALD W. BIVENS
MARK S. WALLACE
RON KILGARD
DONALD M. PETERS
DAVID G. CAMPBELL
C. TAYLOR ASHWORTH
JAMES G. DEROUIN
THOMAS D. PROFFITT
BRETT L. DUNKELMAN
ANNA L. DURAND
JEFFREY C. ZIMMERMAN
DIANE M. JOHNSEN
JOHN R. HANNAH
HELEN M. SANDALLS
SHANE R. SWINDLE
THAYNE G LOWE
CLARK M. PORTER

* ON LEAVE

SUITE 4000
2700 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
602-263-8700

TELEX TWX 910-950-1101
TELECOPY (24 HOURS)
602-266-8751

July 5, 1988

HAND DELIVERED

88 JUL -6 AM 10:24

RECEIVED
FEDERAL ELECTION COMMISSION
88 JUL -6 AM 11:28

Federal Express

Mr. Jonathan Levin
Federal Election Commission
Washington, D.C. 20463

Re: Ann S. Lorenzo MUR 2602

Dear Mr. Levin:

Ann Lorenzo, now Mrs. John O'Neill, received the Commission's letter dated May 10, 1988. The Commission subsequently granted Mrs. O'Neill until July 6 to respond. This letter is written in response to the Commission's May 10 letter.

(A) Pre-Probable Cause Conciliation.

Mrs. O'Neill is interested in pursuing pre-probable cause conciliation as mentioned in the May 10 letter, and hereby makes such a request in writing. We understand that the Commission has discretion to seek conciliation at this time.

(B) Factual and Legal Matters.

The factual and legal analysis statement forwarded to Mrs. O'Neill concerns two contributions. First, in the latter part of 1985, John O'Neill, who was then Mrs. O'Neill's fiance, gave her $1,000. Mrs. O'Neill placed these funds in her own account and then made a contribution of $1,000 to the campaign. Second, in August 1986, Mr. O'Neill gave Mrs. O'Neill another $1,000. Mrs. O'Neill again deposited the money in her account and contributed to the Rhodes campaign.

The factual and legal analysis refers to a memorandum of an interview the FBI had with Mrs. O'Neill in 1986. We have not received a copy of the FBI interview statement prepared by the agent, and the FBI does not disclose their internal statements

2404360205 2

to witnesses so that a witness can contemporaneously review them for accuracy. We have not had an opportunity to review the FBI interview statement in preparing this response. Now, two years later, Mrs. O'Neill does not have a recollection of the FBI interview. We are, therefore, not in a position to comment upon the interview statement.

The Commission's factual and legal analysis states "It is not clear from the investigative file that Ms. Lorenzo knew that contributions in the name of another were prohibited by the act." More to the point, Mrs. O'Neill did not know it was unlawful to receive a gift of funds from her fiance and then contribute a like amount to a political campaign. Indeed, Mrs. O'Neill thought then it was perfectly appropriate to make the two contributions she did. As Mr. and Mrs. O'Neill were then engaged to be married, Mr. O'Neill had made frequent gifts to Mrs. O'Neill. She then believed there was nothing illegal in receiving a gift for her to use as a political contribution.

Mrs. O'Neill admits she made the contributions. She denies that she "committed knowing and willful violations of 2 U.S.C. § 441f" as stated in the May 10 letter. The federal election campaign act does not define the "knowledge" element referred to in the Commission's factual and legal analysis. Referring to case authority, "the word knowingly means a defendant realized what he was doing and was aware of the nature of his conduct. It means that he did not act through ignorance, mistake or accident." United States v. Lawson, 780 F.2d 535 (6th Cir. 1985). Here, Mrs. O'Neill did not know her contributions were illegal. If the law was violated, it was unknowing and inadvertent.

At the time of Mrs. O'Neill's contribution, as mentioned above, she and Mr. O'Neill were engaged. Ironically, if they had been married rather than engaged, there could have been no violation under the campaign act. See 11 CFR § 110.1(i)(1). At the time, Mrs. O'Neill thought there was nothing wrong with her accepting a gift of money so that she could make her own contribution to a political campaign.

Sincerely,

Colin F. Campbell

CFC/pmd

24043602053

HAND DELIVERED

RECEIVED
FEDERAL ELECTION COMMISSION

88 JUL -6 AM 10:24

MEYER, HENDRICKS, VICTOR, OSBORN & MALEDON

A PROFESSIONAL ASSOCIATION

SUITE 4000
2700 NORTH THIRD STREET
PHOENIX, ARIZONA 85004
602-263-8700

TELEX TWX 910-950-1101
TELECOPY (24 HOURS)
602-266-6751

PAUL J. MEYER
DAVID VICTOR
WILLIAM J. MALEDON
ANDREW D. HURWITZ
RANDALL C. NELSON
R. DOUGLAS DALTON
VINCENT F. CHIAPPETTA *
COLIN F. CAMPBELL
JAY I. MOYES
THOMAS H. CURZON
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JAMES G. DEROUIN
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BRETT L. DUNKELMAN
ANNA L. DURAND
JEFFREY C. ZIMMERMAN
DIANE M. JOHNSEN
JOHN R. HANNAH
HELEN M. SANDALLS
SHANE R. SWINDLE
THAYNE G LOWE
CLARK M. PORTER

* ON LEAVE

July 5, 1988

Federal Express

RECEIVED
FEDERAL ELECTION COMMISSION
88 JUL -6 AM 11:28

Mr. Jonathan Levin
Federal Election Commission
Washington, D.C. 20463

Re: John J. O'Neill MUR 2602

Dear Mr. Levin:

Mr. John J. O'Neill has received the Commission's letter dated May 10, 1988. The Commission subsequently gave Mr. O'Neill until July 6 to respond. This letter is submitted in response to the Commission's May 10 letter.

(A) Pre-probable Cause Conciliation

Mr. O'Neill is interested in pursuing pre-probable cause conciliation as mentioned in your May 10 letter, and hereby makes such a request in writing. It is unclear from your letter whether pre-probable cause conciliation is available, but we do not wish to waive any opportunity to reach a conciliation with the Government.

(B) Factual and Legal Analysis.

We enclose for background information a copy of Mr. O'Neill's resume. As reflected therein, prior to his involvement in Mr. Rhodes' campaign, Mr. O'Neill had spent virtually his entire career in banking. He was actively involved in many Mesa civic and charitable activities. His background, community activities and pre-existing friendship with John Rhodes, Jr., ineluctably lead to his being asked to assist the Rhodes campaign. This was his first, and probably

2404360205 4

last, foray into a political campaign. Although he approached the campaign with enthusiasm, Mr. O'Neill had no training or education in the federal election campaign act. Many of the Commission's areas of concern only highlight Mr. O'Neill's ignorance of the federal election campaign act.

At the start of the Arizona FBI investigation which presumably forms the basis of the Commission's inquiry, Mr. O'Neill not only lost his position on the Rhodes campaign, but also his job at the United Bank of Arizona. Accordingly, Mr. O'Neill does not have access to either the Bank's or the campaign's records, as reflected in his responses to the request for production of documents. The answers to interrogatories are based upon his best present independent recollection.

It is difficult to review the many allegations in the Commission's letter without conceding that, under the pressure of the campaign, mistakes were made by not dotting every "i" and crossing every "t" as the law demands. Many of the allegations, however, did <u>not</u> involve knowing and willful transgressions of the law as much as a mistaken belief that the law allowed certain actions. For example, Mr. O'Neill then believed the law was far less stringent than it is in allowing gifts to be made to others who could then contribute to a political campaign. This mistaken belief is at the root of many of the allegations.

By and large, Mr. O'Neill, aside from the so-called Riviera cashier's check for $4,000 and the bank loans, does not dispute facts set out by the written record. He does, however, take issue with inferences that he knowingly violated the federal election campaign act. The Commission's letter appears to acknowledge that differing inferences can be drawn. Although Mr. O'Neill declines to comment upon the principal allegations, the Commission's factual and legal analysis covers a number of other areas. We will deal with each one separately.

1. <u>Contribution in the Names of others by O'Neill in March 1986</u>

In early March 1986, campaign contributions in the amount of $1,000 each were made in the names of Mr. O'Neill's daughters, their husbands and Cortland Silver, Jr. As set forth in the answers to interrogatories, the source of this $5,000 was actually Cortland Silver, Sr. Mr. O'Neill, at the time, did not know it was a violation of the Act for others to accept gifts of money for their use in contributing to the campaign.

2404360255

2. Contributions in the Names of others by Wolfswinkel in July 1986

Conley Wolfswinkel, Bernadette Wolfswinkel, Dustin Wolfswinkel, Damien Wolfswinkel and Ashton Wolfswinkel made contributions to the campaign. The legal and factual analysis of the Commission assumes that all of these payments ultimately derived from Conley Wolfswinkel. Even if they did, Mr. O'Neill was not then aware that Mr. Wolfswinkel could not gift monies to his spouse and children who then, in turn, could make their own contributions to the campaign.

3. Commingling of Committee funds with the personal funds of O'Neill

The $4,000 cashier's check made out to Mr. O'Neill on May 30, 1986 from the Riviera Capital Corporation, to the best of Mr. O'Neill's present knowledge, has nothing to do with the campaign. Rather, as stated in the answers to interrogatories, Mr. O'Neill believes that this was a pay back to him of monies he advanced to Mr. Silver. Mr. O'Neill was confused about the check at the time he was interviewed by the bank officer, which appears to be reflected in the statement the Commission apparently has.

4. Payments by Cortland Silver to enable his daughter to work for the Committee

The circumstances surrounding Mr. Silver's daughter, Debbie Lorhsbaugh, we anticipate will be explained by Mr. Silver. This arrangement was set up to help Ms. Lorhsbaugh at the request of Mr. Silver. It was done to help Mr. Silver and his daughter through a difficult personal time, and the last motivation of either Mr. Silver or Mr. O'Neill was to knowingly violate the campaign laws.

5. Loans to the Committee

Mr. O'Neill vigorously disputes that there was anything improper with the $35,000 revolving line of credit from the United Bank. Mr. Rhodes was an ongoing client of the Bank and the revolving line of credit was approved by Mr. O'Neill's supervisor, Mr. Jim Simmons at United Bank. The line of credit was made in accordance with applicable banking laws and regulations.

2 4 0 4 3 6 0 2 0 5 6

Mr. O'Neill also did not violate knowingly the campaign laws in arranging a loan from Sun National Bank. Although Mr. O'Neill guaranteed the loan when the Bank requested a guarantor, Mr. O'Neill did not know the guarantee was a violation of the law.

Sincerely,

Colin F. Campbell

CFC/pmd

Enclosure

9404360205 7

BEFORE THE FEDERAL ELECTION COMMISSION

IN THE MATTER OF JOHN J. O'NEILL,	MUR 2602 JOHN J. O'NEILL'S RESPONSE TO ORDER TO SUBMIT WRITTEN ANSWERS AND SUBPOENA TO PRODUCE DOCUMENTS

John J. O'Neill hereby responds to the Commission's order to submit written answers and subpoena to produce documents as follows:

(A) Request for Production of Documents

1. Mr. John J. O'Neill does not have within his possession, custody or control any documents pertaining to or making reference to payments by Cortland Silver for Debbie Lorhsbaugh's salary and to all other contributions to the Committee by Mr. Silver. Upon information and belief, any such documents would be within the possession, custody or control of Mr. Silver.

2. Mr. John J. O'Neill does not have within his possession, custody or control any documents pertaining to or making reference to the $4,000 cashier's check made out to him on May 30, 1986, in the name of Riviera Capital Corporation.

3. Mr. John J. O'Neill does not have within his possession, custody or control any documents pertaining to or making reference to the $35,000 line of credit granted to the Committee by the United Bank of Arizona during June and July,

2043602058

1986. Upon information and belief, such documents would be in the possession, custody or control of the Campaign Committee or the United Bank.

4. Mr. John J. O'Neill does not have within his possession, custody or control any documents pertaining to or making reference to the loan made by the Sun National Bank to the Committee in September 1986. Upon information and belief, these documents should be within the possession, custody or control of Sun National Bank or the Campaign Committee.

(B) Interrogatories

1. The circumstances surrounding Cortland Silver and his daughter, Debbie Lorhsbaugh, can certainly be addressed directly by Mr. Silver. Ms. Lorhsbaugh had suffered through a difficult marriage and her father was attempting to build her self-confidence. In an attempt to build her self-confidence, Mr. Silver requested that she be allowed to work for the campaign and that he would pay her a salary, although he did not want his daughter to know this. The campaign did not need Ms. Lorhsbaugh to work for it and did not solicit her work. Nonetheless, Mr. O'Neill consented to the arrangement as a favor to Cortland Silver and his daughter. Mr. O'Neill does not, based upon his independent recollection, recall the exact time periods that Ms. Lorhsbaugh worked for the campaign. He believes it to have been for two or two and a half months. Ms. Lorhsbaugh was paid either in cash or cashier's checks that

9404360205 9

were given to Mr. O'Neill by Cortland Silver. If payment was made by cashier's check, then the payee on the check would be Ms. Lorhsbaugh. Mr. Cortland Silver and Mr. O'Neill were aware of these arrangements as well as the office manager, whose name Mr. O'Neill does not now recall. The office manager would provide Ms. Lorhsbaugh her salary if Mr. O'Neill was not in the office. Based upon his present independent recollection, Mr. O'Neill believes Ms. Lorhsbaugh was paid $250 a week. The exact amount could be confirmed by copies of the cashier's checks.

2. The person with whom Mr. Silver made the arrangements to pay Ms. Lorhsbaugh's salary was Mr. O'Neill.

3. Mr. Silver and John J. O'Neill knew of the arrangement. See answers to interrogatories one and two above. Mr. O'Neill also had the office manager pay Ms. Lorhsbaugh if he was not present in the office and the office manager, therefore, was aware that Mr. O'Neill was paying her. Mr. O'Neill does not now recall the office manager's name.

4. In March of 1986, Mr. O'Neill's two daughters and son-in-laws and Cortland Silver, Jr. contributed, in total, $5,000 to the campaign. The source of these funds was a $5,000 check from Mr. Silver. Given the manner in which the Commission has discussed similar contributions in its factual and legal analysis, we gather the Commission will view this as a contribution from Mr. Silver, Sr., rather than as gifts to the individuals who then contributed the money to the campaign.

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5. The $4,000 cashier's check made out to Mr. O'Neill on May 30, 1986, in the name of Riviera Capital Corporation has nothing whatsoever to do with the Rhodes campaign. To the best of Mr. O'Neill's present independent recollection, this check to Mr. O'Neill was to reimburse him for advancements he had made to Cortland Silver. To his best recollection, no funds whatsoever from this cashier's check were utilized as contributions to the campaign.

6. See the answer to interrogatory number five above.

DATED this 5th day of July, 1988.

MEYER, HENDRICKS, VICTOR, OSBORN & MALEDON, A Professional Association

By _____
Colin F. Campbell
Suite 4000
2700 North Third Street
Phoenix, Arizona 85003

7 4 0 4 3 6 0 2 0 6 1

VERIFICATION

I, John J. O'Neill, being first duly sworn upon my oath depose and say:

I have read the above answers to interrogatories and, based upon my present recollection and belief the answers stated are true.

John J. O'Neill

SUBSCRIBED AND SWORN to before me this 5th day of July, 1988.

Notary Public

My Commission Expires:

April 2, 1989

9404360200662

MUR 2602
RECEIVED
FEDERAL ELECTION COMMISSION
88 JUL -5 AM 10:23

June 26, 1988

Federal Election Commission
Washington D.C. 20463

RE: MUR 2602

Att. Jonathan Levin

Dear Mr. Levin:

I recently received a request for answers in writting pertaining to the action the FEC is pursuing against the Rhodes for Congress Committee. I understand from counsel for the committee that the request for information was to have included a form known as "Designation of counsel", in reviewing the material I can find no such form. Since this form was mistakenly omitted from my packet I would like to request one, or if it would expedite matters you may consider this letter as a consent to allow Mr. Daniel J. Swillinger of Barnett & Alagia, 1000 Thomas Jefferson St., NW, Washington D.C. 20007, to act as my counsel in this matter.

Sincerely,

Benjamin A. Dodson
402 E. Linberlost #116
Tucson, AZ 85705
(602) 888-7239

cc: Daniel J. Swillinger

RECEIVED
FEDERAL ELECTION COMMISSION
88 JUL -6 AM 11:33

2404360206 3

RECEIVED
FEDERAL ELECTION COMMISSION
88 JUL -8 AM 11: 10

LAW OFFICES

BARNETT & ALAGIA

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

OFFICES IN:
ATLANTA, GEORGIA
FRANKFORT, KENTUCKY
LOUISVILLE, KENTUCKY
MIAMI, FLORIDA
NASHVILLE, TENNESSEE
NEW ALBANY, INDIANA
PALM BEACH, FLORIDA
BANGKOK, THAILAND

DANIEL J. SWILLINGER
PARTNER

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 JUL -8 PM 12: 54

July 7, 1988

Jonathan Levin, Esquire
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

RE: MUR 2602

Dear Mr. Levin:

Thank you for informing me that you have received a Designation of Counsel letter from Ben Dodson.

As I explained, he did not send to me the interrogatories you propounded to him, a response for which is due July 11.

I am therefore requesting an extension of time in which to file Mr. Dodson's response to July 29, 1988.

In the meantime, I would appreciate it if you would send a set of the interrogatories to me, so that Mr. Dodson and I can begin the process of responding.

Thank you for your cooperation.

Sincerely,

BARNETT & ALAGIA

Daniel J. Swillinger

DJS:crj
cc: Mr. Benjamin A. Dodson
Thomas V. Rawles, Esquire

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 12, 1988

Daniel J. Swillinger, Esquire
Barnett & Alagia
1000 Thomas Jefferson Street, N.W.
Washington, D.C. 20007

RE: MUR 2602

Dear Mr. Swillinger:

Enclosed is a copy of the order and subpoena received by your client, Benjamin A. Dodson, on June 26, 1988. If you have any questions, please contact Colleen Miller or Jonathan Levin, the attorneys assigned to this matter, at 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Order and Subpoena

2404360206 5

@CCH 9795

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 JUL 15 PM 12:04

WILEY, REIN & FIELDING

1776 K STREET, N.W.
WASHINGTON, D.C. 20006
(202) 429-7000

JAN W. BARAN
(202) 429-7330

July 13, 1988

Mr. Lawrence M. Noble
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Attn: Jonathan Levin
Colleen Miller

RE: MUR 2602 (Conley D. Wolfswinkel and Wolfswinkel Group, Incorporated)

Dear Mr. Noble:

I hereby withdraw my representation of Conley D. Wolfswinkel and the Wolfswinkel Group, Incorporated in the above referenced matter. All further correspondence with respect to this matter should be directed to Conley D. Wolfswinkel at Wolfswinkel Group, Inc., 1201 S. Alma School Road, Mesa, Arizona 85202.

Sincerely,

Jan W. Baran

JWB/slg
cc: Conley D. Wolfswinkel

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RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

88 JUL 15 PM 3:47

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 15, 1988

Daniel J. Swillinger
Barnett & Alagia
1000 Thomas Jefferson St., N.W.
Washington, D.C. 20007

RE: MUR 2602
Benjamin Dodson

Dear Mr. Swillinger:

This is in response to your letter dated July 7, 1988, which we received on July 8, 1988, requesting an extension until July 29, 1988 to respond to the interrogatories in MUR 2602. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on July 29, 1988.

If you have any questions, please contact Jonathan Levin or Colleen Miller, the attorneys assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

2404360020067

CCC #9944

June 19, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
88 JUL 28 PM 3:14

Mr. Thomas J. Josefiak
Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2602
Conley D. Wolfswinkel
Wolfswinkel Group, Inc.

Dear Mr. Josefiak:

This letter comes in response to your letter of 10 May 1988, and is intended to provide not only the information requested but other facts which demonstrate that this matter is best served by pre-probable cause conciliation. Such being the case, please allow this letter, pursuant to 11 C.F.R. §118.18(d), to also serve as our request for pre-probable cause conciliation.

In response to the specific allegations made in the Factual and Legal Analysis, the facts reveal the following:

2 U.S.C. §441a(a)(1)(A) and §441a(a)(3) re: $30,000 check

If any FECA violation occurred, it was not done willfully or knowingly. Mr. Wolfswinkel, who had committed to help raise money for the Rhodes campaign, was approached by Mr. O'Neill, the campaign finance chairman and Rhodes for Congress Committee's treasurer, who requested $30,000 on behalf of the campaign. Mr. O'Neill assured Mr. Wolfswinkel that a loan to the campaign was allowed and appropriate. Mr. Wolfswinkel, in reliance on Mr. O'Neill's representations and position, authorized disbursement of the $30,000 to the campaign as an advance against the monies he had committed to help raise.

In addition, as is often his practice, the actual drafting and, possibly, signing of the check representing this advance was not done by Mr. Wolfswinkel personally but by an agent of his. He merely authorized the disbursement of the funds. Thus, the fact that the check was made out to United Bank rather than the Rhodes campaign was unknown to Mr. Wolfswinkel until this investigation.

Because of the representations and position of Mr. O'Neill, Mr. Wolfswinkel forwarded funds to the Rhodes campaign. Given Mr. O'Neill's position and finance chairman and treasurer, Mr.

2404360200 68

Wolfswinkel's reliance was entirely reasonable. Although he may have misplaced this reliance, at no time was Mr. Wolfswinkel trying to increase his personal contribution, contribute in the names of others, or otherwise circumvent FECA regulations.

2 U.S.C. §441b(a) re: $30,000 check

Although the account from which the $30,000 check was drawn is and was used for business and personal expenditures, all personal expenditures and charges are consolidated into a revolving fund which had a market interest rate attached. Thus, Wolfswinkel Group, Inc. would have been reimbursed for any personal expenditures of Mr. Wolfswinkel.

Re: Contributions of Family Members

Mr. Wolfswinkel acknowledges that the contributions by his family may not be in compliance with FECA standards. However, any violation which may have occurred was not done knowingly or willfully.

Sincerely,

J. Grant Woods

JGW/RBC/lm

Enclosures: Answers to Interrogatories

24043602069

ANSWERS TO INTERROGATORIES

Answers to Interrogatory 1:

A. Conley Wolfswinkel
Land Developer
Business Address:
1201 South Alma School Road
13th Floor
Mesa, Arizona 85201

Home Address:
788 N. Kyrene Road
Chandler, Arizona 85224

B. Judy Windish
Chief Financial Officer
Business Address:
1201 South Alma School Road
13th Floor
Mesa, Arizona 85201

Home Address:
1248 N. Regatta
Gilbert, Arizona 85234

C. Jay Ellingson
Land Developer
Business Address:
1201 South Alma School Road
13th Floor
Mesa, Arizona 85201

Home Address:
1516 E. Halafax
Mesa, Arizona 85203

D. Elizabeth Heintz
Business Address:
1201 South Alma School Road
13th Floor
Mesa, Arizona 85201

Home Address:
5910 E. Maryland Road
Scottsdale, Arizona 85254

All of the above had rights to sign on the account with their signature alone, but internally office policy was such that Conley Wolfswinkel's approval was required for all withdrawals.

Answers to Interrogatory 2:

Bernadette Wolfswinkel:

94043602070

a) No
b) N/A
c) N/A
d) N/A
e) None

Dustin Wolfswinkel

a) No
b) N/A
c) N/A
d) N/A
e) None

Damian Wolfswinkel

a) No
b) N/A
c) N/A
d) N/A
e) None

Ashton Wolfswinkel

a) No
b) N/A
c) N/A
d) N/A
e) None

Answer to Interrogatory 3: None of the children had reached his or her 18th birthday.

2404360207 1

6CCH5555

LAW OFFICES

BARNETT & ALAGIA

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

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NEW ALBANY, INDIANA
PALM BEACH, FLORIDA
BANGKOK, THAILAND

DANIEL J. SWILLINGER
PARTNER

July 29, 1988

Hand Delivered

Jonathan Levin, Esquire
Office of the General Counsel
999 E Street, N.W.
Federal Election Commission
Washington, D.C. 20463

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 JUL 29 PM 3:51

Re: MUR 2602

Dear Mr. Levin:

Enclosed are an original and two copies of Benjamin Dodson's response to the Commission's order for interrogatories and document production.

Sincerely,

BARNETT & ALAGIA

Daniel J. Swillinger

DJS:crj
Enclosures

2404360207 2

BEFORE THE FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

RE: MUR 2602

RESPONSE TO COMMISSION ORDER TO SUBMIT WRITTEN ANSWERS, AND SUBPOENA TO PRODUCE DOCUMENTS

Now comes Benjamin A. Dodson, and responds as follows to the Commission's order to submit written answers:

1. Describe the payments made for the salary of Ms. Lorhsbaugh for her work for the Committee?

ANSWER

I observed John O'Neill deliver to Ms. Lorhsbaugh what I believe were paychecks. I am not aware of the details of the transactions.

2. Identify the person(s) with whom Mr. Silver made the arrangements to pay Ms. Lorhsbaugh's salary?

ANSWER

I am not aware of these arrangements.

3. Identify the person(s) who, to your knowledge, knew of this arrangement.

ANSWER

I believe that Ann Brown, the campaign manager, knew more about this arrangement than I did.

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88 JUL 29 PM 3:52

4. List all other contributions made by Mr. Silver to the Committee.

ANSWER

I do not have records showing contributions by Mr. Silver.

5. and 6. These questions relate to a $4000 cashier's check purchased by Riviera Capital Corp.

ANSWER

I do not know anything about this transaction.

RESPONSE TO DOCUMENT PRODUCTION SUBPOENA

I have no documents relating to the Lorhsbaugh arrangement, the $4000 cashier's check, or campaign lines of credit and bank loans. I gave to the FBI in the fall of 1986 all campaign documents I had which concerned this entire matter.

Benjamin A. Dodson

Subscribed and sworn to me this 26th day of July, 1988.

Notary Public

My Commission expires:

OFFICIAL SEAL
SUSAN E. WALKEY
Notary Public-State of AZ
PIMA COUNTY
My Comm. Expires May 29, 1989

DJS/10:1.3/lr

9404360207 4

RECEIVED
FEDERAL ELECTION COMMISSION
88 AUG -1 AM 10:37

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Ann S. Lorenzo) MUR 2602
John J. O'Neill)

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On April 28, 1988, the Commission made a number of reason to believe determinations with respect to activities in connection with the House campaign of John J. Rhodes, III, of Arizona. Included among those determinations was a finding that there was reason to believe that Ann Lorenzo violated 2 U.S.C. § 441f and reason to believe that John J. O'Neill committed knowing and willful violations of 2 U.S.C. §§ 441f, 441a(a)(1)(A) and 441a(f). Reason to believe notifications, orders, subpoenas for written responses and documents were mailed to both Mr. O'Neill and Ms. Lorenzo on May 10.

On July 5, 1988, this Office received requests from Mr. O'Neill's and Ms. Lorenzo's counsel to enter into pre-probable cause conciliation negotiations.

II. ANALYSIS

This Office has received the responses of all respondents in this matter with the exception of Conley Wolfswinkle. These responses indicate the need for a more detailed investigation with respect to many of the violations. This Office believes that, until such time as the investigation with respect to the activities of Ms. Lorenzo and Mr. O'Neill is complete, the Commission should deny the requests. Therefore, this Office

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recommends that the Commission decline to enter into pre-probable cause conciliation with Mr. O'Neill and Ms. Lorenzo at this time.

III. RECOMMENDATIONS

1. Decline at this time to enter into conciliation prior to a finding of probable cause to believe with Ann S. Lorenzo.

2. Decline at this time to enter into conciliation prior to a finding of probable cause to believe with John J. O'Neill.

3. Approve the attached letter.

7/29/88
Date

Lawrence M. Noble (ZP
Lawrence M. Noble
General Counsel

Attachments
1. Requests for concililation
2. Proposed letter to counsel for Ms. Lorenzo and Mr. O'Neill

Staff Person: Colleen Miller

9404360020076

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: August 1, 1988

SUBJECT: MUR 2602 - 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	[X]	Compliance	[X]
Sensitive	[X]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
		Other (see distribution below)	[ ]
Other	[ ]		

_____ _____

_____ _____

_____ _____

_____

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Ann S. Lorenzo	)	MUR 2602
John J. O'Neill	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 3, 1988, the Commission decided by a vote of 6-0 to take the following actions in MUR 2602:

1. Decline at this time to enter into conciliation prior to a finding of probable cause to believe with Ann S. Lorenzo, as recommended in the General Counsel's report signed July 29, 1988.

2. Decline at this time to enter into conciliation prior to a finding of probable cause to believe with John J. O'Neill, as recommended in the General Counsel's report signed July 29, 1988.

3. Approve the letter, as recommended in the General Counsel's report signed July 29, 1988.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

8/3/88
Date

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

Received in the Office of Commission Secretary: Mon., 8-1-88, 10:37
Circulated on 48 hour tally basis: Mon., 8-1-88, 4:00
Deadline for vote: Wed., 8-2-88, 4:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 9, 1988

Colin F. Campbell
Meyer, Hendricks, Victor,
Osborn & Maledon
Suite 4000
2700 North Third Street
Phoenix, Arizona 85004

RE: MUR 2602
John J. O'Neill
Ann S. Lorenzo

Dear Mr. Campbell:

On May 10, 1988, your clients, John J. O'Neill and Ann S. Lorenzo, were notified that the Federal Election Commission found reason to believe that they violated certain provisions of the Federal Election Campaign Act. On July 6, 1988, this Office received your request to enter into conciliation negotiations prior to a finding of probable cause to believe.

The Commission has considered your request and determined, because of the need to complete the investigation, to decline at this time to enter into conciliation prior to a finding of probable cause to believe.

If you have any questions please contact Jonathan Levin or Colleen Miller, the attorneys assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

2404360207 9

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: September 26, 1988

SUBJECT: MUR 2602 - 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	[XX]	Compliance	[XX]
Sensitive	[XX]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

_____ _____

_____ _____

_____ _____

_____

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SECRETARIAT
88 SEP 26 PM 4:23

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Conley D. Wolfswinkel	)	MUR 2602
Wolfswinkel Group, Inc.	)	

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On April 28, 1988, the Commission made a number of reason to believe determinations with respect to activities in connection with the House campaign of John J. Rhodes, III, of Arizona. Included among those determinations was a finding that there was reason to believe that Conley D. Wolfswinkel committed knowing and willful violations of 2 U.S.C. §§ 441f and 441a(a), that Conley D. Wolfswinkel violated 2 U.S.C. §§ 441a(a)(3) and 441b and that Wolfswinkel Group, Inc. violated 2 U.S.C. § 441b(a). Reason to believe notifications, orders, subpoenas for written responses and documents were mailed to counsel for Mr. Wolfswinkel and Wolfswinkel Group, Inc. on May 10.

On July 28, 1988, this Office received requests from counsel for Mr. Wolfswinkel and Wolfswinkel Group, Inc. to enter into pre-probable cause conciliation negotiations.

II. ANALYSIS

This Office has received the responses of all respondents in this matter. These responses indicate the need for a more detailed investigation with respect to many of the violations. The responses, including that from Mr. Wolfswinkel, contain information which is sometimes vague or contradictory. Additionally, other persons have been identified who may have

2043602081

knowledge regarding the alleged violations. This Office will soon be requesting Commission approval of a maximum of ten depositions, as well as additional Interrogatories and Requests for Production of Documents to be sent to at least one respondent and questions to be asked of at least one non-responding witness. This Office believes that, until such time as the investigation with respect to the activities of Mr. Wolfswinkel and Wolfswinkel Group, Inc. is complete, the Commission should deny the requests. Therefore, this Office recommends that the Commission decline to enter into pre-probable cause conciliation with Mr. Wolfswinkel and Wolfswinkel Group, Inc. at this time.

III. **RECOMMENDATIONS**

1. Decline at this time to enter into conciliation prior to a finding of probable cause to believe with Conley D. Wolfswinkel and Wolfswinkel Group, Inc.

2. Approve the attached letter.

9/23/88
Date

Lawrence M. Noble (HR)
Lawrence M. Noble
General Counsel

Attachments
1. Requests for conciliation
2. Proposed letter to counsel for Mr. Wolfswinkel and Wolfswinkel Group, Inc.

Staff Person: Colleen Miller
Jonathan Levin

24043602082

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Conley D. Wolfswinkel	)	MUR 2602
Wolfswinkel Group, Inc.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 29, 1988, the Commission decided by a vote of 6-0 to take the following actions in MUR 2602:

1. Decline at this time to enter into conciliation prior to a finding of probable cause to believe with Conley D. Wolfswinkel and Wolfswinkel Group, Inc., as recommended in the General Counsel's report signed September 23, 1988.

2. Approve the letter, as recommended in the General Counsel's report signed September 23, 1988.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

9/29/88
Date

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

Received in the Office of Commission Secretary: Mon., 9-26-88, 4:23
Circulated on 48 hour tally basis: Tues., 9-27-88, 11:00
Deadline for vote: Thurs., 9-29-88, 11:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 3, 1988

J. Grant Woods
Woods and Hart
151 North Centennial Way
Suite 2000
Mesa, Arizona 85201

RE: MUR 2602
Conley D. Wolfswinkel
Wolfswinkel Group, Inc.

Dear Mr. Woods:

On May 10, 1988, your clients, Conley D. Wolfswinkel and Wolfswinkel Group, Inc., were notified that the Federal Election Commission found reason to believe that they violated certain provisions of the Federal Election Campaign Act. On July 28, 1988, this Office received your request to enter into conciliation negotiations prior to a finding of probable cause to believe.

The Commission has considered your request and determined, because of the need to complete the investigation, to decline at this time to enter into conciliation prior to a finding of probable cause to believe.

If you have any questions please contact Jonathan Levin or Colleen Miller, the attorneys assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

In the Matter of	)	88 DEC 20 PM 4:42
	)	
John J. O'Neill	)	MUR 2602
Conley D. Wolfswinkel	)	
Wolfswinkel Group Incorporated	)	
Rhodes to Congress Committee, and	)	
Kent H. Mulkey, as treasurer	)	
Ann S. Lorenzo	)	
Cortland Silver	)	
John J. Rhodes, III	)	
United Bank of Arizona	)	

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter came to the attention of the Federal Election Commission by a referral from the United States Attorney of the District of Arizona and from information provided by the Federal Bureau of Investigation. On April 28, 1988, the Commission found reason to believe that numerous violations, including several knowing and willful violations, of the Federal Election Campaign Act had occurred with respect to activities in connection with the 1986 House campaign of John J. Rhodes, III of Arizona. Among the violations included in the findings were contributions knowingly and willfully made in the names of others by John O'Neill and Conley Wolfswinkel, in violation of 2 U.S.C. § 441f. These contributions apparently were accepted by the Committee and O'Neill, as agent of the Committee, and knowingly and willfully made in the names of Ann Lorenzo, O'Neill and many others in violation of 2 U.S.C. § 441f. The findings also included apparent excessive contributions knowingly and willfully made to the Committee by O'Neill, and Conley Wolfswinkel and made by Cortland Silver (but not knowingly and willfully) in violation of 2 U.S.C. § 441a.

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These were accepted by John J. Rhodes, III and John O'Neill on behalf of the Rhodes to Congress Committee.

The principal finding was that a $30,000 check was given by Conley D. Wolfswinkel to John O'Neill, who was the finance chairman and assistant treasurer for the Rhodes campaign. Mr. O'Neill deposited $18,000 of this money into the campaign's revolving line of credit at the United Bank of Arizona, for which O'Neill worked, and contributed another $7,000 of the funds to the campaign in the names of others. Mr. O'Neill transferred $5,000 of the remaining funds to himself and subsequently gave $1,000 of that to Ann Lorenzo to contribute to the campaign. O'Neill used the remainder to make a personal contribution of $1,000 to the campaign and a $3,000 payment directly to the candidate, ostensibly for legal services.

Additional violations involve an arrangement made by O'Neill to hire Deborah Lorshbough to work for the campaign. Lorshbough's salary was paid by Cortland Silver, her father. The salary payments were not reported as contributions, in violation of 2 U.S.C. § 434(b) and were excessive contributions, in violation of 2 U.S.C. § 44la. Additionally, Rhodes was able to obtain a $35,000 loan from United Bank of Arizona without supplying current financial data to the bank. This apparently was not in the ordinary course of business, violating 2 U.S.C. § 44lb. See also 11 C.F.R. § 100.7(b)(11). A $50,000 loan from Sun Bank was guaranteed personally by Mr. O'Neill, which would be

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a contribution under 2 U.S.C. § 431(8)(A)(vii)(I) and 11 C.F.R. § 100.7(a)(1)(i)(C). The guarantee appeared to be in excess of the limits of 2 U.S.C. § 44la, and was not reported to the Commission, in violation of 2 U.S.C. § 434(b). Earlier in 1986, O'Neill made contributions to the campaign in the names of others totalling $5,000. O'Neill appears also to have commingled campaign funds with his personal funds, in violation of 2 U.S.C. § 434(b)(3). Finally, Conley D. Wolfswinkel made a separate $5,000 contribution to the Rhodes campaign in the names of family members and himself, violating 2 U.S.C. § 441f.

On May 10, 1988, a number of respondents and one non-respondent witness were asked to supply answers to interrogatories and to produce specific documents. That information has been received and analyzed by this Office and indicates the need for more detailed investigation with respect to many of the violations. For example, many respondents have provided differing accounts of O'Neill's authority in the campaign and varying versions of representations made by O'Neill as to the legality of certain activities. Additionally, while several respondents admit that "technical" violations may have occurred, all claim that such violations were inadvertent and not knowing and willful. Contradictory responses and information provided by the F.B.I., however, suggest otherwise. For example, a statement by Rhodes indicates that both O'Neill and Wolfswinkel understood the limitations on campaign financing. Campaign

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staffer Benjamin Dodson stated that Rhodes, as well as O'Neill, had a thorough understanding of election law.

Responses from John O'Neill, Ann Lorenzo, Cortland Silver, Conley Wolfswinkel, and the Rhodes to Congress Committee were vague in some areas and inconclusive in still others. The Committee, for example, concedes that O'Neill was authorized to make certain unspecified transactions, yet insists he was without authority in the areas under investigation. Many documents were produced by Cortland Silver, United Bank, Congressman Rhodes and the Committee, which raise additional questions regarding the campaign activities and are in need of further explanation. These documents, including loan documents, checks, and a statement granting O'Neill authority to make certain transactions, suggest a strong need to explore the circumstances of both of the loans and O'Neill's ability to act on behalf of the Committee. Finally, responses from many indicate that additional persons, such as Rhodes' law partner and the Committee's campaign chair, may possess specific information which is relevant to the investigation.

This Office believes that conducting a series of depositions is necessary to clarify the responses and to obtain follow-up information already obtained in the investigation. Of particular importance, the depositions will allow this Office to obtain information regarding the knowing and willful nature of certain violations. Therefore, this Office recommends that the

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Commission approve notices of depositions for John J. O'Neill, Ann Lorenzo O'Neill, Cortland Silver, Sr., Conley D. Wolfswinkel, John J. Rhodes, III, and Kent H. Mulkey as treasurer for Rhodes to Congress Committee. Additionally, this Office recommends that the Commission approve notices of deposition for Ann Brown, campaign manager; Benjamin Dodson, a campaign staffer with information regarding contribution practices; Georgeann Beaudet, Marie Evans, and Anni Unsicker, all three of whom were involved with processing the loan and the contribution checks at United Bank of Arizona; Roger Golston, Rhodes' law partner; Sheila Kerr, Rhodes' secretary at the law office; William Horton of Sun Bank; and Robert Randolph of United Bank of Arizona, who conducted the Bank's investigation of O'Neill's activities with respect to the campaign.

II. **RECOMMENDATIONS**

Approve the attached notices of deposition, and letters.

12/20/88
Date

Lawrence M. Noble
General Counsel

Attachments
1. Notices of Deposition
2. Letters to respondents
3. Sample of letter to non-respondent witnesses

Staff Persons: Colleen Miller
Jonathan Levin

9404360200889

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: December 20, 1988

SUBJECT: MUR 2602 - General Counsel's Rpt.

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

Open Session

Closed Session

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

2043602090

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
John J. O'Neill	)	
Conley D. Wolfswinkel	)	
Wolfswinkel Group Incorporated	)	
Rhodes to Congress Committee, and	)	MUR 2602
Kent H. Mulkey, as treasurer	)	
Ann S. Lorenzo	)	
Cortland Silver	)	
John J. Rhodes, III	)	
United Bank of Arizona	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on December 23, 1988, the Commission decided by a vote of 4-0 to approve the notices of deposition and letters, as recommended in General Counsel's Report signed December 20, 1988.

Commissioners Elliott, Josefiak, McDonald, and Thomas voted affirmatively for the decision. Commissioners Aikens and McGarry did not cast votes.

Attest:

December 23, 1988
Date

for Marjorie W. Emmons
Secretary of the Commission

Received in the Office of Commission Secretary: Tues., 12-20-88, 4:42
Circulated on 48 hour tally basis: Wed., 12-21-88, 4:00
Deadline for vote: Fri., 12-23-88, 4:00

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FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Daniel Swillinger
Barnett & Alagia
1000 Thomas Jefferson St., N.W.
Washington, D.C. 20007

RE: MUR 2602
Rhodes to Congress and
Kent H. Mulkey, as treasurer
John J. Rhodes, III

Dear Mr. Swillinger:

On May 10, 1988, your clients, John J. Rhodes, III and Rhodes to Congress, Kent H. Mulkey, as treasurer were notified that the Federal Election Commission had found reason to believe they violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), 434(b)(3)(E), 434(b)(4)(A), 434(b)(5)(A), 441a(f), 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended.

Pursuant to its investigation of this matter, the Commission has issued the attached subpoena requiring Congressman Rhodes to appear and give sworn testimony on February 16, 1989 at 10:00 a.m. and Kent H. Mulkey to appear and give sworn testimony on March 8, 1989, at 1:30 p.m. 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 21 cents per mile. Your clients will be given a check for the witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm the scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (202) 376-8200. It is

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further required that you submit all documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

9404360209 3

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Kent H. Mulkey, as treasurer
Rhodes to Congress Committee
P.O. Box 1381
Mesa, AZ 85201

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for the House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on March 8, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 1:30 p.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 12th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

2404360209 5

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: John J. Rhodes, III
510 Cannon House Office Building
Washington, D.C. 20515

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for House of Representatives in 1986 of John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on February 16, 1989 at the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463 at 10:00 a.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L McDonald

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

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John J. Rhodes, III

INSTRUCTIONS

In answering this request for production of documents furnish all documents and other information, however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so, produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents communications, or other items about which information is requested by the following request for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of this document request, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

Produce all documents relating to the events described in the Factual and Legal Analysis in MUR 2602, including but not limited to:

1. all vouchers, journals, or calendars relating to travel to Washington, D.C. in December, 1985.

2. correspondence, notes or memoranda relating to the $3,000 payment from John O'Neill for legal services performed by you.

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Kent H. Mulkey

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so, produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by the following request for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of this document request, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership committee, association, corporation, or any other type of organization or entity.

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

Produce all documents relating to the events described in the Factual and Legal Analysis in MUR 2602, including but not limited to:

1. correspondence or memoranda regarding the employment of Deborah Lorshbough in the Rhodes to Congress Campaign,

2. staff schedules of the Rhodes to Congress committee from June, 1986 to September, 1986,

3. documentation, correspondence or memoranda relating to assistance provided by the U.S. Chamber of Commerce for retirement of campaign debts,

4. statements of policy or memoranda of understanding regarding the handling of contribution cards, corresponding contribution checks, and letters of acknowledgment of contributions,

5. documents, memoranda, contracts or statements of understanding which set forth the job responsibilities of John J. O'Neill or Ann Lorenzo, with regard to the Rhodes Committee.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert Randolph
Vice President and Manager
Security Loss Prevention Department
United Bank Arizona
16010 North 28th Avenue
Phoenix, Arizona 35023

RE: MUR 2602
United Bank of Arizona

Dear Mr. Randolph:

On May 10, 1988, United Bank of Arizona was notified that the Federal Election Commission had found reason to believe that United Bank of Arizona violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended.

Pursuant to its investigation of this matter, the Commission has issued the attached subpoena requiring you to appear and give sworn testimony on February 7, 1989 at 10:00 a.m. 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.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

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 21 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm the scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (202) 376-8200. It is

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further required that you submit requested documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Robert Randolph
Vice President and Manager
Security Loss Prevention Department
United Bank of Arizona
16010 North 28th Avenue
Phoenix, Arizona

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign to the House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on February 7, 1989 at the Office of the United States Attorney, 400 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 10:00 a.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

2043602105

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information, however obtained including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so, produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents communications, or other items about which information is requested by the following request for production of documents describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of this document request, including the instructions thereto the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership committee, association, corporation, or any other type of organization or entity.

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

1. Produce all documents relating to transactions with the Rhodes to Congress Campaign in 1986 or with John J. Rhodes, III., during the year 1986.

2. Produce the policy or policies of United Bank of Arizona in effect in 1986 regarding refinancing of loans.

3. Produce the policy or policies of United Bank of Arizona in effect in 1986 regarding the length of time within which a loan recipient must produce current financial information.

4. Produce the policy or policies of United Bank of Arizona in effect in 1986 regarding those conditions under which a loan recipient need not provide current financial information at the time of receipt of funds.

5. Produce the job performance appraisals of John O'Neill for 1985 and 1986.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Sheila A. Kerr
c/o Rawlins, Burrus,
Lenkowitz and Feinstein
13 North MacDonald
Mesa, Arizona 85201

RE: MUR 2602

Dear Ms. Kerr:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached subpoena which requires you to appear and give sworn testimony on February 10, 1989 at 9:30 a.m. which requires you to provide certain information in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

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 21 cents per mile. You will be given a check for your witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm your scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (800) 424-9530. You are

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further requested to submit the requested documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

9404360210 9

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Sheila A. Kerr
c/o Rawlins, Burrus,
Lenkowitz and Feinstein
13 North MacDonald
Mesa, Arizona 85201

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for the House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on February 10, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 9:30 a.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

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Sheila A. Kerr

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so, produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by the following request for production of documents describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of this document request, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership committee, association, corporation, or any other type of organization or entity.

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

Produce all documents relating to the billing of services by John J. Rhodes, III or the law firm of Reynolds, Rhodes and Golston for legal services performed for John J. O'Neill in 1986 and all documents relating to the payment for such services.

Produce all documents relating to the Rhodes Campaign, including but not limited to correspondence, notes, journals, calendars and memoranda.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. William Horton
President
Sun National Bank
1220 South Alma School Road
Phoenix, Arizona 85202

RE: MUR 2602

Dear Mr. Horton:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached subpoena which requires you to appear and give sworn testimony on March 10, 1989 at 10:00 a.m. which requires you to provide certain information in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

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 21 cents per mile. You will be given a check for your witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm your scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (800) 424-9530. You are

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further requested to submit the requested documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

9404360211 5

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Mr. William Horton
President
Sun National Bank
1220 South Alma School Road
Phoenix, Arizona 85202

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on March 10, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 10:00 a.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

2404360211 17

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

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Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by the following request for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of this document request, including the instructions thereto, the terms listed below are defined as follows:

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

1. Produce all documents relating to Sun National Bank's contact or involvement with the Rhodes to Congress Committee of 1986, including but not limited to all loan documents guarantees, notes, payment schedules, receipts and correspondence.

2. Produce Sun National Bank's policy or policies regarding refinancing of loans, for the years 1985 and 1986.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Roger Golston
Rawlins, Burns, Lenkowitz
and Feinstein
13 North MacDonald
Mesa, Arizona 85201

RE: MUR 2602

Dear Mr. Golston:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached subpoena which requires you to appear and give sworn testimony on February 10, 1989 at 1:30 p.m. which requires you to provide certain information in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

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 21 cents per mile. You will be given a check for your witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm your scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (800) 424-9530. You are

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further requested to submit the requested documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

9404360211 21

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Roger Golston
Rawlins, Burrus, Lenkowitz
and Feinstein
13 North MacDonald
Mesa, Arizona 85201

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on February 10, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 1:30 p.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

9243602122

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

9404360021123

Roger Golston

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so, produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by the following request for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

Produce all documents relating to your involvement with the Rhodes to Congress Campaign in 1986, as well as the following:

1. all financial records of the law firm of Reynolds, Rhodes and Golston from March, 1986 to September, 1986,

2. correspondence, notes or memoranda relating to the $3,000 payment from John O'Neill for legal services performed by John J. Rhodes, III,

3. any statements of policy or memoranda of understanding for the firm of Reynolds, Rhodes and Golston regarding partnership withdrawals from the firm account and regarding the handling of payments from clients.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Anni Unsicker
c/o City Bank Arizona
P.O. Box 2908
Phoenix, Arizona 85062

RE: MUR 2602

Dear Ms. Unsicker:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached subpoena which requires you to appear and give sworn testimony on February 6, 1989 at 3 p.m. which requires you to provide certain information in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

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 21 cents per mile. You will be given a check for your witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm your scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (800) 424-9530. You are

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further requested to submit the requested documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

9404360021127

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Anni Unsicker
c/o City Bank Arizona
P.O. Box 2908
Phoenix, Arizona 85062

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on February 6, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 3 p.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

2404360128

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

24043602129

Anni Unsicker

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so, produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents communications, or other items about which information is requested by the following request for production of documents describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

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"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

Produce all documents in your possession or control relating to the Rhodes Campaign, including but not limited to correspondence, notes, journals, calendars and memoranda.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Marie Evans
Northern Trust Company
2266 N. Dobson Road
Suite 101
Mesa, Arizona 85202

RE: MUR 2602

Dear Ms. Evans:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached subpoena which requires you to appear and give sworn testimony on February 6, 1989 at 9:30 a.m. which requires you to provide certain information in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

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 21 cents per mile. You will be given a check for your witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm your scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (800) 424-9530. You are

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further requested to submit the requested documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

9404360213 3

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Marie Evans
Northern Trust Company
2266 N. Dobson Road
Suite 101
Mesa, Arizona 85202

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for House of Representatives of John J. Rhodes, III in 1986. Notice is hereby given that the deposition is to be taken on February 6, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 9:30 a.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

2043602134

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

2404360213 5

Marie Evans

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

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Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

1. Produce all documents in your possession or control relating to the Rhodes Campaign, including but not limited to correspondence, notes, journals calendars, and memoranda.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Georgeann Beaudet
c/o City Bank of Arizona
P.O. Box 2908
Phoenix, Arizona 85062

RE: MUR 2602

Dear Ms. Beaudet:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached subpoena which requires you to appear and give sworn testimony on February 6, 1989 at 1:30 p.m. which requires you to provide certain information in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

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 21 cents per mile. You will be given a check for your witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm your scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (800) 424-9530. You are

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further requested to submit the requested documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

24043602139

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Georgeann Beaudet
c/o City Bank Arizona
P.O. Box 2908
Phoenix, Arizona 85062

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for the House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on February 6, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 1:30 p.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

2043602140

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

9404360211 41

Georgeann Beaudet

INSTRUCTIONS

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Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of this document request, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers,

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

Produce all documents in your possession or control relating to the Rhodes Campaign, including but not limited to correspondence, notes, journals, calendars and memoranda.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

J. Grant Woods
Woods and Hart
151 North Centennial Way
Suite 2000
Mesa, Arizona 85201

RE: MUR 2602
Conley D. Wolfswinkel
Wolfswinkel Group, Inc.

Dear Mr. Woods:

On May 10, 1988, your clients, Conley D. Wolfswinkel and Wolfswinkel Group, Inc., were notified that the Federal Election Commission had found reason to believe your clients violated 2 U.S.C. §§ 441a(a)(1)(A), 441a(a)(3), 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended.

Pursuant to its investigation of this matter, the Commission has issued the attached subpoena requiring Conley D. Wolfswinkel to appear and give sworn testimony on February 8, 1989 at 10:00 a.m. 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 21 cents per mile. Your client will be given a check for the witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm the scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (202) 376-8200. It is

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further required that you submit all documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

2404360214 5

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Conley D. Wolfswinkel
788 W. Kyrene Road
Chandler, AZ 85224

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on February 8, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 10:00 a.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

9404360214 7

Conley D. Wolfswinkel

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so. produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by the following request for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of this document request, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

1. Produce all documents in your possession or control relating to the Rhodes to Congress Committee, including but not limited to correspondence, memoranda, notes, calendars, journals and receipts.

2. Produce the policy or policies in effect in 1986 regarding reimbursement of personal funds drawn from the account of Wolfswinkel Group, Incorporated.

3. Produce all documents as requested in the interrogatories and request for documents of May 10, 1988.

2404360214 9

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ann Brown
1635 E. Gardenia
Phoenix, Arizona 85020

RE: MUR 2602

Dear Ms. Brown:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached subpoena which requires you to appear and give sworn testimony on March 9, 1989 at 10:00 a.m. in connection with an investigation it is conducting. The Commission does not consider you a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

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 21 cents per mile. You will be given a check for your witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm your scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (800) 424-9530. You are

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further requested to submit the requested documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

24043602151

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Ann Brown
1635 E. Gardenia
Phoenix, Arizona 85020

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on March 9, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, 85025, beginning at 10:00 a.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

24043602153

Ann Brown

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so, produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by the following request for production of documents, describe such items in sufficient detail to provide justification for the claim Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of this document request, including the instructions thereto the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership committee, association, corporation, or any other type of organization or entity.

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

Produce all documents relating to the Rhodes to Congress Campaign of 1986, particularly regarding any event or transaction involving John O'Neill, Cortland Silver, Conley Wolfswinkel or Deborah Lohrsbaugh, including but not limited to:

1. correspondence, notes, journals or memoranda regarding or setting forth the job responsibilities of John O'Neill or Ann Lorenzo, with regard to the Rhodes Campaign,

2. correspondence, memoranda or staff schedules regarding the employment of Deborah Lorshbough in the Rhodes to Congress Campaign.

2043602155

FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jack Daniel Klausner
Burch & Cracchiolo
702 East Osborn Road
Suite 200
Phoenix, Arizona 85014

RE: MUR 2602
Cortland Silver

Dear Mr. Klausner:

On May 10, 1988, your client, Cortland Silver, was notified that the Federal Election Commission had found reason to believe your client violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended.

Pursuant to its investigation of this matter, the Commission has issued the attached subpoena requiring Mr. Silver to appear and give sworn testimony on February 9, 1989 at 10:00 a.m. 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 21 cents per mile. Your client will be given a check for the witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm the scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (202) 376-8200. It is

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further required that you submit all documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Cortland Silver, Sr.
1826 W. Broadway #4
Mesa, Arizona 85202

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on February 9, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 10:00 a.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

24043602159

Cortland Silver, Sr.

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so, produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents communications, or other items about which information is requested by the following request for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of this document request, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

Produce all documents relating to the events described in the Factual and Legal Analysis in MUR 2602, including but not limited to:

1. the originals of all checks, copies of which were included with your response to interrogatories and production of documents dated June 17, 1988.

2. journals, calendars, correspondence or memoranda relating to the terms of employment and length of time of employment of Deborah Lorshbough by the Rhodes to Congress Committee.

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FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Colin F. Campbell
Moyer, Hendricks, Victor,
Osborn & Maledon
Suite 4000
2700 North Third Street
Phoenix, Arizona 85004

RE: MUR 2602
John J. O'Neill
Ann Lorenzo O'Neill

Dear Mr. Campbell:

On May 10, 1988, your clients, Ann Lorenzo and John J. O'Neill, were notified that the Federal Election Commission had found reason to believe that John O'Neill violated 2 U.S.C. §§ 432(b)(3), 441a(a)(1)(A), 441a(f), 441b(a), and 441f and that Ann Lorenzo violated 2 U.S.C. § 441f, provisions of the Federal Election Campaign Act of 1971, as amended.

Pursuant to its investigation of this matter, the Commission has issued the attached subpoena requiring Mr. O'Neill to appear and give sworn testimony on March 6, 1989 at 10:00 a.m. and Ms. O'Neill to appear and give sworn testimony on March 7, 1989 at 10:00 a.m. 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 21 cents per mile. Your clients will be given a check for the witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm the scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (202) 376-8200. It is

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further required that you submit all documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

24043602163

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Ann Lorenzo O'Neill
1529 E. Grandview
Mesa, Arizona 85203

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the Campaign for House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on March 7 , 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 10:00 a.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 12th day of January, 1989.

Danny L. McDonald

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

7404360021165

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: John J. O'Neill
1529 E. Grandview
Mesa, Arizona 85203

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the Campaign for House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on March 6, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 10:00 a.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

9404360021167

John J. O'Neill

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so, produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by the following request for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of this document request, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

Produce all documents relating to the events described in the Factual and Legal Analysis in MUR 2602, including but not limited to:

1. all vouchers, journals, or calendars relating to travel to Washington, D.C. in December, 1985,

2. correspondence, notes, journals, or memoranda relating to your responsibilities for the Rhodes to Congress Committee and relating to your authority to act on behalf of that committee,

3. your "resume," which was not included with your response to the Request for Production of Documents dated July 5, 1988, as indicated therein.

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Ann Lorenzo O'Neill

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so, produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by the following request for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention

DEFINITIONS

For the purpose of this document request, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person partnership, committee, association, corporation, or any other type of organization or entity.

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

Produce all documents relating to the events described in the Factual and Legal Analysis in MUR 2602, including but not limited to:

1. all vouchers, journals, or calendars relating to travel to Washington, D.C. in December, 1985.

2. all documents, memoranda, contracts or statements of understanding which set forth your responsibilities and duties with regard to the Rhodes Campaign.

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FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

January 13, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Daniel Swillinger
Barnett & Alagia
1000 Thomas Jefferson, St., N.W.
Washington, D.C. 20007

RE: MUR 2602

Dear Mr. Swillinger:

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the attached subpoena which requires your client, Benjamin Dodson, to appear and give sworn testimony on March 8, 1989 at 9:30 a.m. which requires you to provide certain information in connection with an investigation it is conducting. The Commission does not consider your client a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

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 21 cents per mile. You will be given a check for your witness fee and mileage at the time of the deposition.

Within two days of your receipt of this notification, please confirm your scheduled appearance with Colleen Miller, the attorney assigned to this matter, at (800) 424-9530 or 376-8200.

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Further, you are required to submit the requested documents within 15 days of your receipt of this subpoena.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Subpoena

24043602173

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

SUBPOENA

To: Benjamin Dodson
402 E. Linberlost #116
Tucson, AZ 85705

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the Rhodes to Congress Committee and the campaign for the House of Representatives in 1986 by John J. Rhodes, III. Notice is hereby given that the deposition is to be taken on March 8, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, beginning at 9:30 a.m. and continuing each day thereafter as necessary.

Further, pursuant to 2 U.S.C. § 437d(a)(3), you are hereby subpoenaed to produce the documents listed on the attachment to this subpoena. Legible copies which, where applicable, show both sides of the documents, may be substituted for originals. The documents must be submitted to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, by January 26, 1989.

2404360217 4

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand at Washington, D.C., this 11th day of January, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Document Request (2 pages)

2443602175

Benjamin Dodson

INSTRUCTIONS

In answering this request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of or otherwise available to you, including documents and information appearing in your records.

If you cannot produce the following documents in full after exercising due diligence to secure the full information to do so, produce to the extent possible and indicate your inability to produce the remainder, stating whatever information or knowledge you have concerning the unproduced portion and detailing what you did in attempting to secure the unknown information.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by the following request for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the document request shall refer to the time period from October, 1985 to November, 1986.

This request for production of documents is continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of this document request, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership committee, association, corporation, or any other type of organization or entity.

9404360217 6

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

REQUEST FOR PRODUCTION OF DOCUMENTS

Produce all documents relating to the Rhodes to Congress Committee of 1986, including but not limited to:

1. statements of policy or memoranda of understanding of the Rhodes to Congress Committee regarding the handling or processing of contribution cards, corresponding contribution checks, and letters of acknowledgment of contributions,

2. documents, memorandum, contracts or statements of understanding which set forth the job responsibilities of John J. O'Neill or Ann Lorenzo, with regard to the Rhodes Campaign.

7 4 0 4 3 6 0 2 1 7 7

OGC 1634

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

89 JAN 23 PM 4:36

LAW OFFICES

ALAGIA, DAY, MARSHALL,
MINTMIRE & CHAUVIN

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

OFFICES IN:
ATLANTA, GEORGIA
FRANKFORT, KENTUCKY
LOUISVILLE, KENTUCKY
MIAMI, FLORIDA
NASHVILLE, TENNESSEE
NEW ALBANY, INDIANA
PALM BEACH, FLORIDA

DANIEL J. SWILLINGER
PARTNER

January 23, 1989

HAND DELIVERED

Lawrence M. Noble, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W., Suite 657
Washington, D.C. 20463

Re: MUR 2602

Dear Mr. Noble:

This is in response to your letters of January 13, 1989, received on January 19, 1989, which contained subpoenas to Congressman John J. Rhodes, III, Mr. Kent Mulkey and Mr. Benjamin Dodson.

Pursuant to 11 C.F.R. §111.15, this letter is a Motion to Quash the subpoenas referenced above.

The basis for this motion is as follows:

Congressman Rhodes, Mr. Mulkey, Mr. Dodson and the Rhodes to Congress Committee were the subject of an investigation by the U.S. Attorney for Arizona in 1986 and early 1987, which was requested by Congressman Rhodes. This investigation, conducted by agents of the Federal Bureau of Investigation, included conducting interviews with, and obtaining statements from, the individuals noted above, as well as collecting documents from the individuals and the Committee.

The Commission has relied on the documents and interviews conducted by the FBI in preparing the Reason to Believe letters in this matter. In fact, the Reason to Believe letters directly quote from the statements and the interview reports, or make other unambiguous references to them.

2404360217 8

It is the position of Congressman Rhodes, Mr. Mulkey and Mr. Dodson that they are not prepared to submit to a deposition unless they have had an opportunity to review the interview reports and other materials directly relating to information which they gave to Federal investigators during the course of the U.S. Attorney's investigation.

To submit to a deposition without having an opportunity to see the reports and documents permits the Commission to put the individuals in the position of having to give sworn testimony some two years after the fact, with which the Commission could impeach the witnesses, as well as be the basis to recommend to the Department of Justice criminal charges against these individuals, if the deposition testimony was inconsistent with the previous statements.

I have indicated to Colleen Miller that I believed it would be useful to discuss this situation in person, and I am available to do so. In the meantime, Congressman Rhodes, Mr. Mulkey and Mr. Dodson will not make themselves available for the depositions, and they will not make available to the Commission any further documentary evidence as contained in the document request portion of the subpoenas.

Sincerely,

Daniel J. Swillinger

DJS:mnd
cc: Congressman John J. Rhodes, III
Mr. Kent Mulkey
Mr. Benjamin Dodson

0043602179

plan

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 31, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jack Daniel Klausner
Burch & Cracchiolo
702 East Osborn Road
Suite 200
Phoenix, Arizona 85014

Re: MUR 2602
Cortland Silver

Dear Mr. Klausner:

This letter will confirm the arrangements that you have discussed with Colleen Miller of the Office of the General Counsel of the Federal Election Commission regarding the deposition of Cortland Silver with regards to the investigation in Matter Under Review 2602.

On January 13, 1989, the Federal Election Commission sent you a subpoena requiring the appearance and testimony of Cortland Silver at a deposition on February 9, 1989 at 10:00 a.m. Subsequently, you represented to this Office that your client's health prevents him from appearing at this time, and you asked that the deposition be postponed a few weeks. Accordingly, this Office will contact you to reschedule the deposition to take place in early March, 1989.

Please contact Colleen Miller, the attorney assigned to this matter, at 202-376-8200 if you have any questions.

Sincerely,

LMNoble 1/31

Lawrence M. Noble
General Counsel

2 4 0 4 3 6 0 2 1 8 0

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 31, 1989

AIRBORNE EXPRESS
OVERNIGHT DELIVERY

Rick Parsons
Security Loss Prevention Department
City Bank Arizona
16010 North 28th Avenue
Phoenix, Arizona 85023

Re: MUR 2602

Dear Mr. Parsons:

This is to confirm the arrangements that have been made with you by Colleen Miller of the Office of the General Counsel of the Federal Election Commission regarding the deposition in Matter Under Review 2602.

On January 13, 1989, the Commission sent a subpoena requiring the appearance of Robert Randolph, of the Security Loss Prevention Department of City Bank of Arizona at a deposition to begin at 10:00 a.m. on February 7, 1989. Subsequently, you informed this Office that Mr. Randolph is no longer employed at City Bank of Arizona. However, you stated that you participated in the investigation conducted by the Bank regarding the activities that are part of the subject of MUR 2602. Additionally, you informed this Office that you are available to appear in Mr. Randolph's place. Therefore, you are requested to appear and give sworn testimony on February 7, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona at 10:00 a.m.

Please contact Colleen Miller at 202-376-8200 if you have any questions.

Sincerely,

LMNoble(HZ)

Lawrence M. Noble
General Counsel

2043602181

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 31, 1989

AIRBORNE EXPRESS
OVERNIGHT DELIVERY

Georgeann Beaudet
City Bank of Arizona
P.O. Box 1606
Mesa, Arizona 85211-1606

Re: MUR 2602

Dear Ms. Beaudet:

This is to confirm the arrangements that have been made with you by Colleen Miller of the Office of the General Counsel of the Federal Election Commission regarding your deposition in Matter Under Review 2602.

On January 13, 1989, the Commission sent a subpoena requiring your appearance at a deposition to begin at 1:30 p.m. on February 6, 1989. Subsequently, you agreed to change the date of the deposition to Thursday, February 9, 1989. Therefore, you are requested to appear and give sworn testimony on February 9, 1989 at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona at 1:30 p.m.

Please contact Colleen Miller at 202-376-8200 if you have any questions.

Sincerely,

Lawrence M. Noble
General Counsel

2043602182

plm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 31, 1989

Maria Evans
2616 N. Jay Street
Chandler, Arizona 85224

Re: MUR 2606

Dear Ms. Evans:

This letter will confirm the arrangements that you have discussed with Colleen Miller of the Office of the General Counsel of the Federal Election Commission regarding your deposition with regards to the campaign of John J. Rhodes, III for the House of Representatives in 1986.

On January 13, 1989, the Federal Election Commission sent you a subpoena requiring your appearance and testimony at a deposition on February 6, 1989 at 9:30 a.m. Subsequently, you notified this Office that you will be out of the country at that time, and you asked that the deposition be rescheduled. Accordingly, this Office will contact you to reschedule the deposition to take place in early March, 1989.

Please contact Colleen Miller, the attorney assigned to this matter, at 202-376-8200 if you have any questions.

Sincerely,

LMNoble (LGP)

Lawrence M. Noble
General Counsel

2436021883

06C1718

Heron, Burchette, Ruckert & Rothwell

Suite 700
1025 Thomas Jefferson Street, N.W.
Washington, D.C. 20007
(202) 337-7700
TWX 710-822-9270
FAX (202) 898-7723

1400 MBank Tower
221 West Sixth Street
Austin, TX 78701
(512) 499-0606
FAX (512) 499-8729

Suite 2000
151 N. Centennial Way
Mesa, AZ 85201

(602) 834-1990

One City Centre
770 L Street, Suite 1150
Sacramento, CA 95814
(916) 446-1428
FAX (916) 446-6003

Suite 1600
2600 North Central Avenue
Phoenix, AZ 85004
(602) 248-0036
FAX (602) 248-8214

January 31, 1989

HAND DELIVERED
RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
89 FEB -1 PM 12:28

Colleen Miller
Federal Election Commission
Washington, D. C. 20463

Re: MUR 2602
Conley D. Wolfswinkel
Wolfswinkel Group, Inc.

Dear Colleen:

This letter is in response to your Request for Production of Documents received by my office last week.

1. My client does not possess or control any documents relating to the Rhodes for Congress Committee.

2. There are no such written policies.

3. Any relevant documents which exist have been produced. If you have a specific request for anything else which is relevant, I will be happy to supply it.

I'll see you next week.

Sincerely yours,

J. Grant Woods

JGW/dim

24043602184

89 FEB -2 PM 3:54

06C1746

CITIBANK

RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION

89 FEB -6 AM 9:29

Citibank (Arizona)
A subsidiary of
Citicorp

3300 N. Central Avenue
Phoenix, AZ
85012
602/248-2200

By Fax (602) 263-6300

February 2, 1989

89 FEB -6 PM 3:26

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Ms. Colleen Miller
Attorney at Law
Office of the General Counsel
Federal Election Commission
999 E. Street, N.W.
Washington, D.C. 20463

Re: MUR 2602
United Bank of Arizona

Dear Ms. Miller:

Citibank (Arizona), pursuant to 11 C.F.R. Sec. 111.23, hereby notifies the Commission of the following:

1. Fennemore Craig, Suite 2200, Two North Central Avenue, Phoenix, Arizona 85004-2390, Jerome B. Shultz, Esq., 602-257-5321, has been retained as our counsel in this matter.

2. Fennemore Craig, its attorneys and representatives, are authorized to receive any and all notification and other communications from the Commission on our behalf.

We would appreciate it if you would promptly notify Mr. Shultz by telephone of the deposition schedule for next week.

Very truly yours,

Michael L. Bennardo
Associate Counsel

MLB:nda

2043602135

06C1748

RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION

89 FEB -6 AM 10:41

LAW OFFICES

FENNEMORE CRAIG

A PROFESSIONAL CORPORATION

PHILIP E. von AMMON
JAMES POWERS
C. WEBB CROCKETT
KENNETH J. SHERK
MICHAEL PRESTON GREEN
JAMES W. JOHNSON
RONALD L. BALLARD
STEPHEN M. SAVAGE
CHARLES R. BERRY
MARK A. NESVIG
LAUREN J. CASTER
LAWRENCE A. PESHKIN
C. OWEN PAEPKE
NANCY L. ROWEN
CYNTHIA SHUPE THORPE
ROSEMARY J. SHOCKMAN
DAVID A. WEATHERWAX
MARC L. SPITZER
ROLF R. von OPPENFELD
WILLIAM T. BURGHART
CHRISTOPHER SKELLY
PETER M. GERSTMAN
MICHAEL J. ALLEN
JAMES P. O'SULLIVAN
KAREN A. CUROSH
CHRISTOPHER L. CALLAHAN
STEPHEN C. YOST
JACQUE L. PALMER
LESA J. STOREY
DIANE M. EVANS
PAUL GALA
JAMES R. MORROW
JOHN RANDALL JEFFERIES
JOHN N. McKEEGAN
ROBERT J. KRAMER
J. SCOTT ASKEW
DAVID L. WALLIS
TIMOTHY C. BURKART

CALVIN H. UDALL
LINWOOD PERKINS, JR.
ROGER C. MITTEN
NEAL KURN
PHILIP A. EDLUND
LOUIS F. COMUS, JR.
TIMOTHY J. BURKE
JOHN R. RAWLING
DWAYNE L. BURTON
GEORGE T. COLE
LELAND M. JONES
SCOT BUTLER, III
WILLIAM L. THORPE
DAVID T. COX
REED C. TOLMAN
PHILLIP F. FARGOTSTEIN
GRAEME HANCOCK
RAY K. HARRIS
KAYE L. McCARTHY
JOSEPH M. ATKINSON
EDWARD R. GLADY, JR.
KAREN CIUPAK McCONNELL
E. J. KOTALIK, JR.
WILLIAM D. PITTS
PATRICK R. BARROWCLOUGH
LORAL L. DEATHERAGE
J. BARRY SHELLEY
NIKOLAS T. NIKAS
JEFFREY A. GRABOWSKI
MARTIN P. CLARE
REN R. HAYHURST
MICHELLE MILLS
ROBERT D. ANDERSON
JOHN J. BALITIS, JR.
JEANINE A. MOBERLY
DAVID D. SALTZMAN
MARK E. HAMELBURG

KENT A. BLAKE
ARTHUR D. EHRENREICH
WILLIAM T. BOUTELL, JR.
ROBERT P. ROBINSON
JOHN D. EVERROAD
DONALD R. GILBERT
JEROME B. SHULTZ
ROGER T. HARGROVE
RUTH V. McGREGOR
JOHN G. RYAN
TIMOTHY BERG
MICHAEL A. CRONIN
CHARLES M. KING
ROBERT B. RICE
J. GREGORY OSBORNE
PAUL J. MOONEY
RITA A. EISENFELD
MARGARET R. GALLOGLY
SCOTT M. FINICAL
JOHN DAVID TORRES
GREGG HANKS
CHRISTOPHER G. HAMILL
BRADLEY P. FORST
JAMES J. TRIMBLE
PHILIP H. DARROW
JIM L. WRIGHT
BRENDA K. CHURCH
STEVEN P. KRAMER
CHRISTOPHER P. STARING
GARY H. ASHBY
ELLEN KEEZER
MARC T. STEADMAN
SHARON GOLDEN COHEN
LUIS J. DIAZ
MARK H. BRAIN
DEBRA L. RUNBECK
SCOTT H. THOMAS

PHOENIX OFFICE
SUITE 2200
TWO NORTH CENTRAL AVENUE
PHOENIX, ARIZONA 85004-2390
(602) 257-8700
TELECOPIER: 602-257-8527
TWX: 910-950-4608

SCOTTSDALE OFFICE
SUITE A201
6991 EAST CAMELBACK ROAD
SCOTTSDALE, ARIZONA 85251-2466
(602) 257-5400
TELECOPIER: 602 948-4932

WRITER'S DIRECT LINE

(602) 257-5321

89 FEB -6 PM 3:25

RECEIVED
FEDERAL ELECTION COMMISSION

February 2, 1989

VIA TELECOPY

Ms. Colleen Miller
Attorney at Law
Office of the General Counsel
Federal Election Commission
999 E. Street, N.W.
Washington, D.C. 20463

RE: MUR 2602
United Bank of Arizona

Dear Ms. Miller:

This is in furtherance of our telephone conversation today wherein I requested that you immediately provide us with the names of all persons scheduled to be deposed in this matter. To the extent that any deponent may possess information which relates directly or indirectly to the Commission's investigation and ultimate determination of whether or not there exists probable cause to believe that a violation by United Bank of Arizona has occurred, we believe it is essential that our client be made aware of the identity of these deponents. Inasmuch as you have apparently scheduled depositions commencing on February 6, 1989, we must be provided with this information at once.

Very truly yours,

Jerome B. Shultz

JBS:ld

2 4 0 4 3 6 0 2 1 8 6

MUR 2602

DEPOSITIONS CONDUCTED IN FEBRUARY, MARCH AND JULY, 1989,
APPEAR AT THE REAR OF THIS FILE

24043602187

OGC 1807

RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION

89 FEB 13 AM 10: 30

LAW OFFICES

ALAGIA, DAY, MARSHALL, MINTMIRE & CHAUVIN

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

OFFICES IN:
ATLANTA, GEORGIA
FRANKFORT, KENTUCKY
LOUISVILLE, KENTUCKY
MIAMI, FLORIDA
NASHVILLE, TENNESSEE
NEW ALBANY, INDIANA
PALM BEACH, FLORIDA

DANIEL J. SWILLINGER
PARTNER

February 10, 1989

89 FEB 13 PM 1:06

Lawrence M. Noble, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2602

DearMr. Noble:

Enclosed is a letter from Anne Brown Wendell, designating me as her attorney.

For reasons stated in my letter to you of January 23, 1989, Ms. Wendell will not appear for her deposition unless she is provided with a copy of the FBI report of the agent's interview of Ms. Wendell.

I asked Ms. Wendell on February 6 to telephone Colleen Miller regarding the deposition, the date that I became aware of the subpoena issued to Ms. Wendell.

Sincerely,

Daniel J. Swillinger

DJS:mnd
Enclosure
cc: Ms. Anne Brown Wendell

2 4 0 4 3 6 0 2 1 3 8

Scottsdale
CHAMBER OF COMMERCE

February 6, 1989

Lawrence M. Noble
General Council
Federal Election Commission
Washington, D.C. 20463

Dear Mr. Noble,

I have received your correspondence dated January 13, 1989 re: MUR 2602. In consultation with my attorney, Dan Swilinger, he has instructed me to inform you that all contact is to be directed to him. Per his instructions, I will not be appearing for the scheduled appearance on March 9, 1989.

Mr. Dan Swilinger
Alagia, Day & Marshall
1000 Thomas Jefferson Street, N.W.
Washington, D.C. 20007

Sincerely,

Anne Brown Wendell

Anne Brown Wendell

ABW/mv

cc: Dan Swilinger

2043602139

7333 Scottsdale Mall Scottsdale, Arizona 85251-4498 Telex: 6502820343 (WUI) (602) 945-8481 FAX (602) 947-4523

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

89 FEB -1 AM 10:26

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the matter of	
John J. O'Neill Conley D. Wolfswinkel Wolfswinkel Group Incorporated Rhodes to Congress Committee, and Kent H. Mulkey as treasurer Ann S. Lorenzo Cortland Silver John J. Rhodes, III United Bank of Arizona	MUR 2602

EXECUTIVE SESSION
FEB 14 1989

GENERAL COUNSEL'S REPORT

2 4 0 4 3 6 0 2 1 9 0

I. **BACKGROUND**

On December 23, 1988, the Federal Election Commission approved the issuance of subpoenas for a series of depositions in its investigation into potential violations of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the 1986 House campaign of John J. Rhodes, III, of Arizona. The matter had come to the attention of the Commission by a referral from the United States Attorney of the District of Arizona and from information provided by the Federal Bureau of Investigation. The Commission found reason to believe that numerous violations of the Act had occurred, several of them knowing and willful, on April 28, 1988.

II. **MOTION TO QUASH**

Notices of deposition were sent on January 13, 1989. Counsel for Congressman Rhodes, the Rhodes to Congress Committee, and a non-respondent witness, Benjamin Dodson, received notice of the scheduled depositions on January 19, 1989, and filed a motion

to quash with the Office of the General Counsel, received by this Office on January 23, 1989. Attachment # 1. Therefore, the filing of this motion meets the time requirements of 11 C.F.R. § 111.15(a).

This Office recommends that the motion to quash be denied. Counsel objects to the depositions because the Commission's reason to believe findings were based on information, provided by the Federal Bureau of Investigation, to which his clients have not had access. Counsel asserts that his clients have a right to review this information prior to submitting to depositions. Counsel does not specify, however, the source of this right to review referral documents. In fact, no such right exists. The Act simply requires that each respondent be notified of an alleged violation and of the factual basis of such alleged violation. 2 U.S.C. § 437g(a)(2). These requirements were adequately fulfilled by letters to respondents dated May 10, 1988, which attached extensive factual and legal analyses. There is no separate requirement to provide respondents with copies of referral materials.

Information provided to the Federal Election Commission by the Federal Bureau of Investigation is not generally capable of being released to the general public. The specific referral information in this matter bears the warning that the documents are the property of the FBI and are being loaned to this agency. The documents and contents, the warning continues, are not to be distributed outside this agency. This Office has made an inquiry of Craig Donsanto, chief of the Election Crimes Branch, Public

2043602191

Integrity Section, Criminal Division of the Department of Justice as to the full meaning of this warning. Mr. Donsanto explained that the documents were provided to the Commission to use in its law enforcement efforts. If the documents are needed to impeach a deponent's testimony or to clarify facts, it would be permissible to provide copies to the deponent. This Office is not certain whether any of the documents will be needed for impeachment or clarification purposes and will not be certain of the such need until the deponents testify. If any portion of the documents are needed during the depositions, copies will be made available to deponents as necessary. See also United States v. Napper, 694 F.Supp. 897 (N.D. Ga. 1988), where the FBI successfully asserted continuing ownership of documents which had been loaned to a local law enforcement agency and released by that local agency to the media.

This Office further recommends against release of referral materials as a matter of policy. Release of such materials at this time may interfere with the Commission's investigation, provide the opportunity to argue over minor points which the Commission may not have even considered relevant to its analysis, raise privacy concerns where activities of persons outside the scope of our inquiry are discussed, and would significantly delay and encumber enforcement proceedings.

Moreover, the investigation conducted by the Federal Bureau of Investigation is not directly at issue; it is the campaign activities themselves at issue here. The Commission has a responsibility to ascertain whether a violation of the Act has

2043602192

occurred, a responsibility which is separate from any dispute respondents may have with the conclusions reached by the FBI. While the information provided by the FBI may be instructive as to areas of scrutiny by the Commission and likewise may be useful for purposes of weighing the credibility of testimony obtained in the course of our inquiry, the Commission has an independent duty to investigate the allegations contained therein. 2 U.S.C. § 437g(a)(2).

This Office further notes that only a portion of the information contained in the referral materials pertains to our inquiry. The FBI was investigating potential violations of a number of laws by dozens of people, many of whom are not the subjects of our inquiry. The time and expense necessary to remove all irrelevant or privileged information from the material would be unduly burdensome and unwarranted, especially in light of the fact that it is not at all clear that any of the documents will be needed for the depositions.

Therefore, this Office recommends denying the motion to quash, and approving the letter so notifying Counsel for the relevant respondents.

2043602193

III. RECOMMENDATIONS

1. Deny the motion to quash by counsel for Congressman Rhodes, the Rhodes to Congress Committee and Kent H. Mulkey, as

treasurer, and Benjamin Dodson.

2. Approve the attached letter.

1/31/89
date

Lawrence M. Noble
General Counsel

Attachments
Motion to Quash
Letter to Counsel

Staff Persons:
Miller
Levin

24043602194

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: February 1, 1989

SUBJECT: MUR 2602 - 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	[XX]	Compliance	[XX]
Sensitive	[XX]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

2043602195

FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JOSHUA MCFADDEN
COMMISSION SECRETARY

DATE: FEBRUARY 3, 1989

SUBJECT: OBJECTION TO MUR 2602 - General Counsel's Report Signed January 31, 1989

The above-captioned document was circulated to the Commission on Wednesday, February 1, 1989 at 4:00 p.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	
Commissioner Elliott	
Commissioner Josefiak	X
Commissioner McDonald	
Commissioner McGarry	
Commissioner Thomas	

This matter will be placed on the meeting agenda for February 14, 1989.

Please notify us who will represent your Division before the Commission on this matter.

2436021926

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
John J. O'Neill	)	
Conley D. Wolfswinkel	)	
Wolfswinkel Group Incorporated	)	MUR 2602
Rhodes to Congress Committee and Kent H. Mulkey, as treasurer	)	
Ann S. Lorenzo	)	
Cortland Silver	)	
John J. Rhodes, III	)	
United Bank of Arizona	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of February 14, 1989, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 2602:

1. Deny the motion to quash by counsel for Congressman Rhodes, the Rhodes to Congress Committee and Kent H. Mulkey, as treasurer, and Benjamin Dodson.

2. Approve the letter attached to the General Counsel's report dated January 31, 1989.

Commissioners Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Aikens dissented.

Attest:

2-14-89
Date

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

2043602197

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 17, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Daniel Swillinger
Alagia, Day, Marshall, Mintmire & Chauvin
1000 Thomas Jefferson Street, N.W.
Washington, D.C. 20007

RE: MUR 2602
John J. Rhodes, III
Rhodes to Congress, and
Kent Mulkey, treasurer

Dear Mr. Swillinger:

On January 13, 1989, the Federal Election Commission ("the Commission") notified you that subpoenas had been issued requiring your clients, John J. Rhodes, Kent H. Mulkey as treasurer of Rhodes to Congress and Benjamin Dodson to appear for depositions on February 16, 1989 and March 8, 1989 in connection with the investigation into activities by the campaign for the House of Representatives in 1986 by John J. Rhodes, III. On January 19, 1989, the Commission received your Motion to Quash the subpoenas.

After considering the information contained in your Motion, the Commission voted, on February 14, 1989, to deny the Motion to Quash. Accordingly, Mr. Mulkey and Mr. Dodson should appear for depositions on March 8, 1989, as scheduled.

Within two days of your receipt of this letter, please contact Colleen Miller, the attorney assigned to this matter, at 202-376-8200 to confirm the appearances of Mr. Mulkey and Mr. Dodson and to reschedule the deposition of Mr. Rhodes.

Sincerely,

Lawrence M. Noble
General Counsel

2043602128

OGC 1966

LAW OFFICES

ALAGIA, DAY, MARSHALL,
MINTMIRE & CHAUVIN

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

OFFICES IN:
ATLANTA, GEORGIA
FRANKFORT, KENTUCKY
LOUISVILLE, KENTUCKY
MIAMI, FLORIDA
NASHVILLE, TENNESSEE
NEW ALBANY, INDIANA
PALM BEACH, FLORIDA

DANIEL J. SWILLINGER
PARTNER

February 27, 1989

HAND DELIVERED

Jonathan Levin, Esquire
Office of the General Counsel
Federal Election Commission
Suite 657
999 E Street, N.W.
Washington, D.C. 20463

89FEB 27 PM 4:52
RECEIVED
FEDERAL ELECTION COMMISSION

Re: MUR 2602

Dear Mr. Levin:

As of this morning, I still have not received any formal notice from the Commission regarding the Motion to Quash which I filed in the above referenced matter.

You indicated to me on the telephone that the Commission had denied the Motion, and that the depositions scheduled for next week in Phoenix will go forward as planned.

To avoid any misunderstanding or inconvenience, please understand that Congressman Rhodes, Mr. Mulkey, Mr. Dodson, and Ms. Brown will not appear. This will continue to be their position until such time as the issue regarding the FBI interview reports is resolved.

As I indicated to you on the telephone, I stand ready to meet with you and your supervisors to attempt to resolve the matter.

Sincerely,

Daniel J. Swillinger

DJS:mnd
cc: Thomas V. Rawles, Esquire

2043602129

RECEIVED
FEDERAL ELECTION COMMISSION
89 FEB 17 AM 10:28
SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of	)	
	)	
John J. O'Neill	)	
Conley D. Wolfswinkel	)	
Wolfswinkel Group Incorporated	)	MUR 2602
Rhodes to Congress Committee, and	)	
Kent H. Mulkey as treasurer	)	
Ann S. Lorenzo	)	
Cortland Silver	)	
John J. Rhodes, III	)	
United Bank of Arizona	)	

GENERAL COUNSEL'S REPORT

> 4 0 4 3 6 0 2 2 0 0

I. BACKGROUND

On December 23, 1988, the Federal Election Commission approved the issuance of subpoenas for a series of depositions in its investigation into potential violations of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the 1986 House campaign of John J. Rhodes, III, of Arizona. The matter had come to the attention of the Commission by a referral from the United States Attorney of the District of Arizona and from information provided by the Federal Bureau of Investigation. The Commission found reason to believe that numerous violations of the Act had occurred, several of them knowing and willful, on April 28, 1988.

On January 23, 1989, counsel for Congressman Rhodes and Kent Mulkey, as treasurer of Rhodes to Congress, filed a motion to quash the subpoenas for deposition, which the

Commission denied on February 14, 1989. Prior to the Commission's decision, on February 13, 1989, counsel filed an additional motion to quash the subpoena for deposition of Anne Brown, now Anne Brown Wendell, who was the chairman of the Rhodes to Congress Committee in 1986. See attachment 1.

II. **MOTION TO QUASH**

This Office recommends that the motion to quash be denied for several reasons. First, the motion to quash was not timely filed. The regulations require that a person may apply to quash or modify a subpoena for a deposition, but in no event may such application be more than 5 days after the receipt of such subpoena. 11 C.F.R. § 111.15(a). The return receipt card attached to the Brown subpoena is date-stamped January 31, 1989. Counsel's motion to quash the Brown subpoena was received by the Commission on February 13, 1989. The filing of this motion, therefore, does not meet the time requirements of 11 C.F.R. § 111.15(a).

Second, there is no factual basis for the motion to quash. Counsel's letter states that Brown will not appear for deposition unless she is provided with a copy of the FBI report of the agent's interview with her. The Office of General Counsel is not aware of any interview of Anne Brown conducted by the FBI and consequently does not

24043602201

possess a report of any interview.

Third, as demonstrated in the General Counsel's report of January 31, 1989, there is no legal basis for the motion to quash. Counsel asserted, in his letter of January 23, 1989, that his clients have a right to review information provided by the Federal Bureau of Investigation prior to submitting to depositions. Counsel does not specify, however, the source of this right to review referral documents. In fact, no such right exists. The Act simply requires that each respondent be notified of an alleged violation and of the factual basis of such alleged violation. 2 U.S.C. § 437g(a)(2). These requirements were adequately fulfilled by letters to respondents dated May 10, 1988, which attached extensive factual and legal analyses. There is no separate requirement to provide respondents with copies of referral materials and no requirement to provide factual and legal analyses or other information to nonrespondent witnesses.

Finally, as stated in the General Counsel's Report of January 31, 1989, this Office further recommends against release of referral materials as a matter of policy. Release of such materials at this time may interfere with the Commission's investigation, provide the opportunity to argue over minor points which the Commission may not have even considered relevant to its analysis, raise privacy concerns where activities of persons outside the scope of

2043602202

our inquiry are discussed, and would significantly delay and encumber enforcement proceedings.

While the information provided by the FBI may be instructive as to areas of scrutiny by the Commission and likewise may be useful for purposes of weighing the credibility of testimony obtained in the course of our inquiry, the Commission has an separate duty to investigate the allegations contained therein. 2 U.S.C. § 437g(a)(2). In order to carry out that responsibility effectively, it is important to obtain a deponent's independent recollection of the events at issue. Generally, a deponent would need to see a report of an earlier interview only in those instances where he lacks memory of the events or recalls the situation substantially differently than originally told to the interviewer. In such a situation, a deponent may be shown a summary of an earlier interview during a deposition, and would then have an opportunity to review it.

Because the motion to quash was not timely filed, because the Office of General Counsel does not possess any report of an interview of Anne Brown, because the deponent has no right to review referral materials, and because such review would substantially interfere with the investigation of alleged violations, this Office recommends denying the motion to quash and approving the letter so notifying counsel.

2043602203

III. **RECOMMENDATIONS**

1. Deny the motion to quash by counsel for Anne Brown Wendell.

2. Approve the attached letter.

2/17/89
Date

Lawrence M. Noble
General Counsel

Attachments
Motion to Quash
Letter to Counsel

Staff Persons:
Miller
Levin

24043602204

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
John J. O'Neill	)	
Conley D. Wolfswinkel	)	
Wolfswinkel Group Incorporated	)	
Rhodes to Congress Committee, and Kent H. Mulkey as treasurer	)	MUR 2602
Ann S. Lorenzo	)	
Cortland Silver	)	
John J. Rhodes, III	)	
United Bank of Arizona	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 22, 1989, the Commission decided by a vote of 5-0 to take the following actions in MUR 2602:

1. Deny the motion to quash by counsel for Anne Brown Wendell.

2. Approve the letter attached to the General Counsel's Report dated February 17, 1989.

Commissioners Elliott, Josefiak, McDonald, McGarry and Thomas voted affirmatively for the decision; Commissioner Aikens abstained.

Attest:

2-22-89
Date

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

Received in the Office of Commission Secretary: 2-17-89 10:28
Circulated on 48 hour tally basis: 2-17-89 2:00
Deadline for vote: 2-22-89 4:00

2436022005

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

February 28, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Daniel Swillinger
Alagia, Day, Marshall, Mintmire & Chauvin
1000 Thomas Jefferson Street, N.W.
Washington, D.C. 20007

RE: MUR 2602

Dear Mr. Swillinger:

On January 13, 1989, the Federal Election Commission ("the Commission") notified your client, Anne Brown, now Anne Brown Wendell, that a subpoena had been issued requiring her to appear for a deposition on March 9, 1989 in connection with the investigation into activities by the campaign for the House of Representatives in 1986 by John J. Rhodes, III. On February 13, 1989, the Commission received your Motion to Quash the subpoena.

After considering the information contained in your Motion, the Commission voted, on February 22, 1989, to deny the Motion to Quash. Accordingly, Ms. Wendell should appear for depositions on March 9, 1989, as scheduled.

Within two days of your receipt of this letter, please contact Colleen Miller, the attorney assigned to this matter, at 202-376-8200 to confirm the appearance of Ms. Wendell.

Sincerely,

Lawrence M. Noble
General Counsel

2043602206

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 28, 1989

Maria Evans
2616 N. Jay
Chandler, Arizona 85224

Re: MUR 2602

Dear Ms. Evans:

This letter will confirm the arrangements that have been made with you with Colleen Miller of the Office of General Counsel. The enclosed subpoena for deposition was returned by the postal service as undeliverable. However, you have been contacted by this Office and confirmed that you will be available for deposition on March 10, 1989. Accordingly, you are asked to appear at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, at 9:30 a.m. on Friday, March 10, 1989. You are further directed to produce the documents requested by the enclosed subpoena at the time of your deposition.

You are reminded that the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A), which prohibits making public any investigation conducted by the Commission, applies to this matter.

If you have any questions regarding your deposition, please contact Colleen Miller, the attorney assigned to this matter, at 800-424-9530.

Sincerely,

Lawrence M. Noble
General Counsel

2436022207

plm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 1, 1989

Maria Evans
2616 N. Jay
Chandler, Arizona 85224

Re: MUR 2602

Dear Ms. Evans:

This letter will confirm the arrangements that have been made with you with Colleen Miller of the Office of General Counsel. At our request, you have agreed to change the date of your deposition to March 8, 1989. Accordingly, you are asked to appear at the Office of the United States Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona, at 10:30 a.m. on Wednesday, March 8, 1989. You are reminded to produce the documents requested by the enclosed subpoena at the time of your deposition.

If you have any questions regarding your deposition, please contact Colleen Miller, the attorney assigned to this matter, at 800-424-9530.

Sincerely,

Lawrence M. Noble
General Counsel

George F. Rishel

BY: George F. Rishel
Assistant General Counsel

2440360220208

plm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 2, 1989

Jack Daniel Klausner
Burch & Cracchiolo
702 East Osborn Road
Suite 200
Phoenix, Arizona 85014

Re: MUR 2602
Cortland Silver

Dear Mr. Klausner:

This letter will confirm the arrangements that have been made with Colleen Miller of the Office of the General Counsel of the Federal Election Commission regarding the deposition of Cortland Silver with regards to the investigation in Matter Under Review 2602.

On January 13, 1989, the Federal Election Commission sent you a subpoena requiring the appearance and testimony of Cortland Silver at a deposition on February 9, 1989 at 10:00 a.m. Subsequently, you represented to this Office that your client's health prevented him from appearing at that time. Therefore, the deposition has been rescheduled. Accordingly, your client is requested to appear for deposition at 2:30 p.m on March 7, 1989 at the Office of the U.S. Attorney, 4000 U.S. Courthouse, 230 N. First Avenue, Phoenix, Arizona.

Please contact Colleen Miller, the attorney assigned to this matter, at 202-376-8200 if you have any questions.

Sincerely,

Lawrence M. Noble
General Counsel

George F. Rishel

BY: George F. Rishel
Assistant General Counsel

2043602209

OGC 1990

LAW OFFICES

ALAGIA, DAY, MARSHALL,
MINTMIRE & CHAUVIN

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

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FRANKFORT, KENTUCKY
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MIAMI, FLORIDA
NASHVILLE, TENNESSEE
NEW ALBANY, INDIANA
PALM BEACH, FLORIDA

DANIEL J. SWILLINGER
PARTNER

March 1, 1989

89 MAR -1 PM 3:32

BY MESSENGER

Lawrence Noble, Esquire
General Counsel
Federal Election Commission
Suite 657
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2602; Rhodes to Congress et al.

Dear Mr. Noble:

I am in receipt of your letter informing me that the Commission denied respondents' Motion to Quash the subpoenas for the depositions of Representative Rhodes, Mr. Mulkey and Mr. Dodson. Presumably the Motion relating to Anne Brown will be similarly treated.

I want to confirm the statement in my February 27, 1989 letter addressed to Jonathan Levin that these individuals will not appear for the deposition scheduled for Phoenix next week.

In a telephone conversation with Mr. Levin yesterday, I reiterated my interest in meeting to discuss this matter, to determine if there is a solution short of litigation. For example, FBI interview reports may not exist for some of the individuals. If such is the case, those depositions could go forward at a mutually convenient date. It also may be possible that my clients would accept summaries of the reports, rather than the actual report.

2043602210

Should the Commission decide to attempt to enforce the subpoenas in Federal District Court, such action would be covered by 2 U.S.C. Sec. 437g(a)(12). Therefore, the Commission should file its complaint under seal accompanied by a motion for protective order, in which I would be willing to join.

Please contact me if you believe that it would be useful to discuss this situation.

Sincerely,

Daniel J. Swillinger

DJS:mnd
cc: Thomas V. Rawles, Esquire
Jonathan Levin, Esquire

2402360221 1

FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

March 3, 1989

Daniel J. Swillinger, Esquire
Alagia, Day, Marshall,
Mintmire & Chauvin
1000 Thomas Jefferson Street, N.W.
Washington, D.C. 20007

RE: MUR 2602

Dear Mr. Swillinger:

In response to your letter dated March 1, 1989, please be informed that the Commission has not been filing subpoena enforcement complaints under seal for a number of years. I refer you to 11 C.F.R. § 111.21(c). Any subpoena enforcement complaint filed in this matter will not be filed under seal.

If you have any questions, please contact Colleen Miller or Jonathan Levin at 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

2043602212

06C 2150

RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION
89 MAR -8 AM 10:54

Heron, Burchette, Ruckert & Rothwell

Suite 700
1025 Thomas Jefferson Street, N.W.
Washington, D.C. 20007
(202) 337-7700
TWX 710-822-9270
FAX (202) 898-7723

1400 MBank Tower
221 West Sixth Street
Austin, TX 78701
(512) 499-0606
FAX (512) 499-8729

Suite 2000
151 N. Centennial Way
Mesa, AZ 85201

(602) 834-1990

One City Centre
770 L Street, Suite 1150
Sacramento, CA 95814
(916) 446-1428
FAX (916) 446-6003

Suite 1600
2600 North Central Avenue
Phoenix, AZ 85004
(602) 248-0086
FAX (602) 248-8214

March 6, 1989

MUR 2602

Jonathan M. Levin
Attorney at Law
Office of General Counsel
Federal Election Commission
999 E. Street N.W.
Washington, D.C. 20463

RE: Conley Wolfswinkel

Dear Mr. Levin:

As we discussed at the time of my client's deposition, I am herein providing additional material to you relating to his case. Enclosed is a program from the McCain fundraiser which lists the campaign committee.

Further, regarding check number 11273, we have determined that the handwriting "per CDW to Bill" was probably written by Gaylynn Shoop. At that time, she did the coding of checks for input into Conley's general ledger. She wrote this as a note to herself. Judy Windisch told her to code it "suspense" until they had a chance to determine from Conley what the check is for, a common practice for coding of Conley's personal account for the general ledger. The number 1195 in the right hand corner of the check voucher represents the general ledger account number for the suspense account.

Finally, we know of no entity called the "East Valley Steering Committee". I hope this is helpful. Let me know if you need anything else.

Sincerely yours,

J. Grant Woods

J. Grant Woods

JGW:lm
Enclosure: as stated

89 MAR -8 PM 3:42

24043602213

2 4 0 4 3 6 0 2 2 1 4

Conductors

Bernadette & Conley Wolfswinkel

Engineering Committee

Mr. John Benton
Mr. Chris Coover
Mr. Gary Driggs
Mr. Bob Evans
Mr. Ross Farnsworth, Jr.
Mr. Ross Farnsworth
Mr. Mark Killian
Mr. Pat McGroder
Mr. Bill Pennington
Mrs. Peggy Rubach
Ms. Sarah Suggs
Mr. Charles Wahlheim
Mr. Lee Watkins
Mr. George Williams
Mr. Grant Woods
Mr. Joe E. Woods

[redacted]

Paid for by John McCain for Senate

2 4 0 4 3 6 0 2 2 1 5

John McCain for Senate extends its sincere appreciation to the following individuals for their generosity as sponsors of the McCain for Senate Dinner.

Dinner
Bernadette & Conley Wolfswinkel
Daryl Wolfswinkel

Entertainment
Roger Williams
Jason Randal

Centerpieces
Mr. Henry Haws
Haws Flower Shop

Sound/Lighting
Walter Spitz

Music
Bill Hunter/Bill Hunter Orchestra

Fireworks
Judi & Cal Wolfswinkel

Bernadette & Conley Wolfswinkel

■■■

WELCOME YOU ABOARD
THE

John McCain for Senate Express

P.O.P. PASSENGERS

The Honorable Gerald R. Ford
The Honorable John McCain

■■■

WHISTLE STOPS

6:30 p.m. Cocktails
7:00 p.m. Dinner
9:00 p.m. Special performance by "Mr. Piano" Roger Williams.

FIRST-CLASS MEAL

Chef Wolfgang Benitz

■■■

MUR 2602

DEPOSITIONS CONDUCTED IN FEBRUARY, MARCH AND JULY, 1989,

APPEAR AT THE REAR OF THIS FILE

24043602216

06C 2104

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FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION

89 MAR -9 AM 8:51

LAW OFFICES

FENNEMORE CRAIG

A PROFESSIONAL CORPORATION

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JAMES POWERS
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KENNETH J. SHERK
MICHAEL PRESTON GREEN
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MARK A. NESVIG
LAUREN J. CASTER
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C. OWEN PAEPKE
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MICHELLE MILLS
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MARK E. HAMELBURG

KENT A. BLAKE
ARTHUR D. EHRENREICH
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ROBERT P. ROBINSON
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MICHAEL A. CRONIN
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JIM L. WRIGHT
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GARY H. ASHBY
ELLEN KEEZER
MARC T. STEADMAN
SHARON GOLDEN COHEN
LUIS J. DIAZ
MARK H. BRAIN
DEBRA L. RUNBECK
SCOTT H. THOMAS

PHOENIX OFFICE
SUITE 2200
TWO NORTH CENTRAL AVENUE
PHOENIX, ARIZONA 85004-2390
(602) 257-8700
TELECOPIER 602 257-8527
TWX 910 950 4608

SCOTTSDALE OFFICE
SUITE A201
6991 EAST CAMELBACK ROAD
SCOTTSDALE, ARIZONA 85251-2466
(602) 257-5400
TELECOPIER 602-945-4932

WRITER'S DIRECT LINE
(602) 257-5321

March 7, 1989

Ms. Colleen Miller
Attorney at Law
Office of the General Counsel
Federal Election Commission
999 E. Street, N.W.
Washington, D.C. 20463

RE: MUR 2602
United Bank of Arizona

89 MAR -9 PM 2:39

Dear Ms. Miller:

Pursuant to your request for documents, enclosed are copies of bank statements, checks, deposit slips, and miscellaneous bank forms relative to the account of John J. Rhodes and Annie Rhodes (11533-01-079) for 1986.

Very truly yours,

Jerome B. Shultz

JBS:ld

Enclosures

2 4 0 4 3 6 0 2 2 1 7

MUR 2602

RECEIVED
FEDERAL ELECTION COMMISSION
89 MAR 21 AM 8:32

LAW OFFICES

ALAGIA, DAY, MARSHALL,
MINTMIRE & CHAUVIN

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

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MIAMI, FLORIDA
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NEW ALBANY, INDIANA
PALM BEACH, FLORIDA

DANIEL J. SWILLINGER
PARTNER

March 20, 1989

Lois Lerner, Esquire
Associate General Counsel for Enforcement
Federal Election Commission
999 E Street, N.W., Suite 657
Washington, D.C. 20463

Re: Rhodes For Congress, et al.; MUR 2602

Dear Ms. Lerner:

This letter is a follow-up to our meeting last Friday, and I believe accurately represents our understandings.

1. You stated that the Commission does not have FBI interview reports (Form 302) for Kent Mulkey and Anne Brown. As a result, we have no objection to proceedings with their depositions. They will be made available upon reasonable notice at a mutually agreeable time and location.

2. I agreed to review the document request portions of the subpoenas to determine if any of the documents are in the possession of the Committee or the individuals, and to further determine if there is any objection to turning them over. I will do this within a week, and I will be in touch with Ms. Miller or Mr. Levin regarding the same.

3. We appear to be at an impasse regarding the depositions of Congressman Rhodes and Ben Dodson. You indicated that you intend to seek Federal court enforcement of the subpoenas, and will notify me when the Commission approves your request for the authority to file suit.

4. I stated that I believe that the confidentiality provision of the FECA, 2 U.S.C. Sec. 437g(a)(12), applies to a court action to enforce subpoenas, and that the Commission would be in violation of that section if it filed suit without seeking a protective order. Accordingly, I requested that you seek a protective order if you file suit. You stated your disagreement with my view.

2043602218

Thank you for your cooperation. I will be in touch as soon as I have made a determination regarding the documents.

Sincerely,

Daniel J. Swillinger

DJS:mnd
cc: Thomas V. Rawles, Esquire

0043602219

plm

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 11, 1989

Jerome Schultz
Fennemore Craig
Suite 2200
Two North Central Avenue
Phoenix, Arizona 85004-2390

RE: MUR 2602
United Bank of Arizona

Dear Mr. Schultz:

On February 6, 1989, the Federal Election Commission received from you, on behalf of United Bank of Arizona, now Citibank, certain documents which were partially responsive to the documents requested by subpoenas for depositions issued by the Commission. Because these documents did not include any description of the items produced, we have identified the documents and listed them on the attached sheet. Please notify this Office in writing within ten days of your receipt of this letter if any documents have been incorrectly identified.

The Office of the General Counsel also acknowledges receipt of additional documents from you on February 17, 1989, March 2, 1989, and March 9, 1989, all of which included descriptions of the items enclosed. We thank you for your continuing cooperation.

Should you have any questions, please contact Colleen Miller, the attorney assigned to this matter, at 202-376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure

2404360222 0

documents produced at U.S. Attorney's Office,
Phoenix, Arizona
by United Bank of Arizona
February 6, 1989

General Lending Guidelines: Loan Standards
General Decision Guidelines: Credit Criteria
Credit Guidelines: Financial Statements
(all Guidelines from Loan Officer's Manual, 1986)
Parson's handwritten notes of O'Neill interview
and of Unsicker interview
Parson's typewritten notes of Beaudet interview
Memoranda to George Isbell from Robert Randolph dated
September 22, 1986 and September 26, 1986
Speech by James W. McNally, as given to the U.S. Attorney for
the District of Arizona, September 25, 1986, regarding
Rhodes investigation
Subpoena of Grand Jury, to Citibank, with cover letter
Criminal Referral Form (5 pp.) regarding O'Neill violations
Copies of cashier checks to Rhodes to Congress, in the names of
the following remitters: R. James Smets, Kimberly Simons,
Michael Simons, Lorraine M. Silver, Suzanne Davis, Larry
H. Davis, Conley D. Wolfswinkel, Bernadette Wolfswinkel,
Dustin Wolfswinkel, Cortland Silver, Jr., Cortland J.
Silver, C. Miller, R.R. Pooley, S.A. Pooley, K.A.
Williams, and S.A. Prattg
Copies of cashier check to John O'Neill, $5000, and to United
Bank of Arizona, $18,000
Copies of checks deposited into the Rhodes to Congress checking
account, from James Scott Rhodes, Ruby Dobson, George
Boyd, Max Chapman, and Charles Dunn
Schedule of pay increases for John O'Neill, showing performance
ratings
Newspaper articles regarding Rhodes investigation, appearing in
The Arizona Republic in late April or early May, 1987
Loan history cards for loans to John J. Rhodes III, one
numbered 00024456 and one unreadable note number
Statement of Money Market Account held by Rhodes to Congress,
from 6/28/85 to 7/31/86
Account Summary, Rhodes to Congress Committee, of activities
between September 1, 1986 and September 25, 1986
Status Report of Past Due amount, dated April 30, 1988
Commercial Loan Document Checklists, John J.Rhodes, dated
12/19/86, 2/26/87, 3/31/87, 10/2/87 and one undated
Truth in Lending Act Disclosures, dated 5/11/83, 9/20/83,
10/24/83, 1/23/84, 2/24/84, 5/7/84, 7/2/84, 8/27/84,
11/15/84, 12/5/84, 2/26/85, 2/26/86, and 2/26/87
Letter of Credit to Salt River Project, order for same, and
application for same

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RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION

89 APR 12 AM 10:34

LAW OFFICES

ALAGIA, DAY, MARSHALL,
MINTMIRE & CHAUVIN

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

OFFICES IN:
ATLANTA, GEORGIA
FRANKFORT, KENTUCKY
LOUISVILLE, KENTUCKY
MIAMI, FLORIDA
NASHVILLE, TENNESSEE
NEW ALBANY, INDIANA
PALM BEACH, FLORIDA

DANIEL J. SWILLINGER
PARTNER

April 10, 1989

89 APR 12 PM 4:17

Lawrence M. Noble, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: Rhodes to Congress Committee
MUR 2602

Dear Mr. Noble:

As a further follow-up to the recent meeting with your staff, I have reviewed the document requests in the subpoenas to the Committee, Congressman Rhodes and Mr. Mulkey, Mr. Dodson, and Ms. Brown.

Neither the Committee records, nor the records in the possession of any of the individuals, contain any of the information sought in these document requests.

I have spoken with each of the persons involved, and they have reconfirmed that relevant documents are not in their possession.

Should any of the documents which you have requested subsequently become available, I will of course bring them to your attention as promptly as possible.

Sincerely,

Daniel J. Swillinger

DJS:mnd
cc: Thomas v. Rawles, Esquire

2404360222

RECEIVED
FEDERAL ELECTION COMMISSION
SE
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BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of	)
	)
John J. O'Neill	)
Conley D. Wolfswinkel	)
Wolfswinkel Group Incorporated	)
Rhodes to Congress Committee, and Kent H. Mulkey as treasurer	)
Ann S. Lorenzo	)
Cortland Silver	)
John J. Rhodes, III	)
United Bank of Arizona	)

MUR 2602

EXECUTIVE SESSION
MAY 02 1989
SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter came to the attention of the Federal Election Commission by a referral from the United States Attorney of the District of Arizona and from information provided by the Federal Bureau of Investigation indicating the possibility of violations of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the 1986 House campaign of John J. Rhodes, III, of Arizona. On April 28, 1988, the Commission found reason to believe that numerous violations of the Act had occurred, several of them knowing and willful.

On December 23, 1988, the Commission approved the issuance of subpoenas for a series of depositions in furtherance of its investigation into this matter. Counsel for Congressman Rhodes, Kent Mulkey, as treasurer of Rhodes to Congress, and two other campaign staff, Benjamin Dodson and Anne Brown, moved to quash the subpoenas for deposition. Counsel contended that his clients are entitled to review investigative files provided by the Federal Bureau of Investigation before complying with the subpoenas. The Commission denied the motions on February 14 and 22, 1989. Counsel was so notified.

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Counsel informed this Office repeatedly that, despite the Commission's decision, his clients will not comply with the subpoenas until they review FBI interview summaries. Nonetheless, attorneys from the Office of the General Counsel traveled to Phoenix, Arizona for the scheduled depositions of Mulkey, Brown (now Ann Brown Wendell) and Dodson, as well as for the depositions of three other respondents in the matter. Mulkey, Brown and Dodson did not appear.[1]

On March 17, 1989, attorneys from this Office met with counsel for noncomplying deponents at his request. Counsel stated that those of his clients who were not interviewed by the FBI will appear for deposition, provided this Office inform him which ones they are. Consequently, counsel agreed that Ann Brown Wendell and Kent Mulkey will appear for depositions. However, Congressman Rhodes and Benjamin Dodson continue to refuse to obey the subpoenas. See Attachment #1. Therefore, this Office recommends seeking enforcement of these two subpoenas in district court.

Counsel has requested that any enforcement action the Commission takes be filed under seal in order to preserve his clients' confidentiality. This Office does not plan to grant that request for several reasons. It is the long standing practice of the Commission to file subpoena enforcement actions in open court. The regulations specifically exempt proceedings

2404360222 4

1. Congressman Rhodes' deposition was scheduled for February 16, 1989, two days after the Commission's decision to deny the motion to quash. The letter notifying counsel of the Commission's decision on the motion to quash directed that counsel contact this Office to reschedule the deposition. Counsel has declined to reschedule, maintaining that Congressman Rhodes will not appear for deposition.

in federal district court from the confidentiality requirements, permitting the Commission to introduce into evidence all facts necessary to obtain the requested relief. 11 C.F.R. § 111.21(c). Finally, the law requires that the public's right of access to judicial records and documents may be abrogated only in exceptional circumstances. Press-Enterprise Co. v. Superior Court, 464 U.S. 501 (1984); Stone v. University of Maryland, 855 F.2d 178 (4th Cir. 1988).

Counsel bears the heavy burden of showing why these proceedings should not be on the public record. He has asserted no unique circumstances meriting special treatment, but argues merely that the confidentiality provisions of 2 U.S.C § 437g apply. Therefore, this Office recommends seeking judicial enforcement of the subpoenas for deposition of John J. Rhodes, III and Benjamin Dodson.

II. RECOMMENDATIONS

1. Authorize the Office of the General Counsel to file a civil suit for an order to show cause in United States District Court against John J. Rhodes, III and Benjamin Dodson.

2. Approve the attached letter.

Date 4/12/89

Lawrence M. Noble
General Counsel

Attachments
1. Letter from Counsel
2. Letter notifying Counsel of suit authorization

Staff Assigned: Miller
Levin

24043602225

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: April 13, 1989

SUBJECT: MUR 2602 - General Counsel's Report

The attached is submitted as an Agenda document for the Commission Meeting of Tuesday, May 2, 1989

Open Session _____

Closed Session XXXX

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

Sensitive - circulate on blue paper

2043602226

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
John J. O'Neill	)	
Conley D. Wolfswinkel	)	
Wolfswinkel Group Incorporated	)	
Rhodes to Congress Committee, and Kent H. Mulkey, as treasurer	)	MUR 2602
Ann S. Lorenzo	)	
Cortland Silver	)	
John J. Rhodes, III	)	
United Bank of Arizona	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of May 2, 1989, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in MUR 2602:

1. Authorize the Office of the General Counsel to file a civil suit for an order to show cause in United States District Court against John J. Rhodes, III and Benjamin Dodson.

2. Approve the letter attached to the General Counsel's report dated April 12, 1989.

Commissioners Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Aikens was not present at the time of the vote.

Attest:

5-2-89
Date

Marjorie W. Emmons
Secretary of the Commission

2043602227

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 3, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Daniel Swillinger
Alagia, Day, Marshall, Mintmire & Chauvin
1000 Thomas Jefferson Street, N.W.
Washington, D.C. 20007

RE: MUR 2602
John J. Rhodes, III
Benjamin Dodson

Dear Mr. Swillinger:

You were previously notified that on April 28, 1988, the Federal Election Commission found reason to believe that your client, John J. Rhodes, violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended, in connection with the captioned matter. On January 12, 1989, the Commission issued subpoenas requiring the appearance of Congressman Rhodes and of your client, Benjamin Dodson, a nonrespondent witness, for depositions. On February 12, 1989, the Commission denied your motion to quash those subpoenas. Nonetheless, Mr. Dodson did not appear as ordered and you have indicated that Congressman Rhodes will not reschedule his appearance for deposition.

As a result of your clients' failure to comply with the duly executed subpoenas, on May 2, 1989, the Commission authorized the General Counsel to institute a civil action for relief in the United States District Court.

Should you have any questions, or should you wish to settle this matter prior to suit, please contact Ivan Rivera, Assistant General Counsel, at (202) 376-8200, within five days of your receipt of this letter.

Sincerely,

Lawrence M. Noble
General Counsel

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OGC #2744
RECEIVED
FEDERAL ELECTION COMMISSION
89 MAY 15 PM 1:11

LAW OFFICES

ALAGIA, DAY, MARSHALL,
MINTMIRE & CHAUVIN

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

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PALM BEACH, FLORIDA

DANIEL J. SWILLINGER
PARTNER

May 15, 1989

HAND DELIVERED

Charles Snyder, Esquire
Office of General Counsel
Federal Election Commission
Room 657
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2602

Dear Mr. Snyder:

Confirming our conversation of May 12, 1989, Congressman Rhodes and Mr. Dodson have decided to make themselves available for depositions.

I will await a call from a member of the enforcement staff with proposed dates for the depositions of the four persons previously specified in the subpoenas.

Please call me if you have any questions about this.

Sincerely,

Daniel J. Swillinger

DJS:mnd
cc: Thomas V. Rawles, Esquire

2043602229

RECEIVED
FEDERAL ELECTION COMMISSION
89 MAY 26 PM 3:38

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of	)	
	)	
John J. O'Neill	)	
Conley D. Wolfswinkel	)	
Wolfswinkel Group Incorporated	)	MUR 2602
Rhodes to Congress Committee, and	)	
Kent H. Mulkey, as treasurer	)	
Ann S. Lorenzo	)	
Cortland Silver	)	
John J. Rhodes, III	)	
United Bank of Arizona	)	

COMPREHENSIVE INVESTIGATIVE REPORT # 1

2043602230

On December 23, 1988, the Federal Election Commission approved the issuance of subpoenas for a series of depositions in furtherance of its investigation into possibile violations of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the 1986 House campaign of John J. Rhodes, III, of Arizona. The Commission had found reason to believe that numerous violations of the Act had occurred, several of them knowing and willful, on April 28, 1988.

Four of the proposed deponents, initially, refused to comply with the subpoenas: Congressman Rhodes, Kent Mulkey, as treasurer of Rhodes to Congress, and two other campaign staff, Benjamin Dodson and Anne Brown. After negotiations by this Office with counsel for the four, Brown and Mulkey agreed to appear for the depositions, but Rhodes and Dodson maintained their refusal to comply. Consequently, on May 2, 1989, the

Commission authorized the Office of the General Counsel to file civil suit for an order to show cause in the United States District Court against Congressman John J. Rhodes, III and campaign staffer Benjamin Dodson for their failure to comply with duly executed subpoenas for depositions in connection with the investigation in this matter.

Rhodes and Dodson were notified, through counsel, of the Commission's decision to seek enforcement of the subpoenas on May 3, 1989. By letter dated May 15, 1989, counsel informed this Office that his clients now intend to cooperate. This Office will, therefore, reschedule the depositions in furtherance of the investigation of this matter.

5/26/89
Date

Lawrence M. Noble
General Counsel

Staff assigned: Miller
Levin

2043602231

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: May 26, 1989

SUBJECT: MUR 2602 - Comprehensive Report #1

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

_____ _____

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0043602232

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS
SECRETARY OF THE COMMISSION MWE

DATE: MAY 31, 1989

SUBJECT: MUR 2602 - Comprehensive Investigative Report #1 Signed May 26, 1989.

The above-captioned report was received in the Secretariat at 3:38 p.m. on Friday, May 26, 1989 and circulated to the Commission on a 24-hour no-objection basis at 11:00 a.m. on Tuesday, May 30, 1989.

There were no objections to the report.

2043602233

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

June 12, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Daniel Swillinger
Alagia, Day, Marshall, Mintmire & Chauvin
1000 Thomas Jefferson Street, N.W.
Washington, D.C. 20007

RE: MUR 2602

Dear Mr. Swillinger:

This letter will serve to confirm the arrangements that have been made for the depositions of your clients pursuant to subpoenas issued on January 12, 1989 in furtherance of the Commission's investigation in MUR 2602. The dates for the depositions are:

Benjamin Dodson, July 18
Anne Brown Wendell, July 19
Kent Mulkey, July 20
John J. Rhodes, III, July 22

All depositions will be held at the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, beginning at 9:30 A.M. on each day.

Pursuant to 11 C.F.R. § 111.14, each of your clients will be paid a witness fee of $30. As we agreed, because the depositions are being conducted in Washington, D.C. rather than in Arizona at your request, the Commission will not be responsible for the mileage or travel expenses of Benjamin Dodson, Anne Brown Wendell, or Kent Mulkey.

Within two days of your receipt of this notification, please confirm the scheduled appearances with Colleen Miller, the attorney assigned to this matter, at 202-376-8200.

Sincerely,

L.M. Noble (GPB)

Lawrence M. Noble
General Counsel

> 4043602234

MUR 2602

DEPOSITIONS CONDUCTED IN FEBRUARY, MARCH AND JULY, 1989,

APPEAR AT THE REAR OF THIS FILE

2043602235

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 21, 1989

Edwin Crowley
Ace Federal Reporters, Inc.
444 North Capitol Street
Washington, D.C. 20001

RE: Federal Election Commission
Matter Under Review 2602

Dear Mr. Crowley:

As you discussed with an attorney from the Office of General Counsel on August 10, 1989, we request that the transcripts from three recent depositions be sent to your affiliate in Phoenix, Arizona so that the deponents may review and sign the transcripts in the office of that reporting agency. Because these transcripts are records obtained in an ongoing Federal Election Commission investigation, neither the deponents nor their attorneys may have copies of the transcripts for themselves at this time.

When the transcripts have reached your Phoenix affiliate, notice of the opportunity to review and sign should be sent to the deponents as follows:

Benjamin Dodson
1841 North Abrego Drive
Green Valley, Az 85614
(deposition taken 7/18/89)

Ann Galbraith Wendell
6848 East Chaparall Road
Scottsdale, Az 85253
(deposition taken 7/19/89)

Kent Mulkey
1600 West Chandler Blvd.
Suite 120
Chandler, Az 85224
(deposition taken 7/20/89)

You should retain the deposition of John Rhodes, III at your office in Washington for him to review and sign there. Notice of this should be sent to:

The Honorable John J. Rhodes, III
Cannon House Office Building
Room 510
Washington, D.C 20515-0301
(deposition taken 7/22/89)

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Please send a copy of all of these notice letters to their counsel:

Daniel J. Swillinger
Alagia, Day, Marshall, Mintmire & Chauvin
1000 Thomas Jefferson St. N.W.
Washington, D.C. 20007

Thank you for your cooperation in this matter.

Sincerely,

Lawrence M. Noble
General Counsel

24043602237

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

89 NOV 28 AM 10: 04

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
Rhodes to Congress Committee, and	)	MUR 2602
Kent H. Mulkey, as treasurer	)	
United Bank of Arizona	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter originally came to the attention of the Federal Election Commission by a referral from the United States Attorney of the District of Arizona and from information provided by the Federal Bureau of Investigation indicating the possibility of violations of the Federal Election Campaign Act of 1971, as amended ("the Act"), in connection with the 1986 House campaign of John J. Rhodes, III, of Arizona. The Commission has found reason to believe that numerous violations of the Act had occurred, several of them knowing and willful. The findings include, inter alia, reason to believe that the Rhodes to Congress Committee and Kent H. Mulkey, as treasurer, violated 2 U.S.C. § 441b(a) and that the United Bank of Arizona violated 2 U.S.C. § 441b(a).

In furtherance of its investigation into this matter, the Commission approved the issuance of subpoenas for a series of depositions. Among those deposed were Benjamin Dodson, a paid campaign staffer of the Rhodes to Congress Committee, and Maria Evans, a loan officer at United Bank of Arizona. The depositions of Evans (relevant portions at Attachment 1) and Dodson (relevant portions at Attachment 2) reveal the existence of additional potential violations of the Act. In particular, it appears that

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United Bank of Arizona (hereinafter "United Bank") provided the use of its facilities to the Rhodes to Congress Committee (hereinafter "Committee") free of charge on several occasions. If the testimony is correct, there may be reason to believe that both United Bank and the Committee have committed additional violations of 2 U.S.C. § 441b, which prohibits the making and accepting of corporate contributions in connection with a federal election.

II. FACTUAL AND LEGAL ANALYSIS

National banks are prohibited from making contributions or expenditures in connection with any election to any political office and corporations and labor unions are prohibited from making contributions or expenditures in connection with any federal election. 2 U.S.C. § 441b. It is also a violation to knowingly accept or receive any contributions prohibited by Section 441b.

Section 441b(b)(2) defines "contribution" to include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or "anything of value" to any candidate, campaign committee, or political party or organization in connection with any election. 2 U.S.C. § 441b(b)(2). "Anything of value" includes in-kind contributions, including goods or services provided at no charge or a charge less than the usual and normal charge. 11 C.F.R. §§ 100.7(a)(1)(iii), 100.8(a)(1)(iv)(A).

Section 114.9 of the Commission's regulations directly addresses the use of corporate or labor organization facilities.

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Specifically, Section 114.9(d) states:

> Persons ... who make any use of corporate or labor organization facilities, such as by using telephones or typewriters or borrowing office furniture, for activity in connection with a Federal election are required to reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual rental charge, as defined in 11 C.F.R. § 100.7(a)(1)(iii)(B), for the use of the facilities.

11 C.F.R. § 114.9(d).

In Advisory Opinion 1978-34, a political committee asked whether they could use corporate and non-corporate business telephones in lieu of establishing their own phone bank. The Commission stated that, pursuant to Section 114.9(d):

> Persons who make any use of corporate or labor organization facilities, such as by using telephones or typewriters for activity in connection with a Federal election, are required to reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual rental charge for the use of the facilities.

Advisory Opinion 1978-34 (citing 11 C.F.R. § 114.9(d)). Anything short of payment of the full amount of the cost of telephones and facilities would amount to a contribution, prohibited under Section 441b.

Our investigation into other matters involving the Rhodes to Congress Committee has revealed that the Committee may have used United Bank facilities without reimbursing the bank. Maria Evans was a loan officer at United Bank from October of 1985 to October of 1986. (Evans Transcript at p. 7). During this period, Evans' supervisor and regional division head was John O'Neill. (Evans Transcript at p. 17.) In addition to his

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duties at United Bank, O'Neill was also finance chairman and assistant treasurer for the Rhodes to Congress Committee. (Evans Transcript at p. 28). It appears that in his roles as campaign finance chairman and bank vice president, O'Neill arranged for the Committee to use United Bank facilities.

At her deposition, Evans testified that United Bank provided the Committee: (1) the use of conference rooms during working hours, (2) pens, paper, pencils, and name tags, and (3) the use of offices and telephones after working hours to conduct campaign related activities. All were provided free of charge. (Evans Transcript at pp. 50, 51 and 69).

More specifically, Evans stated that on two separate occasions she observed five to ten people from the Committee using the telephones after regular business hours for the purpose of conducting campaign related activities. (Evans Transcript at pp. 65-66). On those occasions Evans overheard some of the telephone conversations. She stated that the conversations generally concerned polls and get-out-the-vote campaigns, and the solicitation of support for Rhodes. (Evans Transcript at p. 66). Evans was not certain about the exact number of hours the Committee spent using the telephones, but she did state that they were there for at least 45 minutes each night.

Additionally, Evans testified that members of the Committee used the bank's conference room for the purpose of conducting campaign strategy sessions on three separate occasions. (Evans Transcript at p. 67). These sessions took

> 4043602241

place during regular business hours. Evans further stated that it was common for United Bank to provide the Committee with pens, pencils, paper, and name tags. (Evans Transcript at pp. 69-70).

Benjamin Dodson was the assistant campaign manager for the Rhodes to Congress Committee from September of 1985 to December of 1986. (Dodson Transcript at p. 6). Dodson made several statements at his deposition which corroborated Evans' assertions. For example, Dodson testified that O'Neill arranged for the Committee to use the bank's facilities in June of 1986 to assess Rhodes' chances in the upcoming election and to solicit support for Rhodes. (Dodson Transcript, pp. 35-37). Dodson confirms that there were five to ten volunteers making telephone calls from 6:30 p.m. to 8:30 p.m. on two to three separate occasions at United Bank. (Dodson Transcript, pp. 36-37). Dodson has no knowledge of whether the bank was compensated for the use of the telephones and offices. (Dodson Transcript, p. 40). Dodson also confirmed that the Committee did use the conference room about four to six times to conduct weekly meetings. (Dodson Transcript, p. 40). Contrary to Ms. Evans' testimony, however, Dodson testified that these meetings were conducted after business hours.

In this matter, United Bank's apparent failure to charge for and the Committee's failure to make any payment or reimbursement for the full amount of the normal and usual rental charge within a commercially reasonable time for the use of United Bank's facilities may constitute the making and acceptance of a corporate

2043602242

contribution. In light of the foregoing, this Office recommends that additional discovery be undertaken to determine the existence and the extent of the possible violation.

III. **RECOMMENDATIONS**

Approve the attached interrogatories and letters.

11-27-89
Date

Lawrence M. Noble
General Counsel

Attachments:

1. Transcript of Maria Evans' Deposition
2. Transcript of Benjamin Dodson's Deposition
3. Interrogatories
4. Letters to respondents

24043602243

Q. And what were the dates of your employment there?

A. From October 15th -- I am trying to remember the year. I spent two years at the Northern.

Q. '85?

A. '85 to October 15, 1986, because I spent one full year there.

Q. What did you do at United Bank?

A. My position at United Bank was the same. I was a commercial lender, assistant vice president in their commercial loan center.

Q. And so that dealt -- did you have to deal with cashier's checks at all when you worked there?

A. We signed cashier's checks as a disbursement of commercial loan proceeds, and once in a while a customer would have another transaction that needed a cashier's check.

Q. You mean a loan customer?

A. A loan customer, right.

Q. What about a normal bank customer, did you deal with that?

A. Not normally, no. We normally didn't handle the day-to-day transactions. If it was over

0043602244

Attachment I (Evans depo.)
Evans depo P. 7

then?

A. John was the regional division head for United Bank, and everything that happened in his division, John was ultimately responsible for. In banking, at least in every bank that I have worked for, you always had two people to report to; one for credit who was interested in credit quality and production and one for everything else so that it would keep you straight on. Because usually, the division manager like John was more interested in production, and the credit quality guy was more interested in keeping the integrity of the portfolio in stack. So I was always used to having two people; one on business development, which would be John O'Neill, and one for credit quality, which was Steve Todd, and the credit administrator. So it is always a dual reporting system to keep you from getting unduly influenced by market conditions or profitability. It is a good system.

Q. What do you mean by unduly influenced by market conditions and profitability?

A. If you are always pressured to put on loans and to make money for the bank, you may make a loan that is not in the best interest of the bank ultimately. If there is only market pressure and not

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never heard the details of that, and it was, I think, after the FBI came to -- before the FBI came to talk to us about all kinds of different transactions that they were looking at in regard to the John Rhodes campaign because John was treasurer of that campaign.

Q. Because O'Neill was?

A. Yes, John O'Neill was treasurer of the Rhodes for Congress campaign.

Q. Now, when you say that there was talk of kiting with Wolfswinkel and that is when he left, and then you said they later discussed other aspects concerning the Rhodes campaign, the FBI was talking about that?

A. Right.

Q. This first part of the kiting, did that have anything to do with the campaign?

A. I was not aware of a connection, no. But like I said, no one would discuss the details. It was just kind of general gossip, because nobody would discuss what was going on. And obviously, bankers are generally good. When you tell them not to talk about something, they don't talk about it because you are used to keeping people's personal financial information private, a customer. The confidentiality issue is something you live with on a daily basis.

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Q. Did any of those other candidates use it?

A. They could have, but there were always meetings going on, so I didn't always ask, "Well, who is in our conference room this time?" I just assumed it was a community function or support.

Q. So it wouldn't have been unusual for a campaign to come and use the conference room?

A. Oh, or use our phones.

Q. Use phones?

A. That was common practice at Valley Bank and United Bank for either side, whoever asked.

Q. And how do you mean by using phones?

A. Well, to get vote drives they could use our phones in the evening.

Q. After 5:00?

A. After 5:00 as long -- if we didn't want someone in an office, we would lock it so they couldn't use that office if we had confidential information. We were always cautioned to make sure there was no customer information in the offices for anyone to accidentally come across. But our offices were available for that use.

Q. Would they conduct, maybe, polling by telephone?

A. Polling, get out the vote drives,

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campaigning by phone. They were available.

Q. And let's say United Bank would let them do this for free?

A. That's right. It was also common practice at Valley Bank, and it was imported by the bank in general as long as it helped, because they didn't really contribute a lot of money directly. They just wanted to be public spirited so that availability was available to whatever campaign asked as long as there was no conflict in the time. It was more or less who had the clarity of mind to ask for it or who knew about it.

Q. Did they ever do this during work hours?

A. No, never.

Q. Not at United Bank?

A. Well, the conference room was available during work hours as long as it didn't conflict with a bank meeting or function or a customer meeting. So that was done during bank hours. A lot of times when we had no use for the conference room, other people could use it. But as far as using our phones for solicitation or for campaign contributions or anything like that, that was strictly after hours when we were not in there.

Q. Would they do that, let's say, for an

people coming into United Bank after 5:00 to use the phones?

A. Yes.

Q. And you assume it was for a get out the vote drive?

A. Well, I would be there. Sometimes I would work late, and they would be there. And, of course, they couldn't use my office because I was there. But they would be out in the receptionist's area using the phones and in other offices. So I actually saw that happen, not only in this campaign, but in the John McCain campaign, because I worked on that. I was involved not only being there but actually doing the work that was required in that particular campaign.

Q. At Valley Bank?

A. At Valley Bank.

Q. Here at the United Bank with the Rhodes campaign, you were not a part of that?

A. No. Especially since I was handling his credit, I didn't want to be involved.

Q. Well, tell me about what they were doing; for instance, how many phones were they using?

A. They had an average of between five and ten people there at any one point in time. I

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personally saw them there only twice, because those happened to be the nights I was working. I don't know what other times they were there, but I know that the phones were available. Peggy Rubach was very good at lining up not only Valley Bank, she planned the phone banks for a lot of these campaigns. I can only guess she is the one that arranged for that.

Q. Do you know if the Rhodes campaign used phones in other banks?

A. No, I don't. I wouldn't be suprised if they did. But I don't know that they did.

Q. You hadn't heard that they had?

A. No. They were limited by the number of the volunteers they could get for the phones, so it just depends. I can only presume, because I saw only five to ten people, that they couldn't get any more.

Q. How do you know that it was a get out the vote as opposed to, let's say, polling?

A. I don't. They could have done both. I wasn't paying attention, because I was working.

Q. What kind of words would you hear?

A. Who were you going to vote for, who were you planning, what do you know about the candidates; basically informational things. Those are the

questions I heard.

Q. Now, we talked about whom you might have recognized from those three meetings in the glass-windowed room. Now, with these, with this phone bank, or the use of the phones, do you remember who was there other than Peggy Rubach?

A. No.

Q. Do you remember if Ann Rhodes was there?

A. I think I remember Peggy introduced me or someone introduced me to Ann Rhodes there. I had never met her before.

Q. How about Ann Lorenzo, was she there?

A. Not that I recall, not the times that I was there. And I would know Ann, because I handled her account when I worked at Valley Bank when she managed the east valley branch, because I managed the same the branch across the street from her. She was at Mera Bank and I was at Valley. So I knew her before she married John.

Q. Who gave permission for the use of the phones for the campaign?

A. I don't know who handled the scheduling of the conference room or the phones. I don't know if it was Steve Todd or John O'Neill, but I know when I worked at Valley that all they had to do was

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coordinate it with the janitorial staff. So I don't know who gave permission for the use of the rooms.

Q. Do you know who might have suggested it?

A. I presume it was Peggy Rubach who suggested it, because she did that for all the campaigns she was involved in. She usually coordinated that activity.

A. And you think -- well, you don't know --

A. I don't know.

Q. -- whether she would have gone to John O'Neill for that?

A. Right, I don't know who she would have gone to.

Q. Now, you said you noticed it on two nights?

A. Right.

Q. How many hours each night would you say?

A. Well, on those particular incidences I only stayed like until about quarter to six, and I don't know how long they were there after that.

Q. So you know for at least 45 minutes each of those nights?

A. Right.

Q. Were these all within the same week, these two?

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A. No, I don't think they were the same week. I couldn't tell you the time span, because I wasn't again paying attention. But it was, you know, it was the John Rhodes campaign.

Q. Now, you said that at other banks they used -- campaigns would use the phones, and would they also use conference rooms?

A. Yes.

Q. Would they generally use bank facilities, for instance, as we've mentioned before coming in to use bank facilities?

A. Yes.

Q. Such as?

A. Well, at Valley Bank they had a conference room on the commercial loan floor, and then they had a massive conference room on the fourth floor. And people were allowed to use whichever one was not in use.

Q. But other than conference rooms, I mean, for instance, I mentioned before people using bank pens or pencils, paper, things like that?

A. Well, name tags. They were available for anybody's use for campaigns. We had a standing order to use name tags for any organization, public or private, as long as they told us how many they needed

and we could get them for them. The bank used name tags as an advertising tool. They were always available; pens, if they had them, at Valley Bank especially. They had scratch paper with Valley Bank's name on it, name tags, all these things that banks give away. And those were available to anyone who requested them. So I knew that they used those on various occasions.

Q. So at United Bank when they had those conferences, they had United Bank name tags with Rhodes For Congress Committee?

A. Right, or their own names so they would know. If they had mixers or cocktail parties, people could come in and request some.

Q. Did they say Rhodes for Congress Committee?

A. Not necessarily, usually their names. I don't know what they had on them.

Q. Let's go back to this Exhibit 1, which is that check right in front of you.

A. Okay.

Q. Now, you said that you had signed this check and your signature is there under less than ideal circumstances as we have discussed?

A. Right.

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A I was assistant campaign manager for the Rhodes for Congress Committee.

Q And what were the dates of that?

A Approximately September-October of '85 to January of '86, or to -- yes -- December of '86, excuse me.

Q To December of '86?

A Yes.

Q To the end of the year or sometime in the -- sometime in December?

A My recollection was sometime in the middle of December, as near as I can remember.

Q And what was your employment prior to that?

A I was, again, at school.

Q And did you have a job before being in school, let's say the period prior to 1985?

A Just various summer employment.

Q Mr. Dodson, how old are you?

A 29.

Q Now, you said you were in school. What does that entail? For instance, where are you in school?

A The University of Arizona.

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Attachment 2 (Dodson depo)

A Sending the thank-yous, bulk mails, getting volunteers, phone surveys, everything short of the advertising end of the campaign and the fundraising, I guess.

Q The phone surveys, what did that entail?

A Pretty much your standard "have you heard of -- you know, "Do you recognize any of these names? Who would you vote for? Why?" That kind of thing.

Q Where did you do these phone surveys?

A We did them at the end of the campaign -- I believe we had a Phoenix company doing them, and before that we did them.

Q What do you mean, a Phoenix company? Did you have a bank of phones, or what did you do?

A Yes. I never saw the place. Whether they sent people home to phone or whether they had a bank of phones, I'm not aware of that.

Q And you said there was another phone survey that was done?

A They were done sporadically through the first part of the campaign.

Q Do you remember a phone survey being done at

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United Bank?

A Yes.

Q And when was that?

A My impression is sometime around June of '86, perhaps later.

Q What were the circumstances of that?

A Of --

Q Let me be more specific. Did you do that during banking hours?

A No. It was done from probably 6:30 to 8:30 at night.

Q Did you go into the bank's offices?

A There were offices on the third floor, I believe, which we used.

Q How many people were there to phone?

A Between five and 10.

Q And what were the purpose of these phone calls?

A The purpose --

Q Let me give you options so you don't have to think too hard about it. Was it to test the support for Jay Rhodes?

A Yes. To fine-tune advertising plans and just

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get a feel where we were.

Q Who arranged for your use of the phones for the campaign?

A I believe it was John O'Neill.

Q Were there any other -- were there any other phone surveys done at United Bank?

A Any other -- no.

Q In other words, you did this once in June. Did you do it another time?

A We did weekly surveys. I believe we did two, possibly three of them there.

Q Two or three surveys at United Bank?

A Yes.

Q The same thing?

A Yes.

Q 6:30 at night, five or 10 people calling up?

A Yes.

Q Who were these people?

A Volunteers, anyone we could get, basically.

Q Was the candidate's wife there?

A I know she stopped in. But did she stay and phone? I don't remember that.

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Q How about the candidate?

A I don't ever remember him being there.

Q How about Ann Lorenzo?

A I don't remember her there, either.

Q How about Ann Brown? Was she there?

A Yes, definitely.

Q She was there for all of the surveys?

A I think she probably missed one.

Q This was out of four?

A Well --

Q You said there was one, and then there were two or three others?

A Yes.

MR. SWILLINGER: Just to clarify, I'm not sure we have it clear whether Mr. Dodson was at all of these. I might just make that absolutely clear.

BY MR. LEVIN:

Q Mr. Dodson, were you there at these surveys?

A Yes.

Q At all of them?

A Yes, I believe I got through all of them.

Q Was John O'Neill there?

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A I don't think he was ever at any of them.

Q How about Hazel Davis-Conley?

A I don't recall specifically. She might have been, but --

Q How about Rudy Campbell?

A I don't think Rudy was ever there.

Q Did the campaign ever use United Bank for other purposes other than your walking over to deposit checks?

MR. SWILLINGER: Try to define what you mean by "other purposes."

BY MR. LEVIN:

Q Did you have meetings over at United Bank?

A On occasion we used their meeting room.

Q When was that?

A Just a month prior to the primary, perhaps two months, for our meetings.

Q Were these during working hours?

A No. They would be after.

Q Would you say after 5:00?

A Probably after 6:00, even.

Q You mentioned one meeting. Were there any others?

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A The weekly, towards the end -- there were weekly meetings towards the end.

Q Of the primary or the general?

A Right prior to the primary.

Q And how many weeks are we talking about?

A Four, perhaps six weeks.

Q Did the campaign ever pay for the use of the phones to United Bank?

A I don't have any knowledge of them paying for it.

Q Did they ever pay for the use of the conference room?

A I don't have any knowledge of that.

Q Who made the conference room available for the conferences?

A John O'Neill.

Q Do you know who he suggested that to? In other words, did O'Neill suggest to Ann Brown, "hey, come on, we can use the bank's conference room, we can use the bank's phones"?

A I don't really know who he communicated through to set that up.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: November 23, 1939

SUBJECT: MUR 2692 -- 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	[XX]	Compliance	[XX]
Sensitive	[XX]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/DELORES HARRIS
COMMISSION SECRETARY

DATE: NOVEMBER 30, 1989

SUBJECT: MUR 2602 - GENERAL COUNSEL'S REPORT
DATED NOVEMBER 27, 1989

2436022623

The above-captioned document was circulated to the Commission on Tuesday, November 28, 1989 at 4:00 p.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	
Commissioner Elliott	XXXX
Commissioner Josefiak	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Thomas	

This matter will be placed on the meeting agenda for Tuesday, December 5, 1989 at 10:00 a.m.

Please notify us who will represent your Division before the Commission on this matter.

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Rhodes to Congress Committee, and Kent H. Mulkey, as treasurer; United Bank of Arizona	)	MUR 2602

CERTIFICATION

I, Hilda Arnold, recording secretary for the Federal Election Commission executive session of December 5, 1989, do hereby certify that the Commission decided by a vote of 6-0 to approve the interrogatories and letters as recommended in the General Counsel's Report dated November 27, 1989, subject to the amendment of the interrogatories to the Committee, as discussed at the meeting.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry and Thomas voted affirmatively for the decision.

12/6/89
Date

Hilda Arnold
Hilda Arnold
Administrative Assistant

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Jerome Schultz
Fennemore Craig
Suite 2200
Two North Central Avenue
Phoenix, Arizona 85004-2390

RE: MUR 2602
United Bank of Arizona

Dear Mr. Schultz:

On May 10,1988, your client was notified that the Federal Election Commission found reason to believe that your client, United Bank of Arizona, now Citibank, violated 2 U.S.C. § 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act").

Pursuant to its investigation of this matter, the Commission has issued the attached interrogatories requiring you to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Act.

All responses to the enclosed interrogatories and request for production of documents must be submitted to the General Counsel's Office within 20 days of your receipt of this letter. Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 investigation to be made public. If you have any questions, please contact Colleen Miller, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Interrogatories and Request for Production of Documents

> 4043602265

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602)

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

TO: United Bank of Arizona,
d/b/a Citicorp

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, along with the requested documents within 15 days of receipt of this Order and Subpoena.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C. on this 14th day of December, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Hilda Arnold
for Marjorie W. Emmons
Secretary to the Commission

Attachments
Interrogatories and Request
for Production of Documents (4 pages)

> 4043602267

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
) MUR 2602
)

INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: United Bank of Arizona,
d/b/a Citicorp

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

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If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information, and identify the person or persons capable of providing further information, if any.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery request shall refer to the time period from May 1985 to November 1986.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" and "the Bank" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

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"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

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QUESTIONS

1. State your policy, which was in effect during the discovery period, for use of bank facilities for nonbank purposes by both political and non political organizations.

2. State your policy, which was in effect during the discovery period, for reimbursement or assessment of costs for use of bank facilities for nonbank purposes by both political and non political organizations.

3. Identify the number of times bank facilities were used by the Rhodes to Congress Committee or any persons associated with the Rhodes to Congress Committee during the discovery period. Your answer should include, for each use, the date and time of use, the particular facilities used, the purpose of the use, supplies provided by the bank and any other assistance provided by the bank.

4. State whether the Bank charged the Rhodes to Congress Committee for any use of bank facilities.

5. State whether the Rhodes to Congress Committee reimbursed you for any use of bank facilities.

6. Identify all other political committees who used bank facilities during the discovery period.

7. Identify all non political organizations who used bank facilities during the discovery period and state the amount charged by the Bank for each such use.

DOCUMENT REQUEST

1. Provide the written policies described in questions 1 and 2 above.

2. Provide all records maintained by you relating to the use of bank facilities, including but not limited to schedules, request forms, billing statements and accounts.

2043602271

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Daniel Swillinger
Alagia, Day, Marshall, Mintmire & Chauvin
1000 Thomas Jefferson Street, N.W.
Washington, D.C. 20007

RE: MUR 2602
Rhodes to Congress Committee,
and Kent H. Mulkey, as treasurer

Dear Mr. Swillinger:

On May 10, 1988, your clients, Rhodes to Congress Committee, and Kent H. Mulkey, as treasurer, were notified that the Federal Election Commission found reason to believe that they violated certain provisions of the Federal Election Campaign Act of 1971, as amended ("the Act").

Pursuant to its investigation of this matter, the Commission has issued the attached interrogatories requiring you to provide information which will assist the Commission in carrying out its statutory duty of supervising compliance with the Act.

All responses to the enclosed interrogatories and request for production of documents must be submitted to the General Counsel's Office within 20 days of your receipt of this letter. Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 investigation to be made public. If you have any questions, please contact Colleen Miller, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Interrogatories and Request for Production of Documents

2043602272

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
) MUR 2602
)

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

TO: Rhodes to Congress Committee,
and Kent Mulkey, as treasurer

Pursuant to 2 U.S.C. § 437d(a)(1) and (3), and in furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order and subpoenas you to produce the documents requested on the attachment to this Subpoena. Legible copies which, where applicable, show both sides of the documents may be substituted for originals.

Such answers must be submitted under oath and must be forwarded to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, along with the requested documents within 15 days of receipt of this Order and Subpoena.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C. on this fourteenth (14) day of December, 1989.

Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

Attachment
Interrogatories and Request
for Production of Documents (4 pages)

2043602274

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
) MUR 2602
)

INTERROGATORIES AND REQUEST
FOR PRODUCTION OF DOCUMENTS

TO: Rhodes to Congress Committee,
and Kent Mulkey, as treasurer

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

2043602275

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information, and identify the person or persons capable of providing further information, if any.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery request shall refer to the time period from May 1985 to November 1986.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

2043602276

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

> 4043602277

QUESTIONS

1. Identify all corporate, bank and labor organization facilities used by you for the conducting of any campaign activity, including but not limited to meetings, polls, surveys, mailings, and speeches. Your answer should include the date, time, and duration of each use, the specific purpose of the use, and the number of people involved in each use.

2. State the amount charged and the amount paid for the use of each facility described in your answer to question 1.

DOCUMENT REQUEST

1. Provide all bills, account statements or any other documents relating to the use of or payment for the facilities described in your answer to question 1 above.

2043602278

OGC 5081

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

LAW OFFICES

ALAGIA, DAY, MARSHALL, MINTMIRE & CHAUVIN

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

OFFICES IN:
ATLANTA, GEORGIA
FRANKFORT, KENTUCKY
LOUISVILLE, KENTUCKY
MIAMI, FLORIDA
NASHVILLE, TENNESSEE
NEW ALBANY, INDIANA
PALM BEACH, FLORIDA

DANIEL J. SWILLINGER
PARTNER

1990 JAN -9 PM 3:22

MUR 2602

January 9, 1990

BY HAND

Ms. Colleen Miller
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Suite 657
Washington, D.C. 20463

Re: Rhodes To Congress

Dear Ms. Miller,

I am experiencing difficulties in obtaining all of the information requested in the Commission's subpoena/document request which I received on December 22, 1989.

I would therefore request an extension until January 31, 1990 in which to respond to your request.

Sincerely,

Daniel J. Swillinger

DJS/ll
cc: Thomas Rawles, Esquire

2043602279

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 10, 1990

Daniel Swillinger
Alagia, Day, Marshall, Mintmire & Chauvin
1000 Thomas Jefferson Street, N.W.
Washington, D.C. 20007

RE: MUR 2602
Rhodes to Congress Committee,
and Kent H. Mulkey, as treasurer

Dear Mr. Swillinger:

This is in response to your letter dated January 9, 1990, requesting an extension of 20 days to respond to the interrogatories and request for production of documents of December 15, 1989. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on January 31, 1990.

If you have any questions, please contact Colleen Miller, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lisa Klein
Assistant General Counsel

2043602280

OGC 5167

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

90 JAN 19 AM 11:30

HAND DELIVERED

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
) MUR 2602
)

RESPONSE OF CITIBANK (ARIZONA) TO INTERROGATORIES AND REQUEST FOR PRODUCTION PROPOUNDED TO UNITED BANK OF ARIZONA

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 JAN 19 PM 4:01

Citibank (Arizona) ("Citibank") submits the following Response to Interrogatories and Request for Production of Documents propounded by the Federal Election Commission.

RESPECTFULLY SUBMITTED this 18th day of January, 1990.

FENNEMORE CRAIG

By _____
Jerome B. Shultz
2 North Central, Suite 2200
Phoenix, Arizona 85004
Attorney for Citibank

On or about September 5, 1985, United Bancorp, parent of United Bank of Arizona ("United" or "Bank"), its wholly owned subsidiary, UB Merger, and Union Bancorp ("Union") entered into an Agreement and Plan of Merger. Union's purchase of United closed on January 8, 1987. On January 28, 1988, Citibank entered into an Agreement to Purchase all of the issued and outstanding shares of United.

Since 1985, there have been several significant management and personnel changes within the Bank. Essentially, Citibank is now the third owner of United. In this discovery,

2043602281

the Federal Election Commission has requested that Citibank answer questions and retrieve information about events which occurred almost three years before Citibank even acquired United. After exercising due diligence to secure the information, Citibank responds as follows:

RESPONSE TO INTERROGATORIES

1. Citibank is unaware whether there was in effect during the discovery period a policy governing the use of Bank facilities for nonbank purposes by both political and non-political organizations.

2. Citibank is unaware whether there was in effect during the discovery period a policy governing reimbursement or assessment of costs for use of Bank facilities for nonbank purposes by political and non-political organizations.

3. Citibank is unable to identify the number of times, if any, Bank facilities may have been used by the Rhodes to Congress Committee or any persons associated with the Rhodes to Congress Committee during the discovery period.

4. Citibank is unaware whether the Bank charged the Rhodes for Congress Committee for use, if any, of Bank facilities.

5. Citibank is unaware whether the Rhodes to Congress Committee reimbursed the Bank for use, if any, of Bank facilities.

2043602282

6. Citibank is unable to identify other political committees, if any, who used Bank facilities during the discovery period.

7. Citibank is unable to determine the identity of non-political organizations, if any, who used Bank facilities during the discovery period.

RESPONSE TO DOCUMENT REQUEST

1. Attached are Chairman's Statement and Code of Business Conduct for United. Citibank is unaware whether these materials were in effect during the discovery period.

2. Citibank is unaware of the existence of United records relating to the use of Bank facilities, including but not limited to schedules, request forms, billing statements and accounts.

Citibank will supplement its Answers to Interrogatories and Request for Production should it obtain further responsive information.

DATED this 18th day of January, 1990.

FENNEMORE CRAIG

By _____
Jerome B. Shultz
2 North Central, Suite 2200
Phoenix, Arizona 85004
Attorney for Citibank

2043602233

ORIGINAL of the foregoing forwarded by Federal Express this 18th day of January, 1990, to:

Office of the General Counsel,
Federal Elections Commission
999 East Street, N.W.
Washington, D.C. 20462

4043602264

VERIFICATION

STATE OF ARIZONA)
) ss.
County of Maricopa)

Michael L. Bennardo, Associate Counsel and Vice President, states under oath that he has exercised due diligence in compiling the informatioin and answers in the foregoing Response of Citibank (Arizona) to Interrogatories and Request for Production propounded to United Bank of Arizona, and that he believes the information contained therein to be true and correct.

MICHAEL L. BENNARDO

SUBSCRIBED AND SWORN to before me this 18th day of January, 1990.

Barbara A. Hunter
Notary Public

My Commission Expires:

My Commission Expires Aug. 10, 1993

2436022835

CHAIRMAN'S STATEMENT

The Board of Directors considers it appropriate to adopt a Code of Business Conduct for the United Bank of Arizona and subsidiaries. This Code is adopted recognizing that the Bank operates in the interest of the communities it serves, it's customers, it's staff and it's shareholders, and those of us to guide day-to-day operations of the Bank have the responsibility to balance these interests.

The following principles are fundamental to our continued success, and we acknowledge and accept our responsibility to:

- Serve United Bancorp of Arizona shareholders honestly and zealously in our mutual interest, protecting the concerns of the shareholders and dealing with those concerns as one would his own.

- Fulfill complete banking needs of customers on a competitive basis, using sound banking practices and with a sincere regard for their interests.

- Treat co-workers as associates, showing concern for their physical and mental health, giving encouragement and recognition in their work, and providing them opportunity for personal development as is consistent with the proper conduct of their assignments.

- Earn the full confidence and respect of all members of the public, current customers and potential customers and to support the best interests of the community, state and nation.

- Demonstrate leadership in the development and improvement of banking services on a practical and profitable basis.

- Conduct our personal and business activities in accordance with the highest ethical standards.

The reputation of our Bank is the sum of the reputation of all who are associated within. With adherence to the above principles, and with a free flow of communication among all members of the staff, United Bank will merit continued success and retain its high standing in the profession of banking.

James P. Simmons
Chairman of the Board

0043602286

OGC 5262

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

90 JAN 30 PM 3:18

LAW OFFICES

ALAGIA, DAY, MARSHALL,
MINTMIRE & CHAUVIN

1000 THOMAS JEFFERSON STREET, N.W.
WASHINGTON, D.C. 20007
(202) 342-0342
TELECOPIER (202) 775-9089
CABLE ALBAR
TELEX 44-0712

OFFICES IN:
ATLANTA, GEORGIA
FRANKFORT, KENTUCKY
LOUISVILLE, KENTUCKY
MIAMI, FLORIDA
NASHVILLE, TENNESSEE
NEW ALBANY, INDIANA
PALM BEACH, FLORIDA

DANIEL J. SWILLINGER
PARTNER

January 30, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

90 JAN 30 PM 3:55

BY HAND

Lawrence Noble, Esquire
General Counsel
Federal Election Commission
999 E Street, N.W.
Suite 659
Washington, D.C. 20463

Re: MUR 2602

Dear Mr. Noble,

Enclosed are an original and two copies of the Rhodes to Congress Committee's response to the Commission's interrogatories and document request received by the Committee on December 22, 1989.

Please call me if you have any questions.

Sincerely,

Daniel J. Swillinger

DJS/ll
Enclosures
cc: Thomas V. Rawles, Esquire

2043602237

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2602

INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

TO: Rhodes to Congress Committee, and Kent Mulkey, as treasurer

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

4043602288

INSTRUCTIONS

In answering these interrogatories and request for production of documents, furnish all documents and other information, however obtained, including hearsay, that is in possession of, known by or otherwise available to you, including documents and information appearing in your records.

Each answer is to be given separately and independently, and unless specifically stated in the particular discovery request, no answer shall be given solely by reference either to another answer or to an exhibit attached to your response.

The response to each interrogatory propounded herein shall set forth separately the identification of each person capable of furnishing testimony concerning the response given, denoting separately those individuals who provided informational, documentary or other input, and those who assisted in drafting the interrogatory response.

If you cannot answer the following interrogatories in full after exercising due diligence to secure the full information to do so, answer to the extent possible and indicate your inability to answer the remainder, stating whatever information or knowledge you have concerning the unanswered portion and detailing what you did in attempting to secure the unknown information, and identify the person or persons capable of providing further information, if any.

Should you claim a privilege with respect to any documents, communications, or other items about which information is requested by any of the following interrogatories and requests for production of documents, describe such items in sufficient detail to provide justification for the claim. Each claim of privilege must specify in detail all the grounds on which it rests.

Unless otherwise indicated, the discovery request shall refer to the time period from May 1985 to November 1986.

The following interrogatories and requests for production of documents are continuing in nature so as to require you to file supplementary responses or amendments during the course of this investigation if you obtain further or different information prior to or during the pendency of this matter. Include in any supplemental answers the date upon which and the manner in which such further or different information came to your attention.

DEFINITIONS

For the purpose of these discovery requests, including the instructions thereto, the terms listed below are defined as follows:

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

"Persons" shall be deemed to include both singular and plural, and shall mean any natural person, partnership, committee, association, corporation, or any other type of organization or entity.

4043602289

"Document" shall mean the original and all non-identical copies, including drafts, of all papers and records of every type in your possession, custody, or control, or known by you to exist. The term document includes, but is not limited to books, letters, contracts, notes, diaries, log sheets, records of telephone communications, transcripts, vouchers, accounting statements, ledgers, checks, money orders or other commercial paper, telegrams, telexes, pamphlets, circulars, leaflets, reports, memoranda, correspondence, surveys, tabulations, audio and video recordings, drawings, photographs, graphs, charts, diagrams, lists, computer print-outs, and all other writings and other data compilations from which information can be obtained.

"Identify" with respect to a document shall mean state the nature or type of document (e.g., letter, memorandum), the date, if any, appearing thereon, the date on which the document was prepared, the title of the document, the general subject matter of the document, the location of the document, the number of pages comprising the document.

"Identify" with respect to a person shall mean state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, the nature of the connection or association that person has to any party in this proceeding. If the person to be identified is not a natural person, provide the legal and trade names, the address and telephone number, and the full names of both the chief executive officer and the agent designated to receive service of process for such person.

"And" as well as "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of these interrogatories and requests for the production of documents any documents and materials which may otherwise be construed to be out of their scope.

2043602290

QUESTIONS

1. Identify all corporate, bank and labor organization facilities used by you for the conducting of any campaign activity, including but not limited to meetings, polls, surveys, mailings, and speeches. Your answer should include the date, time, and duration of each use, the specific purpose of the use, and the number of people involved in each use.

2. State the amount charged and the amount paid for the use of each facility described in your answer to question 1.

DOCUMENT REQUEST

1. Provide all bills, account statements or any other documents relating to the use of or payment for the facilities described in your answer to question 1 above.

Answers to Questions 1 and 2 - see attached.

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ANSWERS TO QUESTIONS 1 AND 2:

The Committee has no records which establish what corporate and/or bank facilities were used by the Committee between May, 1985, and November, 1986. Furthermore, no records exist which establish when these uses took place. However, based entirely upon the undocumented memories of people involved with the campaign during the relevant time period, it appears that the following facilities may have been used for the purposes identified.

1. Great American Bank: 56th Street and Main, Mesa. The Committee used this facility's Community Room on one occasion for a grass roots organizational meeting. This room was available to any person who or organization which reserved it, free of charge. No fee was charged by the bank and the Committee paid no fee. The meeting probably lasted for no more than 1 1/2 hours. Perhaps as many as 30 people attended, although it could have been less.

2. United Bank of Arizona: Main and Mesa Drive, Mesa. The Committee held four or five Steering Committee meetings in the 2nd Floor Conference Room. These meetings were held monthly and lasted approximately 1 1/2 hours each, with no more than 12 people in attendance at any one meeting. No fee was charged to or paid by the Committee. The bank's Conference Room was readily available to a wide variety of charitable, political and civic organizations for meetings free of charge and was frequently utilized by them for that purpose.

The Committee also utilized the bank for polling on one or two occasions (memories differ). Each poll was conducted over three consecutive nights, about four hours each night. Perhaps as many as ten people would poll each night. The bank incurred no incremental increase in its phone charges, particularly since the entire First Congressional District was within the local telephone (free) zone. The coordinator of the polling operation used the 2nd Floor Conference Room and individual pollers used desk telephones. There was a long history and tradition of banks allowing use of their telephones for polling by political organizations and no fee was customarily charged. Accordingly, no fee was paid by the Committee.

3. Lutheran Healthcare Network ("LHN"): 10th Street and Brown Road, Mesa. On at least one occasion, maybe two, the Committee used this facility's Board Room for a candidate briefing session prior to a candidates' debate. No more than six or seven people were involved and the briefing lasted two to three hours. The Board Room was frequently used by many community and civic groups for meetings.

0043602292

This facility was also used for polling, although it is impossible to know how many times (again, memories differ). The Committee's best estimate is two to three times. The polls were conducted in the evenings with three to six phones manned each evening for about three hours. One poll took about a week to complete, while the others were normally done in three nights. The LHN incurred no incremental cost as a result of the polling.

On the Sunday and Monday immediately prior to the primary election (Sept. 7th and 8th), this facility was used for get-out-the-voting calling. Approximately 14 phones were used for an average of three hours per day. Again, no incremental cost was incurred.

In light of the fact that the LHN incurred no cost and the history of use by other civic groups, it was decided by the LHN not to charge the Committee a fee. It was suggested, however, that a small donation ($100-$200) to the Lutheran Hospital Foundation might be appropriate. It is believed by everyone involved that a donation was made, but Committee records do not reveal that it issued a check to the Foundation. The Committee cannot explain this lack of documentation.

24436022933

RESPONSE TO DOCUMENT REQUEST NO. 1:

No documents are produced.

STATE OF ARIZONA)
) ss. VERIFICATION
County of Maricopa)

I, **THOMAS V. RAWLES**, being first duly sworn upon oath, depose and say that:

1. I was requested by counsel for the Committee to gather information for the purpose of answering the interrogatories;

2. I spoke with several people active in the 1986 campaign and elicited their best recollection of the events in question;

3. That the answers to the interrogatories reflect to the best of my ability the information gathered from those individuals; and

4. The answers to the interrogatories, upon information and belief, are true and correct to the best of knowledge.

Thomas V. Rawles
Thoams V. Rawles

SUBSCRIBED AND SWORN to before me this 26th day of January, 1990.

Shannon Anne Castillo
Notary Public

My Commission Expires:

My Commission Expires Jun. 30, 1993

0243602294

MUR 2602

8 May 1990

Dear Sirs:

I am writing to ask that a decision in the Connie Woolfs-winkle case be made very soon. I would appreciate hearing the results of your investigation into the matter of "falsified" names of contributors to Jay Rhodes' campaign in 1988.

Thank you.

Sincerely,
Fleeta Baldwin
301 W. Echo Ln
Phoenix, AZ 85021

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
1990 MAY 15 AM 11:35

2043602295

0006263

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

90 MAY 17 PM 1:13

LAW OFFICES
MALONEY & BURCH
1100 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036
Phone (202) 293-1414
Fax (202) 293-1702

May 16, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 MAY 17 PM 3:30

Colleen Miller, Esq.
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2602
Rhodes to Congress

Dear Colleen:

Please change your records in the above referenced matter to reflect my new law firm name, address and telephone number.

Thank you,

Daniel J. Swillinger

2043602296

DGC 6846

JOHN WRZESINSKI for CONGRESS
REPUBLICAN
A TRADITION OF CARING
3030 S. McClintock, Tempe, AZ 85282
(602) 838-2345

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
90 MAY 25 PM 2:18

May 21, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 MAY 29 PM 3:52

General Counsel Noble
999 "E" St. N.W.
Washington D.C. 20463

Dear General Counsel Noble:

2602

There is a pending Matter Under Review number ~~2062~~ filed in 1987 with your department. It consists of charges that Conley Wolfswinkel donated to the John Jacob Rhodes III for Congress campaign the sum of 27 thousand dollars under assumed names.

On behalf of the constituents of Arizona Congressional District I and me I would request an adjudication of a matter that is almost three years old. This is further requested because I am a Candidate for the same office and feel that the voters in this District deserve to know the results of your investigation before the Sept. 11, 1990 Primary Election.

2004360297

OFFICIAL SEAL
KAREN S. JOHNSON
NOTARY PUBLIC - STATE OF ARIZONA
MARICOPA COUNTY
My Comm. Expires Oct. 19, 1993

Sincerely,

Rep. John T. Wrzesinski M.D.

Subscribed and sworn to before me
this 21st day of May, 1990.

JTW:pf

Karen S. Johnson
Notary Public

Mesa, Arizona

My commission expires on the 19th day of October, 1993

PAID FOR BY THE WRZESINSKI FOR CONGRESS CAMPAIGN COMMITTEE

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 4, 1990

John T. Wrzesinski, M.D.
3108-2 S. McClintock
Tempe, Arizona 85282

Dear Dr. Wrzesinski:

This is in response to your letter dated May 21, 1990, in which you request "an adjudication" of the "charges that Conley Wolfswinkel donated to the John Jacob Rhodes III for Congress campaign the sum of 27 thousand dollars under assumed names."

The Federal Election Campaign Act of 1971, as amended ("the Act") prohibits any person from making public the fact of any notification or investigation by the Commission, prior to closing the file in the matter, unless the party being investigated has agreed in writing that the matter be made public. See 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A). Because there has been no written agreement that the matter be made public, we are not in a position to release any information at this time.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

'4043602298

06C6536

MacPherson & McCarville

A PROFESSIONAL ASSOCIATION
ATTORNEYS AT LAW

DONALD W. MacPHERSON
CERTIFIED SPECIALIST - TAX LAW
CERTIFIED SPECIALIST - CRIMINAL LAW
ADMITTED ARIZONA & OKLAHOMA
KIRK A. McCARVILLE
CERTIFIED SPECIALIST - TAX LAW
—
PATRICK S. SAMPAIR
ADMITTED ARIZONA & MINNESOTA
EDWARD J. MANEY

3404 WEST CHERYL DRIVE
SUITE A-250
PHOENIX, ARIZONA 85051

(602) 866-9566

FAX (602) 866-3799

GLENDALE, ARIZONA
BRANCH OFFICE
DONALD W. MacPHERSON

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
90 JUN 12 AM 11:44

June 4, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

General Counsel Noble
Federal Election Commission
999 East Street N.W.
Washington, DC 20463

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 JUN 13 AM 11:33

2062

RE: MUR ~~#2062:~~ Demand for Action;
Final Notice Before Suit;
John Wrzesinski; Member of the House, State of Arizona;
Republican Candidate for U.S. Congress

Dear General Counsel Noble:

I. OVERVIEW

This firm has been retained by John Wrzesinski with respect to your investigation in the case of Matter Under Review (MUR) #2062, which we understand was filed in 1987. Dr. Wrzesinski is now a member of the House State of Arizona and is a Republican candidate for Congress in Arizona's District 1.

If no action is taken by the Commission, we will have no choice but to file an action in U.S. District Court under 2 U.S.C. Sec. 437g 8(A).

II. THE FACTS

We understand the facts to be as follows:

1. A complaint was filed in 1987 with respect to the contributions of Conley Wolfswinkel to the "John Jacob Rhodes, III for Congress" campaign in the sum of $27,000 which contribution was made under assumed names.

2. After notice and response as provided in Sec. 437(G)(1), the Commission, under subsection (2), determined that "it had reason to believe that a person has committed ... a violation of this Act."

3. Under subsection (2), the Commission commenced an investigation of the alleged violation and assigned to the case MUR number 2062.

2043602299

4. The Commission has not concluded its investigation nor has it made a final determination whether the alleged violation occurred.

III. OUR FINAL REQUEST FOR FEC ACTION

It is our client's demand that you take action as required by Title 2, United States Code, Sec. 431, et seq. If you fail to take action within ten (10) days of the date of this letter, we will have no choice but to file a complaint in the United States District Court for the District of Columbia.

IV. PROVISIONS UNDER TITLE 2, UNITED STATES CODE

Title 2, Sec. 437g at subsection 8(A) provides as follows:

> Any party aggrieved by an order of the Commission dismissing the complaint filed by such party under paragraph (1), or by failure of the Commission to act on such complaint during the 120-day period beginning on the date the complaint is filed, may file a petition with the United States District Court for the District of Columbia. (Emphasis added)

Subsection 8(C) provides as follows:

> In any proceeding under this paragraph, the court may declare that the dismissal of the complaint or the failure to act is contrary to law, and may direct the Commission to conform with such declaration within 30 days, following which the complaintant may bring, in the name of such complaintant, a civil action to remedy the violation involved in the original complaint. (Emphasis added)

V. DR. WRZESINSKI'S STATUS AS AN AGGRIEVED PARTY

It is our position that our client qualifies as an aggrieved party for reason that he lives in Arizona Congressional District Number 1. In addition, he is opposing Congressman John Jacob Rhodes, III for the Republican nomination.

VI. FAILURE OF THE COMMISSION TO ACT

Obviously, the Commission has failed to act timely and has failed to act within 120 days.

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VII. JUDICIAL REVIEW

Unless the Commission acts within ten (10) days from the receipt of this letter, in compliance with Title 2, United States Code, our client will have no choice but to file an action in United States District Court for the District of Columbia, seek declaratory judgment, attorney fees, and costs.

VIII. CORRECT THE FACTS FOR THE RECORD

If we are mistaken as to the facts or if it is the Commission's position that on the face of the facts the Commission is, in fact, in compliance with Title 2, please so advise of your position in writing within ten (10) days of receipt of this letter. (Noter our FAX number above.) Alternatively, please call.

IX. SUMMARY AND CONCLUSION

The Commission has failed in its statutory duty to act within the 120-day period. As an aggrieved party, Representative Wrzesinski has standing to bring a complaint in the United States District Court for the District of Columbia for declaratory judgment compelling the Commission to comply with the statutory scheme.

If we can be of any assistance in better clarifying our position, please do not hesitate to call or write.

Yours truly,

D. Mather for

Donald W. MacPherson

DWM:dsa
cc: Representative Wrzesinski

0436023 01

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 19, 1990

Donald W. MacPherson
MacPherson & McCarville
3404 West Cheryl Drive
Phoenix, Arizona 85051

RE: MUR 2602

Dear Mr. MacPherson:

This responds to your letter dated June 4, 1990, in which you note your client's intention to file suit against the Commission in connection with the above-referenced matter.

As we previously informed Dr. Wrzesinski by letter of June 4, 1990, the Federal Election Campaign Act of 1971, as amended ("the Act") prohibits any person from making public the fact of any notification or investigation by the Commission, prior to closing the file in the matter, unless the party being investigated has agreed in writing that the matter be made public. See 2 U.S.C. §§ 437g(a)(4)(B) and (12)(A). The statutorily mandated confidentiality bars us from discussing this matter with you. Please be advised, moreover, that Section 437g(a)(8) only permits the party filing a complaint with the Commission to seek judicial review. Therefore, Dr. Wrzesinski clearly is not entitled to challenge the Commission's processing of this matter in court.

Sincerely,

LM Noble (JH)

Lawrence M. Noble
General Counsel

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RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

91 JAN 30 AM 10:59

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

John J. O'Neill	)	
Conley D. Wolfswinkel	)	MUR 2602
Wolfswinkel Group Incorporated	)	
Ann S. Lorenzo	)	
Cortland Silver	)	

SENSITIVE

GENERAL COUNSEL'S REPORT

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I. BACKGROUND

This matter came to the attention of the Federal Election Commission by a referral from the United States Attorney of the District of Arizona and from information provided by the Federal Bureau of Investigation indicating the possibility of violations of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the 1986 House campaign of John J. Rhodes, III, of Arizona. On April 28, 1988, the Commission found reason to believe that numerous violations of the Act had occurred, several of them knowing and willful, and opened an investigation. In particular, the Commission found reason to believe that the Rhodes to Congress Committee, through John O'Neill, its Finance Chairman, had accepted corporate contributions, excessive contributions and contributions made in the name of others.

As a part of the investigation, the Commission later issued subpoenas for a series of depositions. Congressman John J. Rhodes, III and campaign staffer Benjamin Dodson first

refused to comply with duly executed subpoenas for depositions. After the Commission authorized suit to enforce the subpoenas, deponents decided to cooperate. As a result of information discovered in those and other depositions, the Commission issued additional interrogatories to the Rhodes to Congress Committee and United Bank (now Citibank).

Five respondents, Cortland Silver, John O'Neill, Ann Lorenzo O'Neill, Conley Wolfswinkel and Wolfswinkel Group, Incorporated, requested pre-probable cause conciliation after receipt of the reason to believe findings. The Commission declined negotiations, pending completion of the investigation. At this time, the Office of the General Counsel recommends entering into pre-probable cause conciliation negotiations with Silver, Lorenzo, Wolfswinkel and Wolfswinkel Group, Inc. We do not make a recommendation with regard to negotiations with John O'Neill at this time.

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II. CONCILIATION DISCUSSION

A. JOHN O'NEILL

It appears that John O'Neill, as Finance chairman of Rhodes to Congress and as a Vice President of United Bank of Arizona, may have had major responsibility for most of the violations in this matter. O'Neill appears to have engineered contributions in the names of others, managed a salary reimbursement scheme, provided false reporting information and made numerous false representations on which others relied.

O'Neill responded to the factual and legal analysis at the time of the reason to believe findings, however, he refused to answer any questions during his deposition, asserting instead his fifth amendment rights. Testimony of other respondents lays direct blame on him for several of the violations.

Although O'Neill has requested pre-probable cause conciliation, we do not make a further recommendation with regard to negotiations with him at this time. The case against O'Neill as the pivotal character in a wide range of violations seems to be very strong. However, the responses to probable cause briefs from the additional respondents, Congressman Rhodes, Rhodes to Congress and Kent Mulkey, as treasurer, and the United Bank of Arizona, will undoubtedly yield additional information about O'Neill's roles

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B. CORTLAND SILVER

The Commission found reason to believe that Cortland Silver made excessive contributions to the Rhodes to Congress Committee by making salary payments for his daughter while she worked for the Committee. In response, Silver admitted making the salary payments and simultaneously admitted to making several other contributions to the Committee through the Finance Chairman, John O'Neill. For the most part, O'Neill

converted these additional funds into contributions in the names of others. Silver requested pre-probable cause conciliation, which the Commission denied pending investigation.[1] At this time, the Office of the General Counsel recommends finding reason to believe that Cortland Silver violated 2 U.S.C. § 441f, and recommends that the Commission agree to enter into pre-probable cause conciliation negotiations.

Section 441a(a)(1)(A) limits individual contributions to federal elections to $1000 per election. Husband and wife have separate contribution limitations, even if only one spouse has income, 11 C.F.R. § 110.1(i). Pursuant to 2 U.S.C. § 431(8)(A)(ii), compensation for the service of another person which is rendered to a political committee is a contribution to that committee. Section 441f prohibits the making of a contribution in the name of another person.

Cortland Silver admits to making contributions to the Rhodes Committee, but is unable to determine the exact total amount. By this Office's estimate from deposition testimony and answers to interrogatories, it appears that Silver's contributions totaled more than $12,000. These funds reached the Committee in various ways. On March 4, 1986, he contributed $5,000 as a personal draw from his corporation,

1. Silver's counsel has subsequently stated that the pre-probable cause conciliation request applies to any new findings by the Commission.

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Riviera Capital and on May 30, 1986, Silver contributed $4,000 in the form of a cashier check. Additionally, he states that he and his wife each made contributions of $1000 to Rhodes' primary campaign on July 14, 1986. Finally, Silver admits to paying his daughter's salary when she was employed by the Committee, and believes that those payments total $1,260.

The March 4 contribution of $5000 was in the form of a Riviera Capital check to Silver, which Silver then endorsed over to O'Neill. It is Silver's testimony that this money was expressly intended for the Rhodes campaign. At the time, Silver did not know how the funds were ultimately used, however his counsel's investigation disclosed that O'Neill purchased five cashier checks for contribution to the Committee in the names of other persons. It is Silver's testimony that neither he, nor any of the persons whose names were used, knew of the exact manner by which the money reached the campaign. The facts seem to belie this, however. Silver made this contribution by writing a check out to himself and then endorsing it over to O'Neill, rather than making it out to the Committee directly. Additionally, Silver has stated unequivocally that the money was given to O'Neill with the intention that it be used for the campaign. Finally, when asked how he expected a check endorsed to John O'Neill to reach the campaign, Silver could not recollect. Accordingly, this Office recommends that the Commission find reason to believe that Cortland Silver violated 2 U.S.C. §441f.

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Although the March 4, 1986 contribution of $5,000 had its genesis in Silver's company, Riviera Capital, this Office does not believe there is a basis for a Section 441b violation. The funds were withdrawn, apparently, from an account similar to a nonrepayable drawing account of the corporation. Silver states that the funds were taken as a personal salary draw and that the amount was reported for tax purposes as compensation to himself. The March 4 contribution would therefore be a personal contribution.

As to the May 30 contribution, Silver says he gave four thousand in cash to O'Neill and that O'Neill purchased a cashier's check for payment to himself. While O'Neill has claimed this was a repayment for a personal loan, Silver vehemently denies that he had ever borrowed money from O'Neill. Silver insists the entire amount was intended for the Rhodes campaign. It is not clear how these funds reached the Committee.[2]

It is Silver's information that a total of $1,260.00 was

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2. In his deposition and answers to interrogatories, Silver surmised that the May 30, 1986 check of $4000 covered his daughter's salary and the July 14 contributions from himself and his wife. This Office believes that supposition to be unlikely, because of the passage of time and the Committee's admitted need of funds during that time. If Silver had given O'Neill the funds in May, it is doubtful that O'Neill would have waited until July to pass them along to the Committee. Further, Silver's daughter was not hired until nearly two months after the May 30th contribution, and the total payments to his daughter do not match the amount of the May 30th contribution, nor do they match the May 30th amount when combined with the other contributions from Mr. and Mrs. Silver.

paid to his daughter for employment with the Committee, in five weekly payments. Although testimony by Committee staffers provide varying estimates of the length of time that Silver's daughter was with the campaign (Ben Dodson says 3-4 weeks, Ann Brown recalls 6-8 weeks, while Silver says July and August of 1986), and there do not appear to be any written records of the time of employment, it appears that five weeks is a reasonable approximation of the length of time she was employed at the Committee.

Therefore, this Office has concluded that the Silver contributions total of $12,260. This figure includes a $1000 contibution made by Silver and a seperate $1000 contribution made by his wife. Therefore, Silver's contributions were $10,260 in excess of the limits established by 2 U.S.C. § 441a(a)(1)(A).

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C. CONLEY WOLFSWINKEL AND WOLFSWINKEL GROUP INCORPORATED

The Commission found reason to believe that Conley Wolfswinkel violated 2 U.S.C. § 441a(a)(3), and knowingly and willfully violated 2 U.S.C. § 441f and 441a(a)(1)(A). Additionally, the Commission found reason to believe that Wolfswinkel and Wolfswinkel Group, Incorporated (WGI) violated 2 U.S.C. § 441b.

Wolfswinkel requested pre-probable cause conciliation, which request was denied pending investigation. The Office of the General Counsel now recommends entering into pre-probable cause conciliation with Wolfswinkel and WGI.

Section 441a(a)(1)(A) of Title 2 limits individual personal contributions to $1000 for each election. 2 U.S.C. § 441a(a)(3) sets an aggregate contribution limit of $25,000 per year for any individual for all federal elections. Pursuant to 2 U.S.C. § 431(8)(A)(i), the term "contribution" refers to any gift, subscription, loan, advance, deposit of money, or anything of value made by any person for the purpose of influencing any federal election. Section 441f prohibits making a contribution in the name of another. 2 U.S.C. § 441b(a) prohibits corporations from making contributions or expenditures in connection with a federal election.

1) August 1986 contribution

Conley Wolfswinkel has admitted to giving $30,000 to the Rhodes to Congress 1986 Campaign, through John O'Neill, in August of 1986. The $30,000 check was written on a corporate account of WGI and was made payable to United Bank, where John

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O'Neill worked.[3] O'Neill then had the $30,000 converted into several different forms, including three $1000 and two $2000 cashier checks in the names of individuals, a $3000 check to John Rhodes personally, $18,000 as an offset to the campaign's line of credit with United Bank, attributing the amount to twelve other individuals, and retained $2000 for himself, some of which was used as personal contributions to the campaign.

With regard to the $30,000, Wolfswinkel maintains that he had promised to hold a fundraiser for Rhodes and failed to do so within the time that funds were needed, so he gave the $30,000 to O'Neill, with the intention to raise the funds at a later date and to be reimbursed at that time. In that sense, Wolfswinkel claims that he regarded the $30,000 to be a loan. Wolfswinkel claims to have relied completely on John O'Neill, who apparently represented that the "loan" arrangement was permissible. Wolfswinkel maintains that he was unaware of the means by which the funds ultimately reached the Committee and believes that none of the persons whose names were used to effect the contributions were aware of it.

If the $30,000 was intended to be a loan, it would,

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3. In his deposition, Wolfswinkel stated that, although the check bears his signature, he himself did not make the check out to United Bank and did not find out until the investigation that the check had been written this way. Wolfswinkel explained that he keep a certain number of pre-signed checks at his office, and in this case, he notified his bookkeeper by telephone that O'Neill was coming over to pick up a check. Wolfswinkel speculates that O'Neill instructed the bookkeeper to make the check payable to United Bank.

nonetheless, be a contribution under the Act. However, there is some reason to doubt Wolfswinkel's claim that the $30,000 was intended to be a loan to the Committee until a fundraiser could be conducted. First, it is completely unsubstantiated. Neither John Rhodes nor any of the campaign staff deposed can recall any promise by Wolfswinkel to raise funds. (O'Neill refused to answer questions and so did not confirm or deny the claim). Second, Wolfswinkel never made any plans, general or otherwise, for this "fundraiser."[4] No date or location was ever discussed. Finally, no "loan" papers were ever drawn up; Wolfswinkel maintains they operated on "trust."

It is more likely that there was no actual intent to hold a fundraiser. In any event, the funds were drawn from a corporate account of Wolfswinkel Group, Incorporated. Wolfswinkel's written response states that the account was for "business and personal expenditures," but that the corporation is reimbursed for personal expenditures. Under the Act, therefore, the $30,000 was a corporate contribution.

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4. However, Wolfswinkel did produce evidence of other fundraisers that he has held for charities and did admit to participating in fundraising for other federal campaigns. Additionally, there was a $300 payment made by the Rhodes Committee to the Wolfswinkel Foundation in February 1986 that has not been explained. Wolfswinkel doubted that it might have been an advance for his proposed fundraiser, speculating instead that it may have been paid to the Wolfswinkel Foundation to support a fundraiser being held for some other charity.

Although the Commission had found reason to believe that a violation of 2 U.S.C. § 441f had been committed by Wolfswinkel with regard to the $30,000, the facts as now known do not support such a finding. It now appears that Wolfswinkle made the contribution on a corporate check so it was made in the name of the corporation. Furthermore, at present there is no evidence that Wolfswinkle knew of O'Neill's actions of converting that check and attributing it to other individuals.

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2) June 1986 contribution

Wolfswinkel made a $5,000 contribution to the Committee for the primary election, on June 30, 1986, intending that it be attributed to himself, his wife, and three children.[5] Wolfswinkel admits to this action in both his written response and in his deposition testimony. He claims that he did not know it was "improper" to give on behalf of his children, but

5. Wolfswinkel gave a check to O'Neill for $5000. O'Neill funnelled the funds through United Bank, converting it to four checks of $1000 and one check of $900, all of which was contributed to the Committee in Wolfswinkel family names. The final destination of the remaining $100 is unknown.

that he had relied on O'Neill's representations that a contribution could be effected this way. He admits that he knew about the personal contribution limits, and that a husband and wife could each contribute from the same source of funds. He states that he did not consult with his wife or children at anytime about the contributions. He further admits that he had never known of anyone to contribute one large amount and attribute it to family members, in his other fundraising experiences.

The regulations specify that a husband and wife shall have separate contributions limits, even if only one spouse has income. 11 C.F.R. § 110.1(i)(1). The regulations further require that contributions from more than one person must include the signature of each contributor. 11 C.F.R. § 110.1(k). Minor children, however, can make contributions only under certain circumstances. For example, minor children must make the contribution knowingly and voluntarily, and must have a source of funds over which they exercise control. 11 C.F.R. § 110.1(i)(2)(i) and (ii).

Wolfswinkel's asserted innocence in making the contributions on behalf of his spouse and children lacks credibility. To begin with, Wolfswinkel admittedly was well aware of the contribution limitations. He also was an experienced fundraiser, and by his own admission had never known of anyone to contribute one large sum of money to be attributed to family members. Indeed, Wolfswinkle never

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even consulted with or otherwise involved his wife or children with regard to their contributions, nor did he make any contemporaneous notations that the check was intended to attributed to them. In light of the foregoing, it appears that Wolfswinkel made a four thousand dollar contribution in the names of his wife and three children in knowing and willful violation of 2 U.S.C. § 441f and 2 U.S.C. § 441a(a)(1)(A).

D. ANN LORENZO O'NEILL

On April 28, 1988, the Commission found reason to believ that Ann S. Lorenzo knowingly and willfully violated 2 U.S.C. §441f by allowing her name to be used to effect a contributio or contribution from John O'Neill. Lorenzo, now O'Neill's wife, admits that O'Neill gave her $1,000 in 1985 and again i August, 1986, which she then gave to the Rhodes campaign. Sh denies, however, knowing that there was anything illegal abou this activity. She notes that she and O'Neill were engaged a the time, and that had they been married, as they now are, th contributions would have been permissible under 11 C.F.R. § 110.1(i)(1).

Section 441f states that "no person shall make a contribution in the name of another person or knowingly permi his name to be used to affect such a contribution."

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Lorenzo testified in her deposition that, although she was the titular cochair of the Rhodes finance committee, she had almost nothing to do with the campaign because she had begun a new job at about the same time that the campaign began. She admits that she traveled to Washington, D.C. with O'Neill to attend a fundraiser and campaign planning meeting at the Republican headquarters, but does not recall discussing the federal limitations on fundraising activities. However, she does recall that the limits were discussed at one or more organizing meetings in Arizona in 1985. She likewise admits that she received a large book on campaign financing, but claims to have never looked at them.

Testimony by other members of the campaign confirm that Lorenzo's role was minimal or nonexistent. It appears that, while she may have had an understanding of some of the requirements of the Federal Election Campaign Act at one time, she may not have realized that her contribution to the Committee was a violation. Therefore, while it appears that she knowingly allowed her name to be used to affect a contribution of O'Neill's funds, it does not appear that her knowledge rises to the level of willfulness.

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III. RECOMMENDATIONS

1. Find reason to believe that Cortland Silver violated 2 U.S.C. § 441f.

2. Approve the attached factual and legal analysis of the Section 441f violation by Cortland Silver.

3. Enter into preprobable cause conciliation negotiations with Cortland Silver.

4. Enter into preprobable cause conciliation negotiations with Conley Wolfswinkel and Wolfswinkel Group, Incorporated.

5. Enter into preprobable cause conciliation negotiations with Ann Lorenzo O'Neill.

6. Approve the attached proposed conciliation agreements and the appropriate letters.

1/30/91
Date

Lawrence M. Noble
General Counsel

Attachments:
1. Factual and Legal Analysis
2. Proposed conciliations agreements (3)

> 4043602317

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: January 30, 1991

SUBJECT: MUR 2602 - General Counsel's Report

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

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
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24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS / DONNA ROACH DR
COMMISSION SECRETARY

DATE: FEBRUARY 1, 1991

SUBJECT: MUR 2602 - GENERAL COUNSEL'S REPORT
DATED JANUARY 30, 1991

The above-captioned document was circulated to the Commission on Wednesday, January 30, 1991 at 4:00 p.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	XXXXX
Commissioner Elliott	
Commissioner Josefiak	
Commissioner McDonald	
Commissioner McGarry	
Commissioner Thomas	

This matter will be placed on the meeting agenda for Tuesday, February 12, 1991.

Please notify us who will represent your Division before the Commission on this matter.

2043602319

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2602
John J. O'Neill	)	
Conley D. Wolfswinkel	)	
Wolfswinkel Group Incorporated	)	
Ann S. Lorenzo	)	
Cortland Silver	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on February 12, 1991, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2602:

1. Find reason to believe that Cortland Silver violated 2 U.S.C. § 441f.

2. Approve the factual and legal analysis of the Section 441f violation by Cortland Silver as recommended in the General Counsel's report signed January 30, 1991.

3. Enter into preprobable cause conciliation negotiations with Cortland Silver.

4. Enter into preprobable cause conciliation negotiations with Conley Wolfswinkel and Wolfswinkel Group Incorporated.

(continued)

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5. Enter into preprobable cause conciliation negotiations with Ann Lorenzo O'Neill.

6. Approve the proposed conciliation agreements and the appropriate letters as recommended in the General Counsel's report signed January 30, 1991.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

2-13-91
Date

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

4043602321

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 4, 1991

J. Grant Woods
Woods and Hart
Suite 2000
151 North Centennial Way
Mesa, Arizona 85201

RE: MUR 2602
Conley D. Wolfswinkel
Wolfswinkel Group, Inc.

Dear Mr. Woods:

On April 28, 1988, the Federal Election Commission found reason to believe that Conley Wolfswinkel violated 2 U.S.C. § 441a(a)(3), and knowingly and willfully violated 2 U.S.C. §§ 441f and 441a(a)(1)(A). Additionally, the Commission found reason to believe that Wolfswinkel Group, Incorporate violated 2 U.S.C. § 441b. On October 3, 1988, the Commission notified you of its decision to decline to enter into conciliation prior to a finding of probable cause, because of the need for further investigation. However, on February 12, 1991, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Colleen Miller, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

2043602322

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 4, 1991

Colin F. Campbell
Meyer, Hendricks, Victor,
Osborn & Maledon
Suite 400
2700 North Third Street
Phoenix, Arizona 85004

RE: MUR 2602
Ann Lorenzo O'Neill

Dear Mr. Campbell:

On April 28, 1988, the Federal Election Commission found reason to believe that Ann Lorenzo knowingly and willfully violated 2 U.S.C. § 441f. On August 9, 1988, the Commission notified you of its decision to decline to enter into conciliation prior to a finding of probable cause, because of the need for further investigation. However, on February 12, 1991, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Colleen Miller, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

2043602323

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 4, 1991

Jack Daniel Klausner
Burch & Cracchiolo, P.A.
702 East Osborn Road, Suite 200
Phoenix, Arizona 85014

RE: MUR 2602
Cortland Silver

Dear Mr. Klausner:

On April 28, 1988, the Federal Election Commission found reason to believe that Cortland Silver violated 2 U.S.C. § 441a(a)(1)(A). On February 12, 1991, on the basis of information provided by your client and others, the Commission found reason to believe Cortland Silver violated 2 U.S.C. § 441f. The factual and legal analysis which formed a basis for this finding is enclosed. On June 13, 1988, the Commission notified you of its decision to decline to enter into conciliation prior to a finding of probable cause, because of the need for further investigation. However, on February 12, 1991, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Colleen Miller, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

John Warren McGarry

John Warren McGarry
Chairman

Enclosure
Conciliation Agreement
Factual & Legal Analysis

2043602324

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Cortland Silver MUR: 2602

On April 28, 1988, the Commission found reason to believe that Cortland Silver made excessive contributions to the Rhodes to Congress Committee by making salary payments for his daughter while she worked for the Committee. In his response to the reason to believe findings, Silver also admitted to making several other contributions to the Committee through the Finance Chairman, John O'Neill. It appears that, for the most part, O'Neill converted these additional funds into contributions in the names of others.

Section 441f of Title 2 prohibits the making of a contribution in the name of another person.

On March 4, 1986, Silver made a contribution of $5000 to the Rhodes to Congress Committee in the form of a Riviera Capital check to Silver, which Silver then endorsed over to O'Neill. Silver has testified that this money was expressly intended for the Rhodes campaign. At the time, according to his testimony, Silver did not know how the funds were ultimately used. Silver's counsel, however, conducted an investigation which disclosed that O'Neill purchased five cashier checks for contribution to the Committee in the names of other persons. It is Silver's testimony that neither he, nor any of the persons whose names were used, knew of the exact

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manner by which the money reached the campaign. However, it is significant that he made this contribution by writing a check out to himself and then endorsing it over to O'Neill, rather than making it out to the Committee directly. Additionally, Silver has stated unequivocally that the money was given to O'Neill with the intention that it be used for the campaign.

Therefore, the Commission finds reason to believe that Cortland Silver violated 2 U.S.C. § 441f.

24043602326

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

April 9, 1991

David Duncan, Esq.
Meyer Hendricks Victor Osborn & Maledon
The Phoenix Plaza
2929 North Central Avenue
Phoenix, Arizona 85012-2798

Re: MUR 2602
John O'Neill

Dear David:

This is to confirm the arrangements we made regarding our meeting. The meeting is scheduled for Monday, April 15, 1991 at 4:30 p.m. in your offices in Phoenix. At that time, we hope to be able to determine whether your client, Mr. O'Neill, is able to provide any further information with regards to the above referenced investigation. Thank you for your cooperation.

Sincerely,

V. Colleen Miller
Attorney

2043602327

06C0897

Meyer
Hendricks
Victor
Osborn &
Maledon
Attorneys at Law

The Phoenix Plaza
2929 North Central Avenue
Phoenix, Arizona 85012-2798

P.O. Box 33449
Phoenix, Arizona 85067-3449

Telephone 602-640-9000
Facsimile 602-640-9050

David K. Duncan
602-640-9312

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April 15, 1991

Colleen Miller, Esq.
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

RE: MUR 2602; Ann Lorenzo O'Neill

Dear Colleen:

Enclosed please find Ann Lorenzo O'Neill's executed Conciliation Agreement and a check in the amount of $1,000.00. Please let us know if we need do anything further to resolve this matter. Thank you for meeting with us today. We look forward to hearing from you on the matters we discussed.

Sincerely yours,

David K. Duncan

DKD/drs
Enclosures

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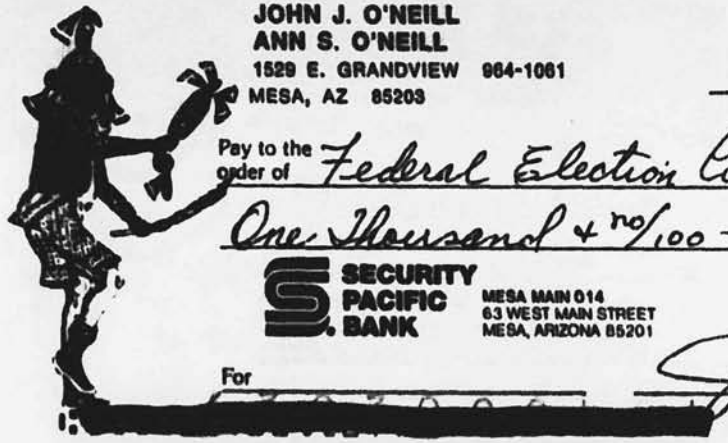

JOHN J. O'NEILL
ANN S. O'NEILL
1529 E. GRANDVIEW 964-1061
MESA, AZ 85203

2677

4-10 1991

91-170
1221

Pay to the order of Federal Election Commission $ 1,000.00

One Thousand + no/100 Dollars

SECURITY PACIFIC BANK
MESA MAIN 014
63 WEST MAIN STREET
MESA, ARIZONA 85201

PERSONAL BANKING BONUS

For

John J. O'Neill

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 22, 1991

TWO WAY MEMORANDUM

TO: Fabrae Brunson
OGC, Docket

FROM: Philomena Brooks PB
Accounting Technician

SUBJECt: Account Determination for Funds Received

We recently received a check from John O'Neil, check number 2677, dated April 10, 1991, and in the amount of $1,000.00. Attached is a copy of the check and any correspondence that was forwarded. Please indicate below the account into which it should be deposited, and the MUR number and name.

TO: Philomena Brooks
Accounting Technician

FROM: Fabrae Brunson FOB
OGC, Docket

In reference to the above check in the amount of $1,000, the MUR number is 2602 and in the name of John Barenzo O'Neill. The account into which it should be deposited is indicated below:

__ Budget Clearing Account (OGC), 95F3875.16

__✓__ Civil Penalties Account, 95-1099.160

__ Other: _____

Fabrae B. Brunson
Signature

4/23/91
Date

'4043602330

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 1, 1991

Michael W. Carmel, Esq.
80 East Columbus Avenue
Phoenix, Arizona 85012

Re: MUR 2602
Conley Wolfswinkel
Wolfswinkel Group, Inc.

Dear Mr. Carmel:

In response to your letter of April 11, 1991, we must initially inform you that we have not received a designation of counsel form from Mr. Wolfswinkel authorizing you to represent him or his corporation before the Federal Election Commission. We are enclosing a form for that purpose. If you do, in fact, represent Mr. Wolfswinkel and WGI before the Commission, please ask him to sign the completed form and return it to us. Until that time, we are unable to discuss the specifics of this investigation with you further. Also, please be advised that we have corresponded with Mr. Wolfswinkel on this matter.

Your letter of April 11, 1991 appears to state that the Commission would be barred from enforcing the Federal Election Campaign Act because of Mr. Wolfswinkel's current bankruptcy proceedings. Please be advised that we do not agree with your interpretation of the bankruptcy code. It is the opinion of the Federal Election Commission, as we have litigated in other cases, that 11 U.S.C. § 362(b)(5) operates as an exemption from the automatic stay provisions of 11 U.S.C. § 362(1)(1), and allows us to proceed with the regulatory powers authorized by Congress.

Sincerely,

V. Colleen Miller
attorney

enclosure

4043602331

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 1, 1991

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Conley D. Wolfswinkel
1188 North Kyrene Road
Chandler, Arizona

RE: MUR 2602
Conley D. Wolfswinkel
Wolfswinkel Group, Inc.

Dear Mr. Wolfswinkel:

On March 4, 1991, you were notified that, at your request, the Federal Election Commission determined to enter into negotiations directed toward reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe. On that same date you were sent a conciliation agreement offered by the Commission in settlement of this matter.

Please note that conciliation negotiations entered into prior to a finding of probable cause to believe are limited to a maximum of 30 days. To date, you have not responded to the proposed agreement. We have, however, received a letter from Michael Carmel, Esq., but as you have not designated him to be your counsel before the Federal Election Commission, we are reluctant to treat his letter as a rejection of the Commission's offer of settlement. Be advised, however, that the 30 day period for negotiations has expired. Unless we receive a response from you within ten days, this Office will consider these negotiations terminated and will proceed to the next stage of the enforcement process.

I am enclosing a letter that we have sent to Michael W. Carmel, Esq., as well as a designation of counsel form. Should you have any questions, please contact Colleen Miller, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

enclosures

4043602332

FEDERAL ELECTION COMMISSION
SECRETARIAT

91 JUL 15 PM 5:02

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of

Ann Lorenzo O'Neill)
Cortland Silver) MUR 2602

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Ann Lorenzo O'Neill. The Commission approved this conciliation agreement on February 12, 1991, and Ms. O'Neill accepted the agreement by letter dated April 15, 1991, enclosing a check for the full amount of the civil penalty (attachments 1 and 2). The Office of the General Counsel recommends that the Commission accept this agreement and close the file as it pertains to Ann Lorenzo O'Neill.

This Office recommends that the Commission reject Silver's counterproposal, but offer a conciliation agreement which includes

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a civil penalty reduced to $4000 and which includes a clause stating that Silver contends that he did not knowingly and wilfully violate the Act. This counterproposal responds to both of Silver's concerns, while containing a penalty commensurate with the size of the violations admitted, which include excessive contributions of $10,260 and contributions in the names of others in the amount of $1,260.

The Commission also approved, on February 12, 1991, a pre-probable cause conciliation agreement with Conley Wolfswinkel and Wolfswinkel Group, Inc. This Office has received a letter from a bankruptcy attorney, who is not Wolfswinkel's designated counsel on Commission matters, informing the Commission that Wolfswinkel is in bankruptcy. We have informed that counsel that it is our position that the Commission is not barred, under the Bankruptcy Code, from enforcing the Act. We have likewise informed Wolfswinkel that, as the period for pre-probable cause conciliation has expired, we must have a response to the proposed conciliation agreement from him or from his designated counsel within ten days.

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II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with Ann Lorenzo O'Neill.

2. Close the file as to Ann Lorenzo O'Neill.

3. Reject the counteroffer by counsel for Cortland Silver

4. Approve the counterproposal conciliation agreement

5. Approve the appropriate letters.

Date 7/15/91

Lawrence M. Noble
General Counsel

Attachments
1. Ann Lorenzo O'Neill Conciliation Agreement
2. Photocopy of civil penalty check
3. Letter from counsel for Cortland Silver
4. Counterproposal, Silver Conciliation Agreement

Staff Assigned: Miller

40436023 35

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: July 15, 1991

SUBJECT: MUR 2602 - 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	[XX]	Compliance	[XX]
Sensitive	[XX]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Ann Lorenzo O'Neill;	)	MUR 2602
Cortland Silver.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 18, 1991, the Commission decided by a vote of 6-0 take the following actions in MUR 2602:

1. Accept the conciliation agreement with Ann Lorenzo O'Neill.

2. Close the file as to Ann Lorenzo O'Neill.

3. Reject the counteroffer by counsel for Cortland Silver.

4. Approve the counterproposal conciliation agreement, as recommended in the General Counsel's Report dated July 15, 1991.

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(Continued)

5. Approve the appropriate letters, as recommended in the General Counsel's Report dated July 15, 1991.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

7-18-91
Date

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

Received in the Secretariat: Mon., July 15, 1991 5:02 p.m.
Circulated to the Commission: Tues., July 16, 1991 11:00 a.m.
Deadline for vote: Thurs. July 18, 1991 11:00 a.m.

dr

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 30, 1991

David Duncan, Esq.
Meyer Hendricks Victor Osborn & Maledon
The Phoenix Plaza
2929 North Central Avenue
Phoenix, Arizona 85012-2798

Re: MUR 2602
Ann Lorenzo O'Neill

Dear Mr. Duncan:

On July 18, 1991, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to Ann Lorenzo O'Neill.

This matter will become a part of the public record within 30 days after it has been closed with respect to all other respondents involved. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel. Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be

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submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact Colleen Miller, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

LMNoble (JPL)

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

4043602340

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Ann Lorenzo O'Neill	)	MUR 2602
	)	
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Ann Lorenzo, now Ann Lorenzo O'Neill, ("Respondent") violated 2 U.S.C. § 441f by allowing her name to be used to effect contributions from John O'Neill.

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

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

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

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

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

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1. Ann Lorenzo O'Neill is an individual residing in Phoenix, Arizona.

2. Rhodes to Congress ("the Committee") was the principal campaign committee for John Rhodes, a candidate for the U.S. House of Representatives from the First Congressional District of Arizona in the 1986 election cycle.

3. Section 441f states that "no person shall make a contribution in the name of another person or knowingly permit his name to be used to affect such a contribution."

4. John O'Neill, the Committee's finance chairman, gave Respondent $1,000 in 1985 and another $1,000 in August, 1986, for respondent to contribute to the 1986 Rhodes to Congress Committee.

V. Respondent permitted her name to be used to effect a contribution in the name of another person, in violation of 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of one thousand dollars ($1000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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

VIII. This agreement shall become effective as of the date

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that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

L M Noble (by FB) — 7/29/91

Lawrence M. Noble
General Counsel

Date

FOR THE RESPONDENT:

Ann Lucas O'Neil — 4-10-91

(Name)
(Position)

Date

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RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

OBC 2111

LAW OFFICES
MALONEY & BURCH
1100 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036-4101

(202) 293-1414
FAX (202) 293-1702

91 AUG -6 AM 10:42

August 5, 1991

MUR 2602

91 AUG -7 AM 11:10
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Ms. Lisa Klein
Assistant General Counsel
Federal Election Commission
999 E St., N.W.
Washington, DC 20463

Re: Rhodes To Congress

Dear Ms. Klein:

Enclosed for your information is a copy of the indictment of Conley Wolfswinkel and John O'Neil, which was made public last Thursday in Phoenix, in the event it has not otherwise reached you.

I would appreciate your assessment of whether this indictment will affect the processing of the Rhodes MUR.

Also, just to be certain there was no misunderstanding at the conclusion of our meeting, to preserve the full range of my clients' options, I would appreciate notice prior to the completion of the General Counsel's Probable Cause to Believe brief, in the event Congressman Rhodes and/or the Committee wish to consider seeking pre-probable cause conciliation.

Sincerely,

Daniel J. Swillinger

cc: Hon. John J. Rhodes, III

4043602344

UNITED STATES DISTRICT COURT

DISTRICT OF ARIZONA

UNITED STATES OF AMERICA, Plaintiff, v. CONLEY D. WOLFSWINKEL and JOHN J. O'NEILL, Defendants.	NO. CR 91-281 PHX I N D I C T M E N T VIO: 18 U.S.C. §§ 1344 (Bank Fraud) Counts 1 - 4 18 U.S.C. §§ 371 (Conspiracy) Count 5 18 U.S.C. §§ 656 (Misapplication of Bank Funds) Counts 6 - 13 18 U.S.C. § 1005 (False Entries) Counts 14 - 17 18 U.S.C. § 215 (Bribery) Counts 18 - 19 18 U.S.C. §§ 1001 (False Statement) Count 20

THE GRAND JURY CHARGES:

vam\wolfswin.c\indictmt

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COUNT 1

INTRODUCTION

At all times relevant to this indictment:

1. Defendant CONLEY D. WOLFSWINKEL (hereafter WOLFSWINKEL) was a customer of United Bank of Arizona, Valley National Bank of Arizona, Grand Canyon State Bank, Century Bank, and Great Western Bank.

2. Defendant JOHN J. O'NEILL (hereafter O'NEILL) was a Regional Vice-President and Manager of the Mesa Regional Office of the United Bank of Arizona.

3. Defendant WOLFSWINKEL maintained the following seven (7) bank accounts at United Bank of Arizona, Valley National Bank of Arizona, Grand Canyon State Bank, Century Bank and Great Western Bank as set forth below:

Bank Name	City/State Account #	Customer
United Bank of Arizona	Phoenix, AZ 6020519077	Wolfswinkel Group, Inc.
	Phoenix, AZ 11502-01-072	Conley Wolfswinkel or Judy D. Windisch or Richard Maes
	Phoenix, AZ 6479401072	Wolfswinkel Group, Inc.
Valley National Bank of Arizona	Phoenix, AZ 3691-3174	Conley D. Wolfswinkel or Judy D. Windisch or Richard Maes
Grand Canyon State	Chandler, AZ 01-0053910	Conley Wolfswinkel
Century Bank	Phoenix, AZ 1160003117	Wolfswinkel Group, Inc.

FORM OBD-161 MAR. 87

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Great Western Bank	Phoenix, AZ 0160-04778	Wolfswinkel Group, Inc.

4. The deposits of United Bank of Arizona (hereafter "United Bank"); the Valley National Bank of Arizona (hereafter "Valley National Bank"); Grand Canyon State Bank, Century Bank and Great Western Bank were insured by the Federal Deposit Insurance Corporation.

5. From on or about March 1, 1986, continuous through August 1986, within the District of Arizona and elsewhere, defendants CONLEY D. WOLFSWINKEL and JOHN J. O'NEILL knowingly executed and attempted to execute a scheme and artifice to defraud United Bank, Valley National Bank, Grand Canyon State Bank, Century Bank and Great Western Bank, and to obtain money, funds and credits owned by or under the custody and control of said federally insured banking institutions by means of false and fraudulent pretenses, representations and promises well knowing at the time that the pretenses, representations and promises would be and were false and fraudulent when made.

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PURPOSE OF THE SCHEME

6. The purpose of the defendants' scheme was:

a. To fraudulently inflate the balances in the bank accounts of defendant WOLFSWINKEL, described in paragraph 3, above their actual balances; and

b. To obtain use of the victim bank's funds and credit without its consent and without paying interest by writing checks against the fraudulently inflated balances.

OBM 032-161
MAR 87

SCHEME

7. The scheme and artifice to defraud (hereinafter "the scheme," commonly referred to as "check kiting") was effected through the following means and in the following manner, among others:

a. In order to artificially and fraudulently inflate his seven (7) bank accounts, defendant WOLFSWINKEL would deposit check(s) drawn on one account for an amount in excess of its actual balance ("NSF check") into his other accounts, causing one or more of these accounts to show substantial deposits, when the actual balance was negligible or negative.

b. Defendant WOLFSWINKEL caused millions of dollars of NSF checks to be deposited in his accounts, knowing that these checks had to be processed and would not be returned to the bank on which they were drawn for collection until one or more days after their deposit. Defendant WOLFSWINKEL would then cover the NSF checks before they were presented for collection with other NSF checks drawn on artificially and fraudulently inflated bank accounts.

c. As a result of these continuous deposits of NSF checks, the balances in one or more of defendant WOLFSWINKEL'S seven (7) bank accounts were made to appear as if they had a positive balance containing substantial funds, thereby causing a victim bank to honor millions of dollars of worthless checks, when in fact as defendant WOLFSWINKEL knew, the balance was negligible or negative and the checks written for the purpose of making these

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accounts appear to have positive balances were not backed by sufficient funds.

d. As part of the scheme, defendant O'NEILL would also cause United Bank to issue cashier checks to defendant WOLFSWINKEL for deposit in his other accounts to cover other checks to be presented for collection or to use for his personal benefit to the detriment of United Bank. In some instances, cashier's checks were issued in exchange for NSF checks.

e. Between March 1986, continuous through August 1986, for example, approximate total deposits of $197,097,958 were made, approximately $149,829,337 or 76% of which were fraudulent.

f. Between March 1986 and August 1986, approximately forty three (43) cashiers checks were issued by United Bank for the benefit of defendant WOLFSWINKEL without sufficient funds to cover said checks for a total of approximately $58,405,554.

g. From March 1986 through August 1986, defendant WOLFSWINKEL was able to obtain and use the funds and credits of any one of the victim banks, United Bank, Valley National Bank, Century Bank, Grand Canyon State Bank, and Great Western Bank, without interest.

8. On or about May 6, 1986, in the District of Arizona, defendants WOLFSWINKEL and O'NEILL, did knowingly execute and attempt to execute a scheme and artifice to defraud the federally insured institutions, United Bank, Valley National Bank, Century Bank, Grand Canyon State Bank, and Great Western Bank, by depositing a check drawn on Grand Canyon State Bank, check number

OBM 032-181
MAR 91

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5073, in the amount of $274,000 into defendant WOLFSWINKEL'S account at United Bank account number 6479401072 in furtherance of the scheme and artifice to defraud.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT 2

1. Paragraphs 1 - 7 of Count 1 are realleged and incorporated by reference as if fully set forth herein.

2. On or about May 7, 1986, in the District of Arizona, defendants WOLFSWINKEL and O'NEILL, did knowingly execute and attempt to execute a scheme and artifice to defraud the federally insured institutions, United Bank, Valley National Bank, Century Bank, Grand Canyon State Bank, and Great Western Bank, by depositing a check drawn on United Bank account number 6479401072, check number 7775, in the amount of $275,469 into defendant WOLFSWINKEL'S account at Grand Canyon State Bank in furtherance of the scheme and artifice to defraud.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT 3

Paragraphs 1 - 7 of Count 1 are realleged and incorporated by reference as if fully set forth herein.

On or about August 6, 1986, in the District of Arizona, defendants WOLFSWINKEL and O'NEILL, did knowingly execute and attempt to execute a scheme and artifice to defraud the federally insured institutions, United Bank, Valley National Bank, Century Bank,

OBM 088-161
MAR. 81

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Grand Canyon State Bank, and Great Western Bank, by depositing a check drawn on Valley National Bank, check number 2605, in the amount of $1,761,000 into defendant WOLFSWINKEL'S account at United Bank account number 6479401072, in furtherance of the scheme and artifice to defraud.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT 4

1. Paragraphs 1 - 7 of Count 1 are realleged and incorporated by reference as if fully set forth herein.

2. On or about August 7, 1986, in the District of Arizona, defendants WOLFSWINKEL and O'NEILL, did knowingly execute and attempt to execute a scheme and artifice to defraud the federally insured institutions, United Bank, Valley National Bank, Century Bank, Grand Canyon State Bank, and Great Western Bank, by depositing a United Bank cashier check, number 100692, in the amount of $1,760,546 into defendant WOLFSWINKEL'S account at Valley National Bank, in furtherance of the scheme and artifice to defraud.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT 5

From on or about March 1986 through September, 1986, within the District of Arizona and elsewhere, defendants JOHN J. O'NEILL and CONLEY D. WOLFSWINKEL did willfully, knowingly, and unlawfully combine, conspire, confederate and agree together, with each other

FORM OBD-183 MAR. 83

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and others, to commit offenses against the United States of America by violating the following statutes:

1. Title 18, United States Code, Section 656 (Misapplication of Bank Funds);

2. Title 18, United States Code, Section 1005 (False Statements);

3. Title 18, United States Code, Section 215 (Bribing a Bank Official).

4. Title 18, United States Code, Section 1344 (Bank Fraud).

OVERT ACTS

In furtherance of the aforesaid conspiracy and to affect the objects of that conspiracy, the defendants performed and caused to be performed, among others, the following overt acts;

1. On or about June 26, 1986 Wolfswinkel Group Inc. nonsufficient funds (NSF) checks numbered 1043 and 113, in the amounts of $1,150,000 and $1,189,200, were exchanged for United Bank of Arizona cashier's check number 100551.

2. On or about June 27, 1986 WOLFSWINKEL NSF check number 2564, in the amount of $2,209,485, was exchanged for United Bank of Arizona cashier's check number 100558.

3. On or about July 7, 1986 Wolfswinkel Group, Inc. NSF check number 8295, in the amount of $2,899,482, was exchanged for United Bank of Arizona cashier's check number 100598.

4. On or about August 12, 1986, CONLEY D. WOLFSWINKEL NSF check number 11273, in the amount of $30,000 was given to JOHN J. O'NEILL who received the check and exchanged it for United Bank of

FORM OBD-101 MAR. 85

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Arizona cashier's checks numbered 101711, 101713, 101714, 101716, 101718, 101719, and 101720.

5. On or about June 9, 1986 WOLFSWINKEL NSF check number 8037, in the amount of $2,944,211.25, was exchanged for United Bank of Arizona cashier's check number 100504. Check #8037 and the Register Copy of #100504 were withheld from processing on the day of receipt.

6. On or about June 23, 1986, WOLFSWINKEL NSF check number 2558, in the amount of $1,889,402.59, was exchanged for United Bank of Arizona cashier's check number 100541. Check number 2558 and the Register Copy of number 100541 were withheld from processing on the date of receipt.

All in violation of Title 18, United States Code, Section 371.

COUNTS 6 - 13

On or about the following dates, within the District of Arizona and elsewhere, defendant JOHN J. O'NEILL, being an officer of United Bank of Arizona, and defendant CONLEY D. WOLFSWINKEL, with the intent to injure or defraud United Bank of Arizona, the deposits of which were insured by the Federal Deposit Insurance Corporation, did willfully misapply and cause to be misapplied monies and funds belonging to United Bank and otherwise entrusted to its care and custody, by issuing the following cashier's checks in exchange for checks not backed by sufficient funds on deposit with United Bank of Arizona:

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Count	Date	Cashier's Check #	Signer	Payee	Amount
6	06/09/86	100504	John J. O'Neill	Ticor Title Ins. Co.	$2,944,211.25
7	07/07/86	100598	John J. O'Neill	Conley D. Wolfswinkel	$2,899,482.00
8	07/25/86	100653	John J. O'Neill	Conley D. Wolfswinkel	$1,400,000.00
9	08/07/86	100692	John J. O'Neill	Conley D. Wolfswinkel	$1,760,546.00
10	08/08/86	101701	John J. O'Neill	Conley D. Wolfswinkel	$1,014,873.00
11	08/11/86	101705	John J. O'Neill	Conley D. Wolfswinkel	$1,197,482.00
12a	08/13/86	101711	John J. O'Neill	Rhodes To Congress	$ 1,000.00
b	08/13/86	101713	John J. O'Neill	Rhodes To Congress	1,000.00
c	08/13/86	101714	John J. O'Neill	Rhodes To Congress	2,000.00
d	08/13/86	101719	John J. O'Neill	Rhodes To Congress	2,000.00
e	08/13/86	101720	John J. O'Neill	Rhodes To Congress	1,000.00
f	08/13/86	101718	John J. O'Neill	United Bank of Arizona	18,000.00
g	08/13/86	101716	Maria Evans	John J. O'Neill	5,000.00
13	08/15/86	101730	John J. O'Neill	Conley D. Wolfswinkel	$1,953,429.00

-- All in violation of Title 18, United States Code, Sections 656 and 2.

FORM OBD-162
MAR 21

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COUNTS 14 - 17

On or about the following dates, within the District of Arizona, defendant JOHN J. O'NEILL, an officer of United Bank of Arizona, caused to be made false entries in the books, reports, statements and records of United Bank of Arizona, a bank whose deposits were insured by the Federal Deposit Insurance Corporation, with intent to injure and defraud United Bank of Arizona, to wit, the following personal checks used to purchase cashier's checks and the Register Copy of each cashier's check were withheld from processing on the day of receipt by defendant JOHN J. O'NEILL thereby rendering the records of United Bank of Arizona false because the purchasing checks were not timely recorded and the bank's records did not reflect the outstanding obligation represented by the following cashier's checks:

Count	United Cashier's Check #	Date of Cashier's Check	Purchasing Check #	Date of Processing	Amount
14	100504	06/09/86	8037	06/13/86	$2,944,211.25
15	100541	06/23/86	2558	06/25/86	$1,889,402.59
16	100653	07/25/86	8448	07/28/86	$1,400,000.00
17	101701	08/08/86	8573	08/11/86	$1,014,873.00

All in violation of Title 18, United States Code, Section 1005.

COUNT 18

On or about August 12, 1986, within the District of Arizona, defendant JOHN J. O'NEILL, being an officer of United Bank of Arizona, a bank insured by the Federal Deposit Insurance

OBM OBD-183
MAR 85

Corporation, intending to be influenced or rewarded asked, exacted, solicited, sought, accepted and received $30,000 from Conley D. Wolfswinkel, for himself and others for and in connection with transactions and business of United Bank of Arizona.

All in violation of Title 18, United States Code, Section 215(a).

COUNT 19

On or about August 12, 1986, within the District of Arizona, defendant CONLEY D. WOLFSWINKEL intending to influence or reward JOHN J. O'NEILL offered and gave $30,000.00 to John J. O'Neill, an officer of United Bank of Arizona, a bank insured by the Federal Deposit Insurance Corporation for and in connection with transactions and business of United Bank of Arizona.

All in violation of Title 18, United States Code, Section 215(b).

COUNT 20

1. At all times material to this Count:

a. The Federal Election Campaign Act, and in particular Title 2, United States Code, Section 441a thereof, placed strict quantitative limits on the amounts which individuals could contribute to political committees supporting candidates seeking election to federal offices, including the office of Congressman. In the case of contributions to Rhodes for Congress, a committee supporting the election of John J. Rhodes, III, to the United States House of Representatives, this limit was $1,000 per individual, per election.

4043602356

b. The Federal Election Campaign Act, and in particular Title 2, United States Code, Section 441b thereof, forbade all contributions and expenditures from the assets of banking institutions to the campaigns of candidates seeking election to federal offices.

c. The Federal Election Campaign Act, and in particular Title 2, United States Code, Section 441f thereof, forbade the making of contributions to candidates for election to federal offices, in the names of persons other than the person responsible for making the contribution ("conduits").

d. The Federal Election Campaign Act, and in particular Title 2, United States Code, Section 434 thereof, required the treasurers of every political committee supporting a candidate for federal office, to file periodic reports with the Federal Election Commission setting forth, among other things, a complete listing of the names, addresses and amounts given by each person who made contributions to each such political committee.

e. The Federal Election Campaign Act provided that the Federal Election Commission had an affirmative duty to make the information concerning campaign contributions that is contained on the aforesaid reports available promptly to the public.

f. The Federal Election Commission is to review the information contained in such reports to detect violations of the substantive provisions of the Act, and to take enforcement and corrective action with respect to violations it detects.

2BM 080-01
MAR 81

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g. The United Bank of Arizona was a banking institution subject to the prohibitions on campaign contributions and expenditures contained in Title 2, United States Code, Section 441b(a) of the Federal Election Campaign Act.

h. The Rhodes for Congress Committee was a political committee which supported the election of John J. Rhodes, III to the United States House of Representatives.

i. The Federal Election Commission was an agency of the United States government.

2. Beginning in or about August 1986, and continuing thereafter through September 1986, at Phoenix and within the District of Arizona and elsewhere, CONLEY WOLFSWINKEL and JOHN J. O'NEILL, the defendants herein, did knowingly and willfully cause the Rhodes for Congress Committee to file materially false, fictitious and fraudulent statements with the Federal Election Commission, to wit: that campaign contributions to the Rhodes for Congress Committee had been made by various individuals in small and ostensibly lawful amounts, when in truth and fact these contributions represented an illegal campaign contribution by CONLEY WOLFSWINKEL and United Bank of Arizona.

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

August 9, 1991

Daniel J. Swillinger, Esq.
Maloney & Burch
1100 Connecticut Avenue, N.W.
Washington, D.C. 20036-4101

Re: MUR 2602

Dear Mr. Swillinger:

In your letter of August 5, 1991, you asked for our assessment of whether the indictment of Conley Wolfswinkel and John O'Neill will affect the processing of the above-referenced matter. As you are aware, the Federal Election Commission has exclusive jurisdiction with respect to civil enforcement of the Federal Election Campaign Act of 1971, as amended, pursuant to 2 U.S.C. § 437c(b), while the U.S. Department of Justice has criminal jurisdiction over various violations of the Act. Accordingly, the Department of Justice's actions do not preclude the Commission's ongoing enforcement matter.

With regard to our meeting on July 28, 1991, we set forth our anticipated schedule for preparing the General Counsel's Probable Cause to Believe Brief in this matter and agreed to notify you if there were any changes in that schedule. We also agreed to call you once the brief was prepared and ready for mailing. The Commission would consider any timely request for pre-probable cause conciliation from your clients. However, a request for pre-probable cause conciliation received after the mailing of the General Counsel's Brief will be deemed untimely and not subject to Commission consideration.

If you have any further questions, please contact Lisa Klein or Colleen Miller at (202) 376-5690.

Sincerely,

Lawrence M. Noble

By: Lois G. Lerner
Associate General Counsel

4043602359

OGC 2181

Meyer
Hendricks
Victor
Osborn &
Maledon

Attorneys at Law

The Phoenix Plaza
2929 North Central Avenue
Phoenix, Arizona 85012-2798

P.O. Box 33449
Phoenix, Arizona 85067-3449

Telephone 602-640-9000
Facsimile 602-640-9050

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91 AUG 12 PM 2:43

David K. Duncan
602-640-9312

August 8, 1991

Lawrence M. Noble, Esq.
General Counsel
Federal Election Commission
Washington, D.C. 20463

91 AUG 13 PM 4:38

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Re: MUR 2602
Ann Lorenzo O'Neill

Dear Mr. Noble:

Please enclose this letter as part of the public record in the above-referenced matter.

At the time Ann O'Neill made the two contributions referred to in the conciliation agreement, Mrs. O'Neill did not know that such contributions were unlawful. Mrs. O'Neill did not know that it was unlawful to receive a gift of funds from her fiance and then contribute a like amount to a political campaign. Mrs. O'Neill thought that it was perfectly appropriate to make the two contributions she did. As Mr. and Mrs. O'Neill were then engaged to be married, Mr. O'Neill had made frequent gifts to Mrs. O'Neill. She then believed there was nothing illegal in receiving a gift for her to use as a political contribution. Mrs. O'Neill's violation of the Campaign Act was unknowing and inadvertent.

At the time of Mrs. O'Neill's contributions, she and Mr. O'Neill were engaged. Ironically, if they had been married rather than engaged, there could have been no violation under the Campaign Act.

Sincerely,

David K. Duncan
Attorney for Ann Lorenzo O'Neill

DKD/drs

4043602360

Meyer
Hendricks
Victor
Osborn &
Maledon
Attorneys at Law

The Phoenix Plaza
2929 North Central Avenue
Phoenix, Arizona 85012-2798

P.O. Box 33449
Phoenix, Arizona 85067-3449

Telephone 602-640-9000
Facsimile 602-640-9050

Larry A. Hammond
602-640-9361

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91 AUG 19 AM 10:00

August 14, 1991

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OFFICE OF GENERAL COUNSEL

91 AUG 19 PM 3:25

Colleen Miller, Esq.
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

RE: John J. O'Neill and Ann Lorenzo O'Neill
MUR 2602

Dear Ms. Miller:

John J. O'Neill, Ann Lorenzo O'Neill, Joe S. Reynolds and I have prepared this letter to notify you that John and Ann O'Neill will now be represented by:

Joe S. Reynolds, Esq.
13 North MacDonald, #500
Mesa, AZ 85201

(602) 969-2246

Kindly direct all communications regarding the above-referenced matter to him.

Thank you very much.

Sincerely yours,

John J. O'Neill

Ann Lorenzo O'Neill

Joe S. Reynolds

Larry A. Hammond

LAH/drs

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MAIL ROOM

91 AUG -6 AM 10:32

BURCH & CRACCHIOLO, P.A.

ATTORNEYS AT LAW

DANIEL CRACCHIOLO
JACK DANIEL KLAUSNER
DARYL MANHART
EDWIN C. BULL
ANDREW ABRAHAM
F. MICHAEL CARROLL
RALPH D. HARRIS
MARTHA C. PATRICK
BRIAN V. PEARSON
EVE PARKS
KAREN C. PAUL

STEPHEN E. SILVER
LUPE INIGUEZ-ESPINOZA
IAN NEALE
BRYAN F. MURPHY
DONALD W. LINDHOLM
DANIEL R. MALINSKI
LARRY J. DAHL
J. BRENT WELKER
THOMAS A. LONGFELLOW
THEODORE A. JULIAN, JR.
JESS A. LORONA

BRIAN KAVEN
BRAD S. OSTROFF
DAVID G. DERICKSON
LINDA A. FINNEGAN
CLARE H. ABEL
EDWIN D. FLEMING
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PHOENIX, ARIZONA 85014
(602) 274-7611
FAX (602) 234-0341

MAILING ADDRESS
P.O. BOX 16882
PHOENIX, ARIZONA 85011

OF COUNSEL
FRANK HAZE BURCH
DAVID J. GERING

WRITER'S DIRECT LINE

(602) 234-9905

August 5, 1991

91 AUG -7 PM 4:01
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

VIA FEDERAL EXPRESS

Lawrence M. Noble
General Counsel
Federal Election Commission
Office of the General Counsel
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2602
Cortland Silver

Dear Mr. Noble:

This letter accepts the Commission's second proposed agreement wherein Mr. Silver would pay a $4,000 civil penalty. I have enclosed with this letter two copies of the Conciliation Agreement prepared by your office and my client's check in the sum of $4,000. Would you please sign and return one of the agreements at your earliest opportunity.

Thank you very much for helping get this matter resolved. I would also like to commend Ms. Colleen Miller of your office who was very helpful and at all times extremely professional in her dealings with me.

Very truly yours,

Jack Daniel Klausner

JDK:jah

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Aug. 7, 1991

TWO WAY MEMORANDUM

TO: Fabrae Brunson
OGC, Docket

FROM: Philomena Brooks PB
Accounting Technician

SUBJECt: Account Determination for Funds Received

We recently received a check from Cortland Silver, check number 36692486 dated Aug. 5, 1991, and in the amount of $4,000.00. Attached is a copy of the check and any correspondence that was forwarded. Please indicate below the account into which it should be deposited, and the MUR number and name.

TO: Philomena Brooks
Accounting Technician

FROM: Fabrae Brunson FDB
OGC, Docket

In reference to the above check in the amount of $4,000, the MUR number is 2605 and in the name of Cortland Silver. The account into which it should be deposited is indicated below:

__ Budget Clearing Account (OGC), 95F3875.16

✓ Civil Penalties Account, 95-1099.160

__ Other: _____

Fabrae D. Brunson
Signature

August 8, 1991
Date

4043602363

4 0 4 3 6 0 2 3 6 4

SECURITY PACIFIC BANK ARIZONA

HOME OFFICE
101 NORTH FIRST AVE.
PHOENIX, ARIZONA

91-170
1221

36692486

Continental/CORTLAND SILVER
REMITTER

BRANCH NUMBER 047

August 5, 19 91

PAY TO THE ORDER OF * * * * * * * * * *Federal Elections Commission* * * * * $*4,000.00*

SECURITY PACIFIC BANK ARIZONA 4,000dol's00cts DOLLARS

ISSUED BY
Camel Square js
OFFICE

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈36692486⑈ ⑆122101706⑆ 384⑈000028⑈

RECEIVED
F.E.C.
SECRETARIAT
91 AUG 23 AM 11:21

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Cortland Silver	)	MUR 2602

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Cortland Silver. The Commission approved this conciliation agreement on July 18, 1991 and Mr. Silver accepted the agreement by letter August 5, 1991, enclosing a check for the full amount of the civil penalty. Attachment. The Office of the General Counsel recommends that the Commission accept this agreement and close the file as it pertains to Cortland Silver.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreement with Cortland Silver.

2. Close the file as to Cortland Silver.

3. Approve the appropriate letter.

8/22/91
Date

Lawrence M. Noble
General Counsel

Attachment

Letter from counsel for Silver, agreement, check

Staff Assigned: Miller

4043602365

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: August 23, 1991

SUBJECT: MUR 2602 - 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	[xx]	Compliance	[xx]
Sensitive	[xx]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour No Objection	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed MUR Letters	[ ]
Information	[ ]	Status Sheets	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Cortland Silver.) MUR 2602

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 28, 1991, the Commission decided by a vote of 6-0 to take the following actions in MUR 2602:

1. Accept the conciliation agreement with Cortland Silver, as recommended in the General Counsel's Report dated August 22, 1991.

2. Close the file as to Cortland Silver.

3. Approve the appropriate letter, as recommended in the General Counsel's Report dated August 22, 1991.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

8-28-91
Date

Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Fri., August 23, 1991 11:21 a.m.
Circulated to the Commission: Mon., August 26, 1991 11:00 a.m.
Deadline for vote: Wed., August 28, 1991 11:00 a.m.

dr

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 18, 1991

Jack Daniel Klausner, Esq.
Burch and Cracchiolo
702 East Osborn Road
Suite 200
Phoenix, Arizona 85014

RE: MUR 2602
Cortland Silver

Dear Mr. Klausner:

On August 28, 1991, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of violations of 2 U.S.C. §§ 441a(a)(1)(A) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your client, Cortland Silver.

This matter will become a part of the public record within 30 days after it has been closed with respect to all other respondents involved. If you wish to submit any factual or legal materials to appear on the public record, please do so within ten days. Such materials should be sent to the Office of the General Counsel. Please be advised that information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be

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submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact Colleen Miller, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Cortland Silver	)	MUR 2602
	)	

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Cortland Silver ("Respondent") violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f.

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

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

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

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

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

1. Cortland Silver is an individual residing in Phoenix, Arizona.

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2. Rhodes to Congress ("the Committee") was the principal campaign committee for John Rhodes, a candidate for the U.S. House of Representatives from the First Congressional District of Arizona in the 1986 election cycle.

3. The Federal Election Campaign Act of 1971, as amended ("the Act"), states that no person shall make contributions to any candidate and his or her authorized political committees with respect to any election for federal office which, in the aggregate, exceed $1,000. Section 441a(a)(1)(A)

4. Pursuant to 2 U.S.C. § 431(8)(A)(ii), compensation for the service of another person which is rendered to a political committee is a contribution to that committee.

5. Pursuant to 2 U.S.C. § 441f, no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution.

6. Respondent made a $1,000 contribution to the Rhodes to Congress Committee in connection with the primary election on July 14, 1986. In addition, Respondent made the following contributions to the committee:

a. On March 4, 1986, Respondent contributed $5,000 to the Rhodes to Congress Committee by means of a check drawn on a Riviera Capitol account which was made payable to Respondent. Respondent then endorsed the check to the Committee's finance chairman, John O'Neill, who used the funds to effect contributions to the Committee in the names of other persons;

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b. On May 30, 1986 Respondent contributed $4,000 to the Rhodes to Congress Committee through the Committee's finance chairman, John O'Neill.

c. Respondent contributed $1,260 to the Committee in the form of salary payments for his daughter in connection with her employment with the Committee during the summer of 1986.

7. Respondent contributed a total of at least $12,260 to the Rhodes to Congress Committee in 1986, or $10,260 in excess of the limits established by 2 U.S.C. § 441a(a)(1)(A).

V. 1. Respondent made contributions of at least $12,260 to the Rhodes to Congress Committee in 1986, in violation of 2 U.S.C. § 441a(a)(1)(A).

2. Respondent made contributions in the names of others to the Rhodes to Congress Committee in 1986, in violation of 2 U.S.C. § 441f.

3. Respondent contends that the violations were not knowingly and wilfully made.

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of four thousand dollars ($4,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

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

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relief in the United States District Court for the District of Columbia.

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

IX. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

40436023733

FOR THE COMMISSION:

Lawrence M. Noble
General Counsel

10/18/91
Date

FOR THE RESPONDENT:

(Name) Cortland Silver
(Position)

Aug 5 - 1991
Date

OGC 3593

LAW OFFICES
MALONEY & BURCH
1100 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20036-4101

(202) 293-1414
FAX (202) 293-1702

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91 DEC -2 AM 11:40

MUR 2602

RECEIVED
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OFFICE OF GENERAL COUNSEL

91 DEC -2 PM 3:41

November 26, 1991

Via Facsimile

Ms. Colleen Miller
Office of the General Counsel
Federal Election Commission
999 E St., N.W.
Washington, DC 20463

Re: Rhodes To Congress

Dear Ms. Miller:

In response to our phone conversation on November 22, 1991, during which you informed me that the Counsel's office is in the final stages of preparing its probable cause to believe brief in this matter, I have consulted with my clients, Congressman John J. Rhodes, III, and the Rhodes To Congress Committee.

Based on those discussions, Congressman Rhodes and the Committee would like to enter into pre-probable cause conciliation in an effort to resolve this four-year-old MUR, and I so request that procedure.

Please contact me if you have any questions.

Sincerely,

Daniel J. Swillinger

cc: Hon. John J. Rhodes, III

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	**SENSITIVE**
Rhodes to Congress Committee and Kent H. Mulkey, as treasurer	)	MUR 2602
John J. Rhodes, III	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter came to the attention of the Federal Election Commission by a referral from the United States Attorney of the District of Arizona and from information provided by the Federal Bureau of Investigation indicating the possibility of violations of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the 1986 House campaign of John J. Rhodes, III, of Arizona. On April 28, 1988, the Commission found reason to believe that numerous violations of the Act had occurred, several of them knowing and willful. Also at that time, the Commission issued several interrogatories and document requests.

On December 23, 1988, the Commission approved the issuance of subpoenas for a series of depositions in furtherance of its investigation into this matter. Because of the failure of Congressman John J. Rhodes, III, and assistant campaign manager Benjamin Dodson to comply with duly executed subpoenas for depositions, the Commission, on May 2, 1989, authorized the Office of the General Counsel to file civil suit for an order to show cause. Thereafter, counsel for the deponents informed this Office

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that his clients had decided to cooperate. As a result of information discovered in those and other depositions, the Commission issued additional interrogatories to the Rhodes to Congress Committee and United Bank (now Citibank) on December 15, 1989.

The Commission has arrived at conciliation agreements with two respondents, Cortland Silver and Ann Lorenzo.[1] On November 27, 1991, the Office of the General Counsel received a request for pre-probable cause conciliation from counsel for Congressman Rhodes and the Rhodes to Congress Committee and Kent H. Mulkey, as treasurer. At this time, we recommend entering into pre-probable cause conciliation with these respondents.

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II. RHODES TO CONGRESS

On April 28, 1988, the Commission found reason to believe that the Rhodes to Congress Committee and Kent H. Mulkey, as treasurer, ("the Rhodes Committee") violated 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), 434(b)(5)(A) and 434(b)(3)(E). None of the April 1988 reason to believe findings against the Committee were knowing and willful.

Our investigation has confirmed numerous violations by the Rhodes Committee in 1986 and it now appears that some of those violations were done knowingly and willfully. Many of these

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1. As noted in previous General Counsel Reports, John O'Neill requested pre-probable cause conciliation, which was denied while the investigation was pending. This Office believes that, as O'Neill appears to have been at the center of most of the violations, we should conclude pre-probable cause conciliation discussions with all other parties before revisiting O'Neill's request.

violations are attributed to the Committee because of the conduct of John O'Neill, who was the finance chairman for the campaign. Although the Committee now labels O'Neill a "renegade," there is no doubt that O'Neill was an officer of the Committee with much responsibility and authority. Rhodes himself testified that O'Neill was among the first to be asked to assist with the campaign (deposition p. 15).[2] O'Neill accompanied Rhodes to Washington, D.C. in December of 1985 for early fundraising and to receive campaign instruction from the National Republican Campaign Committee (Rhodes depo. pp. 29, 36). The campaign's office manager, Ann Brown, now Ann Wendell, testified that O'Neill was considered the most knowledgeable in the campaign regarding federal laws limiting fundraising and that she or the assistant campaign manager would generally rely on O'Neill for guidance in those areas (depo. pp. 62, 65-66, 78). According to Brown, O'Neill also served on the Committee's "steering or strategy committee" that coordinated all of the campaign's activities (depo. p. 39). Persons outside the campaign generally referred to O'Neill as the campaign's treasurer. (E.g. Silver depo. pp. 10, 44; Golston depo. p. 50; Kerr depo. p. 15.) The Committee issued a document as late as September 9, 1986, stating that O'Neill was "authorized to sign notes on behalf of the Rhodes to Congress Campaign." In sum, John O'Neill was clearly authorized to act as

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2. The investigative file in this matter is voluminous and is not attached to this report. Deposition transcripts, hereinafter noted as "depo.", along with responses to the reason to believe findings, answers to interrogatories and documents produced in the course of this investigation are available in the files in the Office of the General Counsel.

an agent of the Committee.[3]

A. Violations In Connection with the $30,000 Wolfswinkel Contribution

Corporations are prohibited from making contributions in connection with any federal election and it is unlawful for any candidate or political committee to accept knowingly such contributions. 2 U.S.C. § 441b. Additionally, the Act prohibits the making and knowing acceptance of contributions in the name of another person. 2 U.S.C. § 441f.

In August, 1986, the finance chairman of the Rhodes Committee, John O'Neill, obtained a corporate check from Wolfswinkel Group, Inc., to be used on behalf of Rhodes' election efforts. According to Conley D. Wolfswinkel, President of Wolfswinkel Group, Inc., early in 1986, O'Neill had asked him to raise funds for the Rhodes Committee. Wolfswinkel agreed to do so. In August of 1986, as Committee funds began to run low, O'Neill asked Wolfswinkel for the funds he had agreed to raise. Wolfswinkel admitted he had not raised the funds; instead he gave O'Neill a corporate check for $30,000, dated August 12, 1986. O'Neill, who was also a Vice President of United Bank of Arizona, took the funds and converted them into numerous smaller amounts in order to make the funds appear to be legal contributions.

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3. By comparison, the regulations, in defining independent expenditures, describe an agent of a candidate as a person with "actual oral or written authority, either express or implied, to make or to authorize the making of expenditures on behalf of a candidate or ... any person who has been placed in a position within the campaign organization where it would reasonably appear that in the ordinary course of campaign-related activities he or she may authorize expenditures." 11 C.F.R. § 109.1(b)(5).

O'Neill deposited $18,000 of the $30,000 directly into the Rhodes Committee's line of credit at United Bank and made out contribution cards for twelve individuals to account for the funds. He then made out five cashier checks: three for one thousand dollars each and two for two thousand dollars each, reflecting five additional contributor names, for a total of $7,000 in contributions. Finally, O'Neill retained $5,000 of the funds for himself, of which he gave a portion directly to the candidate, and contributed the remainder using his fiance's name and his own.[4] O'Neill instructed assistant campaign manager Ben Dodson not to send acknowledgments for these contributions, but the acknowledgments had been sent before Dodson had received those instructions.

At the time of the Commission's reason to believe findings, there was insufficient evidence to conclude that the violation had been knowing and willful. However, it appears now that the Committee, through John O'Neill, willfully attempted to conceal the source of the funds. O'Neill took great efforts to obscure the funds, including using several circuitous routes to reach the

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4. Ann Lorenzo, who was John O'Neill's fiance in 1986, stated to the FBI and in response to the Commission's reason to believe findings that O'Neill gave her $1,000 on two separate occasions to make contributions to the Rhodes Committee. She recalls receiving the first amount in the latter part of 1985; Committee reports list this contribution as being received on March 27, 1986. O'Neill gave her the second amount in August, 1986, apparently from the Wolfswinkel funds. Lorenzo made the second contribution, according to Committee reports, on August 11, 1986. Both Lorenzo and O'Neill admit to these transactions, but deny that they knew they were prohibited. Lorenzo has signed a conciliation agreement admitting to the violations. The proposed conciliation agreement herein contains coordinate admissions by the Rhodes Committee.

campaign so that the actual source and total amount of incoming funds might be less noticeable. O'Neill made out contributor cards and instructed the assistant campaign manager to deviate from standard procedure in order to further conceal the funds. Moreover, in O'Neill's written response to the reason to believe findings, although he specifically denies willfulness for other violations, he does not make any denial of willfulness for the method used to conceal the Wolfswinkel corporate funds. When questioned further on this point in his deposition, O'Neill refused to testify on the grounds that he might be incriminated (depo. pp. 82-88).

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B. Violations in Connection with a $5,000 Contribution from Conley Wolfswinkel in June, 1986

On or about June 30, 1986, Conley Wolfswinkel gave $5,000 to John O'Neill to contribute to the Rhodes Committee. O'Neill had three cashier checks made out at United Bank: one for $1,900 with the designated remitter as Conley Wolfswinkel; one for $2,000 with the designated remitter as Wolfswinkel's wife, Bernadette; and one for $1,000 with the designated remitter as one of Wolfswinkel's sons, Dustin. These funds were given to the Committee; however, Committee reports contain significantly different information

regarding the contributions. Committee reports list Conley's contribution on June 30, 1986 as $900, Bernadette's as $1,000 and Dustin's as $1,000, plus the reports cite two other children, Daryl and Damian, as contributing $1,000 each that day. The Committee treasurer could not explain the discrepancy between the reports and the checks. Assistant campaign manager Ben Dodson recalled receiving the checks and informing O'Neill that Wolfswinkel would exceed the limitations. O'Neill then told Dodson to attribute the funds to Wolfswinkel's children, which Dodson did without receiving any kind of verification from the attributed contributors.

Conley Wolfswinkel testified that he did not consult with his wife or children in making the contributions, see 11 C.F.R. §§ 110.1(i) and 110.1(k), (depo. pp. 59, 103), and that he was well aware of the $1,000 per election contribution limitation. Therefore, it appears that the Rhodes Committee accepted a contribution in the names of others, in violation of 2 U.S.C. § 441f, and accepted an excessive contribution from Wolfswinkel, in violation of 2 U.S.C. § 441a(f).

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C. Use of United Bank facilities for Campaign Purposes

In the course of the investigation, it became clear that the campaign used United Bank of Arizona ("United Bank", now Citibank) facilities to conduct telephone polls and get out the vote drives, and used United Bank conference rooms to conduct planning and strategy meetings.

National banks are prohibited from making contributions or

expenditures in connection with any election to any political office and corporations and labor unions are prohibited from making contributions or expenditures in connection with any federal election. 2 U.S.C. § 441b. It is also a violation to knowingly accept contributions prohibited by Section 441b.

Section 441b(b)(2) defines "contribution" to include any direct or indirect payment, loan, or gift of money, or any services, or "anything of value" to any candidate, campaign committee, or political party or organization in connection with any election. 2 U.S.C. § 441b(b)(2). "Anything of value" includes in-kind contributions, including goods or services provided at no charge or a charge less than the usual and normal charge. 11 C.F.R. §§ 100.7(a)(1)(iii), 100.8(a)(1)(iv)(A).

Section 114.9 of the Commission's regulations directly addresses the use of corporate or labor organization facilities. Specifically, Section 114.9(d) states:

> Persons ... who make any use of corporate or labor organization facilities, such as by using telephones or typewriters or borrowing office furniture, for activity in connection with a Federal election are required to reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual rental charge, as defined in 11 C.F.R. § 100.7(a)(1)(iii)(B), for the use of the facilities.

11 C.F.R. § 114.9(d). Section 100.7(a)(1)(iii)(B) defines the usual rental charge as the price for those goods in the market from which then would have been purchased.

According to persons both within the campaign and outside of the organization, the Rhodes Committee used the facilities of United Bank and other corporations in the Phoenix area for

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campaign activities (e.g. Rhodes depo. p. 42). Maria Evans, assistant vice president for commercial loans at United Bank in 1986, testified that many banks in the area made their facilities available, at no charge, to charitable and political efforts and that they encouraged the practice "because they didn't really contribute a lot of money directly" to campaigns (depo. p. 51). She specifically recalls three times that the Rhodes Committee used the Bank's conference room, and two separate occasions that the Committee utilized up to ten phones at the Bank for "get out the vote" drives (depo. pp. 61, 68). She speculated that the Committee may have used Bank facilities on more occasions than she witnessed (depo. p. 61).

Assistant campaign manager Ben Dodson testified in his deposition that two or three telephone surveys, involving 5-10 volunteers over several nights each, were conducted at United Bank, and that four to six planning meetings were held there (depo. p. 35-40). The Committee confirms that it used the facilities, but differs in the total number of times. United Bank, because of lost records after acquisition by Citibank, does not deny or confirm the use. The Committee, additionally, admits to using the meeting room of Great American Bank once and that of Lutheran Healthcare Network two times. All of these facilities were used free of charge. Although this was apparently a wide-spread practice in that area, it is clear that the Rhodes Committee accepted the use of corporate and bank facilities without reimbursement. T

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D. Sun Bank Loan Guarantee by John O'Neill

The Act specifies that a "contribution" includes "any ... loan, advance ... 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)(i). The regulations state that the term loan includes loan guarantees and endorsements. 11 C.F.R. § 100.7(a)(1)(i). Further, a loan is a contribution at the time it is made. 11 C.F.R. § 100.7(a)(1)(i)(B).

Documents produced by the FBI indicate that the Rhodes Committee obtained a $50,000 loan from Sun National Bank on September 3, 1986, with John O'Neill as the guarantor of the loan. "As the October Quarterly reporting period was drawing to a close," the Committee's written response stated, they discovered the prohibited loan guarantee and substituted Rhodes' own personal guarantee for the loan, dating the guarantee retroactively to September 3rd. Rhodes could not recall the date on which he finally signed the guarantee, however, his personal financial statement provided to Sun Bank is dated December 1, 1986. Rhodes argues that his personal guarantee was effective from the inception of the loan, even though the guarantee was not signed for months and Rhodes himself was unaware of any specific need to provide a guarantee. The Committee never reported O'Neill as guarantor on the loan; instead they reported the loan as though Rhodes had guaranteed it from the beginning.

The O'Neill guarantee was a contribution under the Act which exceeded the statute's contribution limits.

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E. Violations in Connection with Cortland Silver

Section 441a(a)(1)(A) limits individual contributions to any candidate and his or her authorized political committee to an aggregate of $1,000 per election. Husband and wife have separate contribution limitations, even if only one spouse has income, 11 C.F.R. § 110.1(i). Pursuant to 2 U.S.C. § 431(8)(A)(ii), compensation for the service of another person which is rendered to a political committee is a contribution to that committee. As previously noted, section 441f prohibits the making and knowing acceptance of a contribution in the name of another person.

Initially, the Commission had found reason to believe that Cortland Silver made excessive contributions to the Rhodes to Congress Committee by making salary payments for his daughter while she worked for the Committee. In response to that finding, Silver admitted making the salary payments and simultaneously admitted to making several other excessive contributions to the Committee. On March 4, 1986, Silver contributed $5,000 as a personal draw from his corporation, Riviera Capital, and on May 30, 1986, Silver contributed $4,000 in the form of a cashier check. Additionally, he states that he and his wife each made contributions of $1,000 to Rhodes' primary campaign on July 14, 1986. For the most part, O'Neill accepted the funds for the Rhodes Committee by converting them into other names.

The March 4 contribution of $5,000 was in the form of a

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Riviera Capital check to Silver, which Silver then endorsed over to O'Neill. It is Silver's testimony that this money was expressly intended for the Rhodes campaign (depo. p. 28). At the time, Silver did not know how the funds were ultimately used, however, his counsel's investigation disclosed that O'Neill purchased five cashier checks for contribution to the Committee in the names of other persons. O'Neill attributed the funds to his two daughters, their husbands, and Cortland Silver, Jr. None of the persons whose names were used were aware of the contributions. O'Neill used five individual cashier checks for this purpose. O'Neill's written response to the reason to believe findings states that he was not aware that it was illegal to make a gift to his children who then would make a contribution. This statement would be more plausible, however, if he had used his own funds and if he had not also included Cortland Silver, Jr., who is not a relative of O'Neill's, as a contributor. It appears, rather, that O'Neill went to some effort to conceal the source of the funds, indicating knowing and willful conduct on the part of an agent of the Committee.

As to the May 30 contribution, Silver says he gave four thousand dollars to O'Neill and that O'Neill purchased a cashier's check for payment to himself (depo. pp. 22-23). While O'Neill has claimed this was a repayment for a personal loan, Silver vehemently denies that he had ever borrowed money from O'Neill (depo. p. 39). Silver insists the entire amount was intended for the Rhodes campaign. It is not clear how these funds reached the Committee's accounts, however, Silver states that O'Neill accepted

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the funds as a contribution to the Rhodes Committee.[5]

Silver arranged, through John O'Neill, for his daughter to work for the Committee, with her salary to be paid by her father.[6] It is Silver's information that a total of $1,260.00 was paid to his daughter for employment with the Committee, in five weekly payments. Although testimony by Committee staffers provide varying estimates of the length of time that Silver's daughter was with the campaign (Ben Dodson says 3-4 weeks, Ann Brown recalls 6-8 weeks, while Silver says July and August of 1986), and there do not appear to be any written records of the time of employment, it appears that five weeks is a reasonable approximation of the length of time she was employed at the Committee.

The Rhodes to Congress Committee also failed to report the compensation of Silver's daughter as an in-kind contribution, and the failure to do so was intentional. Committee staffers testified that they were aware that she was being paid from an outside source, and had discussed reporting the payments, but decided not to report them when her services appeared not to be helpful (e.g. Dodson depo. p. 104). The Committee's position, in depositions, that they did not have to report it because the quality of her work was not as high as expected, has no basis in law. Neither the Act nor the regulations permits a subjective,

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5. Silver refers to the contribution as "cash," however he was very unclear of the details surrounding this transaction. As there was no corroborating evidence that cash was used, this Ofice makes no recommendation on the issue of a Section 441g violation.

6. These arrangements were made at Silver's suggestion, following his daughter's divorce.

unilateral exception to the definition of contribution based on quality. Under the circumstances, the facts indicate there is reason to believe that the Rhodes to Congress knowingly and willfully violated the reporting provisions of the Act by failing to report this information.

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F. Violations relating to United Bank Loan Not Obtained in the Ordinary Course of Business

The Act prohibits corporate contributions which includes loans except for loans of money by a bank made in accordance with applicable banking laws "and in the ordinary course of business." 2 U.S.C. § 441b(b)(2). A loan is in the ordinary course of business if, among other things, it is made on a basis which assures repayment. 2 U.S.C. § 431(8)(A)(vii); 11 C.F.R. § 100.7(b)(11).

In June of 1986, the Rhodes Committee obtained a $35,000 line of credit from United Bank. This was a revolving line of credit; the Rhodes Committee could make payments towards satisfaction of the line of credit and increase the amount available to be

borrowed in the future. John O'Neill, Vice President of the Mesa Branch of the United Bank of Arizona, arranged for the line of credit for the Committee. The loan was granted on June 3, 1986, on the personal guarantee of John J. Rhodes, III, although the bank did not have current financial information on him. In fact, Rhodes submitted his financial data a month after the loan was approved and funds were disbursed.

This loan approval and funding was against written bank policy. United Bank "General Decision Guidelines" applicable at the time expressly state that "financial statements are perhaps the most important tools we have for evaluating requests for credit." The guidelines describe accurate financial statements as a "necessity" which "cannot be over-emphasized." A policy package entitled "Credit Guidelines" makes the same point repeatedly. The Bank's "Loan Standards" policy states that "Data used to evaluate extensions of credit should be of a current nature," and that all data should be collected before the loan is approved and funds disbursed. Clearly, then, the loan to the Committee was not made in United Bank's ordinary course of doing business nor on a basis which assures repayment.

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Our investigation revealed other violations relating to this loan. The Committee, apparently, reported their line of credit at United Bank inaccurately. As noted, on June 3, 1986, the Committee obtained the revolving line of credit, with a maximum credit of $35,000. As a revolving line, however, any payments on

the loan allowed the Committee to borrow additional amounts. Loan documents show that the Committee made numerous payments and additional withdrawals, which were not reported. The total amount borrowed against this line of credit in 1986 appears to be $42,000, not the $35,000 consistently listed in Committee reports. Therefore, the Office of the General Counsel recommends that the Commission find reason to believe that Rhodes to Congress and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 434(b)(4)(D) and 434(b)(2)(G).

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G. Additional Reporting Violations

Pursuant to 2 U.S.C. § 434, authorized political committees are required to file periodic reports of contributions and expenditures. Section 434(b)(2)(A) requires committees to disclose contributions from persons other than political committees and Section 434(b)(3)(A) requires committees to identify persons who contribute in excess of $200 and the dates of such contributions.

As described more fully below in Section III, part of the $30,000 Wolfswinkel contribution went directly to the candidate. O'Neill placed $5,000 into his personal account and then gave $3,000 of that to Rhodes. Rhodes subsequently claimed that those funds were for payment of legal fees, but for a number of reasons detailed below, it appears more likely that Rhodes accepted the funds as a contribution. The Rhodes Committee did not report receipt of those funds.

Additionally, bank documents indicated a number of errors in the Committee's reporting of contributions in August and September of 1986. O'Neill, as noted above, deposited $18,000 of the Wolfswinkel funds into the Committee's line of credit; Bank records show that transaction to have occurred on August 25, 1986. The Rhodes Committee, however, reported the contributions as having been received on September 9, 1986, which was the date of the primary election. Likewise, O'Neill converted some of the Wolfswinkel funds into seven cashier checks, dated August 13, 1986. The Committee deposited these checks on August 21, 1986, but reported them as being received on August 26, 1986. Neither Committee Treasurer Kent Mulkey nor assistant campaign manager Ben Dodson could explain the obvious errors in reporting. (Mulkey depo. pp. 50-64; Dodson depo. pp. 49-51).

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H. Discussion of Civil Penalty

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III. JOHN J. RHODES, III

Pursuant to 2 U.S.C. § 441b, corporations are prohibited from making contributions in connection with federal elections, and candidates and their committees are prohibited from accepting such contributions. Under the regulations, a candidate who accepts a contribution does so as agent of his authorized committee. 2 U.S.C. § 432(e)(2). Section 432(b)(3) of the Act prohibits the commingling of committee funds with the personal funds of any individual.

Our investigation has confirmed that John J. Rhodes, III,

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7. This Office recommends that a two thousand dollar civil penalty be assessed for this violation. Although the practice is clearly in violation of the Act, the wide acceptance of it in that community, combined with the difficulty of determining a "market value" of sporadic use of office facilities six years ago, argues against further investigation to determine a more precise civil penalty based on ordinary valuation procedures.

personally received funds from John O'Neill, who had accepted them on behalf of the Rhodes Committee from Conley D. Wolfswinkel. As described above, in August, 1986, John O'Neill took the $30,000 corporate check from Wolfswinkel Group, Incorporated, and converted it into a number of smaller denominations in order to get the funds into the Rhodes to Congress accounts. Among various devices used, O'Neill deposited $5,000 into his personal account and gave $3,000 of that directly to John J. Rhodes.

Rhodes claims that this $3,000 was for the payment of legal services performed for O'Neill. However, there are a number of reasons to doubt the validity of that claim. Rhodes deposited the funds into his personal account, never making payment to his law partnership account. In fact, Rhodes did not mark the O'Neill account at the law firm as paid until after he had discovered the illegality of the Wolfswinkel transactions, some six weeks or more after his personal receipt of the funds. (Golston depo. pp. 14-15; Kerr depo. p. 31.) Additionally, the legal services in question were being performed for O'Neill on a contingency basis, and, as Rhodes had not won the case, no payment should have been owed. (Golston depo. p. 31; Kerr depo. pp. 22, 61-62; Rhodes depo. p. 115.) Further, it appears that Rhodes continued to work on the case after his receipt of the funds, diminishing his claim that the case was over in August and that was why O'Neill decided to pay at that time.

Moreover, there is some evidence that Rhodes was encountering personal financial difficulties because of the campaign and that his campaign was in desperate need of funds as well. For example,

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Wolfswinkel claims that he had been asked, on one occasion, to make a mortgage payment for Rhodes (depo. p. 89). Rhodes' law firm income was nearly half of what it had been the previous year, and Rhodes was over-estimating his assets and income on loan applications. The Committee's financial difficulties were likewise serious. Lack of funds caused it to abandon plans for many paid advertisements. (Rhodes depo. pp. 75, 77, 81.) The Committee was described as being in a state of "panic" in August, 1986, because of the financial deficit.

There is no doubt that Wolfswinkel intended the full $30,000 contribution to go to the Rhodes campaign; he volunteered that fact in his deposition. Rhodes himself admitted being aware that the "Wolfswinkel money" had arrived, although he maintains he was unaware of the illegal nature of it at the time (depo. p. 44). Rhodes returned the $3000 to O'Neill after he became aware of the violations.

The Commission's original analysis of these facts resulted in a reason to believe finding against the candidate of a 2 U.S.C. § 441a violation. However, the investigation has confirmed that the source of the contribution was Wolfswinkel Group, Inc., constituting a violation of 2 U.S.C. § 441b by John O'Neill as agent for the Committee. As Rhodes placed the $3000 contribution into his own account rather than the Committee's, this Office recommends that the Commission find reason to believe that John J. Rhodes, III violated 2 U.S.C. § 432(b)(3).

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IV. RECOMMENDATIONS

1. Find reason to believe that Rhodes to Congress and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 434(b)(4)(D) and 434(b)(2)(G).

2. Find reason to believe that John J. Rhodes, III, violated 2 U.S.C. § 432(b)(3).

3. Approve the attached Factual and Legal Analyses and the appropriate letters.

4. Enter into preprobable cause conciliation negotiations with John J. Rhodes, Rhodes to Congress and Kent H. Mulkey, as treasurer for a period not to exceed thirty (30) days.

5. Approve the attached conciliation agreements.

Date 3/6/92

Lawrence M. Noble
General Counsel

Attachments:
1. Factual and Legal Analyses (2)
2. Request for preprobable cause conciliation
3. Conciliation agreement - Rhodes to Congress
4. Conciliation agreement - John J. Rhodes, III

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: March 6, 1992

SUBJECT: MUR 2602 - 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	XX	Compliance	XX
Sensitive	XX		
Non-Sensitive		Audit Matters	[ ]
24 Hour No Objection		Litigation	[ ]
Sensitive			
Non-Sensitive		Closed MUR Letters	[ ]
Information		Status Sheets	[ ]
Sensitive			
Non-Sensitive		Advisory Opinions	[ ]
Other	[ ]	Other (see distribution below)	[ ]

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS | DONNA ROACH OR
COMMISSION SECRETARY

DATE: MARCH 11, 1992

SUBJECT: MUR 2602 - GENERAL COUNSEL'S REPORT
DATED MARCH 6, 1992

The above-captioned document was circulated to the Commission on MONDAY, MARCH 9, 1992 at 11:00 a.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	
Commissioner Elliott	XXX
Commissioner McDonald	
Commissioner McGarry	
Commissioner Potter	
Commissioner Thomas	

This matter will be placed on the meeting agenda for WEDNESDAY, MARCH 25, 1992.

Please notify us who will represent your Division before the Commission on this matter.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2602
Rhodes to Congress Committee and Kent H. Mulkey, as treasurer;	)	
	)	
John J. Rhodes, III.	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on March 25, 1992, do hereby certify that the Commission decided by a vote of 4-1 to take the following actions in MUR 2602:

1. Find reason to believe that Rhodes to Congress and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 434(b)(4)(D) and 434(b)(2)(G).

2. Find reason to believe that John J. Rhodes, III, violated 2 U.S.C. § 432(b)(3).

3. Approve the Factual and Legal Analyses and the appropriate letters as recommended in the General Counsel's report dated March 6, 1992.

4. Enter into preprobable cause conciliation negotiations with John J. Rhodes, Rhodes to Congress and Kent H. Mulkey, as treasurer, for a period not to exceed thirty (30) days.

(continued)

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5. Approve the conciliation agreements as recommended in the General Counsel's report dated March 6, 1992.

Commissioners Aikens, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Elliott dissented; Commissioner Potter was not present.

Attest:

3-26-92
Date

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 24, 1992

Mr. Daniel J. Swillinger
Attorney
Maloney & Burch
1100 Connecticut Avenue, N.W.
Washington, D.C. 20036-4101

RE: MUR 2602
Rhodes to Congress Committee and
Kent H. Mulkey, as treasurer
John J. Rhodes, III

Dear Mr. Swillinger:

On March 25, 1992, the Federal Election Commission found reason to believe that your client, John J. Rhodes, III, violated 2 U.S.C. § 432(b)(3) and that your clients, Rhodes to Congress Committee and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 434(b)(4)(D) and 434(b)(2)(G). The Factual and Legal Analyses, which formed the bases for the Commission's findings, are attached for your information. At your request, the Commission determined to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed are conciliation agreements that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreements, please sign and return them, along with the civil penalties, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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.

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If you have any questions or suggestions for changes in the agreements, or if you wish to arrange a meeting in connection with mutually satisfactory conciliation agreements, please contact Veronica M. Gillespie, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Joan D. Aikens

Joan D. Aikens
Chairman

Enclosures
Factual & Legal Analyses (2)
Conciliation Agreements (2)

4043602401

BEFORE THE FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR 2602

RESPONDENT: Rhodes to Congress Committee and
Kent H. Mulkey, as treasurer

I. GENERATION OF MATTER

This matter came to the attention of the Federal Election Commission in the course of its supervisory responsibilities. During the investigation of this matter, information came to the attention of the Commission indicating the possibility of additional violations.

II. ANALYSIS

The Act prohibits corporate contributions which includes loans except for loans of money by a bank made in accordance with applicable banking laws and in the ordinary course of business. 2 U.S.C. § 441b(b)(2). Candidate's authorized committees are required to report repayments of loans together with the dates and amount of such repayments. 2 U.S.C. §§ 434(b)(4)(D) and 434(b)(2)(G).

In June of 1986, the Rhodes to Congress Committee, and Kent H. Mulkey, as treasurer, obtained a $35,000 line of credit from United Bank. This was a revolving line of credit; the Rhodes Committee could make payments towards satisfaction of the line of credit and increase the amount available to be borrowed in the future. John O'Neill, Vice President of the Mesa Branch of the United Bank of Arizona and Finance Chair of the Rhodes to Congress

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Committee, arranged for the line of credit for the Committee. The loan was granted on June 3, 1986, on the personal guarantee of John J. Rhodes, III.

It appears that the Committee reported this line of credit at United Bank inaccurately. As noted, on June 3, 1986, the Committee obtained the revolving line of credit, with a maximum credit of $35,000. As a revolving line, however, any payments on the loan allowed the Committee to borrow additional amounts. Loan documents show that the Committee made numerous payments and additional withdrawals, which were not reported. The total amount borrowed against this line of credit in 1986 appears to be $42,000, not the $35,000 consistently listed in Committee reports. Therefore, there is reason to believe that the Rhodes to Congress Committee violated 2 U.S.C. §§ 434(b)(4)(D) and 434(b)(2)(G), due to the inaccurate reporting of this loan.

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BEFORE THE FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

MUR 2602

RESPONDENT: John J. Rhodes, III

I. GENERATION OF MATTER

This matter came to the attention of the Federal Election Commission in the course of its supervisory responsibilities. During the investigation of this matter, information came to the attention of the Commission indicating the possibility of additional violations.

II. ANALYSIS

Pursuant to 2 U.S.C. § 441b, corporations are prohibited from making contributions in connection with federal elections, and candidates and their committees are prohibited from accepting such contributions. Under the regulations, a candidate who accepts a contribution does so as agent of his authorized committee. 2 U.S.C. § 432(e)(2). Section 432(b)(3) of the Act prohibits the commingling of committee funds with the personal funds of any individual.

It appears that John O'Neill accepted a corporate contribution on behalf of the Rhodes Committee from Conley D. Wolfswinkel and that O'Neill gave a portion of that contribution directly to the candidate. In August, 1986, John O'Neill took a $30,000 corporate check from Wolfswinkel Group, Incorporated, and converted it into a number of smaller denominations. Among

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various devices used, O'Neill deposited $5,000 into his personal account and gave $3,000 of that directly to John J. Rhodes.

Rhodes claims that this $3,000 was for the payment of legal services performed for O'Neill. However, there are a number of reasons to doubt the validity of that claim. Rhodes deposited the funds into his personal account, never making payment to his law partnership account. In fact, Rhodes did not mark the O'Neill account at the law firm as paid until after he had discovered the illegality of the Wolfswinkel transactions, some six weeks or more after his personal receipt of the funds. Additionally, the legal services in question were being performed for O'Neill on a contingency basis, and, as Rhodes had not won the case, no payment should have been owed. Further, it appears that Rhodes continued to work on the case after his receipt of the funds, diminishing his claim that the case was over in August and that was why O'Neill decided to pay at that time.

Moreover, there is some evidence that Rhodes was encountering personal financial difficulties because of the campaign and that his campaign was in desperate need of funds as well. For example, Wolfswinkel claims that he had been asked, on one occasion, to make a mortgage payment for Rhodes. Rhodes' law firm income was nearly half of what it had been the previous year, and Rhodes was over-estimating his assets and income on loan applications. The Committee's financial difficulties were likewise serious. Lack of funds caused it to abandon plans for many paid advertisements. The Committee was described as being in a state of "panic" in

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August, 1986, because of the financial deficit.

There is no doubt that Wolfswinkel intended the full $30,000 contribution to go to the Rhodes campaign; he volunteered that fact in his deposition. Rhodes himself admitted being aware that the "Wolfswinkel money" had arrived, although he maintains he was unaware of the illegal nature of it at the time. Rhodes returned the $3000 to John O'Neill after he became aware of the violations.

The Commission originally determined that there was reason to believe that John J. Rhodes, III violated 2 U.S.C. § 441a, for the receipt of an excessive contribution. However, the investigation has confirmed that the source of the contribution was Wolfswinkel Group, Inc., constituting a possible violation of 2 U.S.C. § 441b. Therefore, as Rhodes placed the contribution into his own account rather than the Committee's, there is reason to believe that John J. Rhodes, III violated 2 U.S.C. § 432(b)(3).

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FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

June 19, 1992

Mr. Daniel J. Swillinger
Attorney
Maloney & Burch
1100 Connecticut Avenue, N.W.
Washington, D.C. 20036-4101

RE: MUR 2602
Rhodes to Congress Committee and
Kent H. Mulkey, as treasurer
John J. Rhodes, III

Dear Mr. Swillinger:

Pursuant to your request, I am enclosing a complete copy of the deposition of John J. Rhodes, III, dated July 22, 1989. I must remind you that this matter remains confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A).

Should you have any further questions regarding MUR 2602, please do not hesitate to contact me at (202) 219-3690.

Sincerely,

Veronica M. Gillespie

Veronica M. Gillespie
Attorney

Enclosure
Deposition Transcript

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COMMISSION
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SQUIRE, SANDERS & DEMPSEY
BRUSSELS, BELGIUM
011 2 226 481 717

July 24, 1992

via Certified Mail
Return Receipt Requested

Chairman, Federal Election Commission
999 E Street, N.W.
Washington, D. C. 20463

RE: United States v. Conley D. Wolfswinkel
CR-91-281-PHX-RGS (MUR 2602)

Dear Sir:

Enclosed you will find a subpoena duces tecum for certain records in your company's possession regarding our client, Conley D. Wolfswinkel. The above case will be tried before the Honorable Roger G. Strand on September 22, 1992. To insure the orderly conduct of the trial, Judge Strand, on July 20, 1992, ordered that the records called for by the subpoena be delivered to the Clerk of the United States District Court, United States Courthouse & Federal Building, 230 North First Avenue, Phoenix, Arizona 85025 (telephone number (602) 379-3341), on August 21, 1992.

If you have any questions, please do not hesitate to call.

Sincerely,

William J. Hardy

William J. Hardy

WJH:tje

Enclosure

cc: W. Gary Kohlman, Esquire
Mr. Conley D. Wolfswinkel

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OFFICE OF GENERAL COUNSEL

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AO 89 (Rev. 11/91) Subpoena in a Criminal Case

United States District Court

DISTRICT OF ARIZONA

UNITED STATES OF AMERICA

V.

CONLEY D. WOLFSWINKEL AND
JOHN J. O'NEILL

SUBPOENA IN A CRIMINAL CASE

CASE NUMBER: CR 91-281 PHX RGS

TO:
CHAIRMAN, FEDERAL ELECTION COMMISSION
999 E STREET, N.W.
WASHINGTON, D. C. 20463

☐ YOU ARE COMMANDED to appear in the United States District Court at the place, date, and time specified below to testify in the above case.

PLACE	COURTROOM
CLERK OF THE COURT UNITED STATES COURTHOUSE AND FEDERAL BUILDING 230 NORTH FIRST AVENUE PHOENIX, ARIZONA 85025	DATE AND TIME AUGUST 21, 1992

☒ YOU ARE ALSO COMMANDED to bring with you the following document(s) or object(s):

ALL RECORDS WHICH RELATE TO THE ABOVE CASE, INCLUDING THE FBI REPORT SENT TO THE FEC WHICH INITIATED THE FEC INVESTIGATION, AND ALL REPORTS MADE TO THE FEC BY JOHN JACOB RHODES, III, OR ANY OTHER PERSON MATERIAL TO THE COURSE OF CONDUCT IN THE INDICTMENT.

U.S. MAGISTRATE JUDGE OR CLERK OF COURT	DATE
RICHARD H. WEARE	
(By) Deputy Clerk	

ATTORNEY'S NAME, ADDRESS AND PHONE NUMBER
WILLIAM J. HARDY, ESQUIRE, KLEINFELD, KAPLAN & BECKER, 1140 NINETEENTH STREET, N.W.
WASHINGTON, D. C. 20036, 202/223-5120

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

February 18, 1993 **SENSITIVE**

Daniel J. Swillinger, Esquire
Maloney & Burch
1100 Connecticut Avenue, N.W.
Washington, D.C. 20036-4101

RE: MUR 2602
Rhodes to Congress Committee and
Kent H. Mulkey, as treasurer
John J. Rhodes, III

Dear Mr. Swillinger:

Based on a referral from the United States Attorney of the District of Arizona, from information provided by the Federal Bureau of Investigation and from information supplied by your clients, John J. Rhodes, III, the Rhodes to Congress Committee and Kent H. Mulkey, as treasurer, the Federal Election Commission found reason to believe that numerous violations of the Act, several of them knowing and willful, had occurred and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe that violations have occurred.

The Commission may or may not approve the General Counsel's recommendations. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe violations have occurred.

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If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through a conciliation agreement.

Should you have any questions, please contact Veronica M. Gillespie, the attorney assigned to this matter, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Brief

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Rhodes to Congress Committee and Kent H. Mulkey, as treasurer	)	MUR 2602
	)	
	)	
John J. Rhodes, III	)	

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

This matter came to the attention of the Federal Election Commission by a referral from the United States Attorney of the District of Arizona and from information provided by the Federal Bureau of Investigation indicating the possibility of violations of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the 1986 House campaign of John J. Rhodes, III, of Arizona.[1] On April 28, 1988, the Commission found reason to believe that numerous violations of the Act, several of them knowing and willful, had occurred. Thereafter, on March 25, 1992, the Commission made additional reason to believe findings against the Rhodes to Congress Committee and Kent H. Mulkey, as treasurer ("Rhodes Committee"), and Congressman John J. Rhodes ("Respondents"). The Commission also determined to enter into pre-probable cause conciliation with the Respondents and approved conciliation proposals.

On June 1, 1992, counsel for Respondents submitted written responses and counterproposals to the Commission's reason to

1. John J. Rhodes, III, lost the November 3, 1992 general election to Democrat Sam Coppersmith, who captured 54% of the vote to Rhodes' 46%.

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believe findings and conciliation proposals. However, on September 1, 1992, the Commission considered but rejected the counterproposals. Counsel for Respondents was notified that the Office of the General Counsel was prepared to recommend that the Commission find probable cause to believe that violations have occurred.

II. ANALYSIS

1. RHODES TO CONGRESS COMMITTEE

On April 28, 1988, the Commission found reason to believe, inter alia, that the Rhodes Committee violated 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), 434(b)(5)(A) and 434(b)(3)(E). On March 25, 1992, the Commission also found reason to believe that the Rhodes Committee violated 2 U.S.C. §§ 434(b)(4)(D) and 434(b)(2)(G). Our investigation has confirmed numerous violations by the Rhodes Committee and it now appears that some of them were knowing and willful. Many of the violations are attributed to the Rhodes Committee because of the conduct of John O'Neill, who was the finance chairman for the campaign. Although the Committee now labels O'Neill a "renegade," there is no doubt that O'Neill was an officer of the Committee with much responsibility and authority. Rhodes himself testified that O'Neill was among the first to be asked to assist with the campaign. O'Neill accompanied Rhodes to Washington, D.C. in December of 1985 for early fundraising and to receive campaign instruction from the National Republican Campaign Committee. The campaign's office manager, Ann Brown, now Ann Wendell, testified that O'Neill was considered the most

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knowledgeable in the campaign regarding federal laws limiting fundraising and that she or the assistant campaign manager would generally rely on O'Neill for guidance in those areas. According to Brown, O'Neill also served on the Committee's "steering or strategy committee" that coordinated all of the campaign's activities. Persons outside the campaign generally referred to O'Neill as the campaign's treasurer. The Committee issued a document as late as September 9, 1986, stating that O'Neill was "authorized to sign notes on behalf of the Rhodes to Congress Campaign." In sum, John O'Neill was clearly authorized to act as an agent of the Committee.

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A. $30,000 Wolfswinkel Contribution

Corporations are prohibited from making contributions in connection with any federal election and it is unlawful for any candidate or political committee to accept knowingly such contributions. 2 U.S.C. § 441b. Additionally, the Act prohibits the making and knowing acceptance of contributions in the name of another person. 2 U.S.C. § 441f.

In August, 1986, the finance chairman of the Rhodes Committee, John O'Neill, obtained a corporate check from Wolfswinkel Group, Inc., to be used on behalf of Rhodes' election efforts. According to Conley D. Wolfswinkel, President of Wolfswinkel Group, Inc., early in 1986, O'Neill had asked him to raise funds for the Rhodes Committee. Wolfswinkel agreed to do so. In August of 1986, as Committee funds began to run low, O'Neill asked Wolfswinkel for the funds he had agreed to raise. Wolfswinkel admitted he had not raised the funds; instead he gave

O'Neill a corporate check for $30,000, dated August 12, 1986. O'Neill, who was also a Vice President of United Bank of Arizona, took the funds and converted them into numerous smaller amounts in order to make the funds appear to be legal contributions.

O'Neill deposited $18,000 of the $30,000 directly into the Rhodes Committee's line of credit at United Bank and made out contribution cards for twelve individuals to account for the funds. He then made out five cashier checks: three for one thousand dollars each and two for two thousand dollars each, reflecting five additional contributor names, for a total of $7,000 in contributions. Finally, O'Neill retained $5,000 of the funds for himself, of which he gave a portion directly to the candidate, and contributed the remainder using his fiance's name and his own. O'Neill instructed assistant campaign manager Ben Dodson not to send acknowledgments for these contributions, but the acknowledgments had been sent before Dodson had received those instructions.

At the time of the Commission's reason to believe findings, there was insufficient evidence to conclude that the violation had been knowing and willful. However, it appears now that the Committee, through John O'Neill, knowingly and willfully attempted to conceal the source of the funds. O'Neill took great efforts to obscure the funds, including using several circuitous routes to reach the campaign so that the actual source and total amount of incoming funds might be less noticeable. O'Neill made out contributor cards and instructed the assistant campaign manager to deviate from standard procedure in order to further conceal the

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funds. Moreover, in O'Neill's written response to the reason to believe findings, although he specifically denies willfulness for other violations, he does not make any denial of the method used to knowingly and willfully conceal the Wolfswinkel corporate funds. When questioned further on this point in his deposition, O'Neill refused to testify on the grounds that he might be incriminated.

In light of the foregoing, the Office of the General Counsel recommends that the Commission find probable cause to believe that the Rhodes Committee knowingly and willfully violated 2 U.S.C. § 441f by accepting the Wolfswinkel funds in the names of others and knowingly and willfully violated 2 U.S.C. § 441b(a) by accepting corporate funds from Wolfswinkel Group, Inc.

B. $5,000 Wolfswinkel Contribution

On or about June 30, 1986, Conley Wolfswinkel gave $5,000 to John O'Neill to contribute to the Rhodes Committee. O'Neill had three cashier checks made out at United Bank: one for $1,900 with the designated remitter as Conley Wolfswinkel; one for $2,000 with the designated remitter as Wolfswinkel's wife, Bernadette; and one for $1,000 with the designated remitter as one of Wolfswinkel's sons, Dustin. These funds were given to the Committee; however, Committee reports contain significantly different information regarding the contributions. Committee reports list Conley's contribution on June 30, 1986 as $900, Bernadette's as $1,000 and Dustin's as $1,000, plus the reports cite two other children, Daryl and Damian, as contributing $1,000 each that day. The Committee treasurer could not explain the discrepancy between the

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reports and the checks. Assistant campaign manager Ben Dodson recalled receiving the checks and informing O'Neill that Wolfswinkel would exceed the limitations. O'Neill then told Dodson to attribute the funds to Wolfswinkel's children, which Dodson did without receiving any kind of verification from the attributed contributors.

Conley Wolfswinkel testified that he did not consult with his wife or children in making the contributions, see 11 C.F.R. §§ 110.1(i) and 110.1(k), and that he was well aware of the $1,000 per election contribution limitation. Therefore, the Office of the General Counsel recommends that the Commission find probable cause to believe that the Rhodes Committee violated 2 U.S.C. § 441f by accepting $4,000 of the $4,900 Wolfswinkel contribution in the names of family members and violated 2 U.S.C. § 441a(f) by accepting an excessive contribution from Wolfswinkel.

C. Use of United Bank facilities

In the course of the investigation, it became clear that the campaign used United Bank of Arizona ("United Bank", now Citibank) facilities to conduct telephone polls and get out the vote drives, and used United Bank conference rooms to conduct planning and strategy meetings.

National banks are prohibited from making contributions or expenditures in connection with any election to any political office and corporations and labor unions are prohibited from making contributions or expenditures in connection with any federal election. 2 U.S.C. § 441b. It is also a violation to knowingly accept contributions prohibited by Section 441b.

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Section 441b(b)(2) defines "contribution" to include any direct or indirect payment, loan, or gift of money, or any services, or "anything of value" to any candidate, campaign committee, or political party or organization in connection with any election. 2 U.S.C. § 441b(b)(2). "Anything of value" includes in-kind contributions, including goods or services provided at no charge or a charge less than the usual and normal charge. 11 C.F.R. §§ 100.7(a)(1)(iii), 100.8(a)(1)(iv)(A).

Section 114.9 of the Commission's regulations directly addresses the use of corporate or labor organization facilities. Specifically, Section 114.9(d) states:

> Persons ... who make any use of corporate or labor organization facilities, such as by using telephones or typewriters or borrowing office furniture, for activity in connection with a Federal election are required to reimburse the corporation or labor organization within a commercially reasonable time in the amount of the normal and usual rental charge, as defined in 11 C.F.R. § 100.7(a)(1)(iii)(B), for the use of the facilities.

11 C.F.R. § 114.9(d). Section 100.7(a)(1)(iii)(B) defines the usual rental charge as the price for those goods in the market from which then would have been purchased.

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According to persons both within the campaign and outside of the organization, the Rhodes Committee used the facilities of United Bank and other corporations in the Phoenix area for campaign activities. Maria Evans, assistant vice president for commercial loans at United Bank in 1986, testified that many banks in the area made their facilities available, at no charge, to charitable and political efforts and that they encouraged the practice "because they didn't really contribute a lot of money

directly" to campaigns. She specifically recalls three times that the Rhodes Committee used the Bank's conference room, and two separate occasions that the Committee utilized up to ten phones at the Bank for "get out the vote" drives. She speculated that the Committee may have used Bank facilities on more occasions than she witnessed.

Assistant campaign manager Ben Dodson testified in his deposition that two or three telephone surveys, involving 5-10 volunteers over several nights each, were conducted at United Bank, and that four to six planning meetings were held there. The Committee confirms that it used the facilities, but differs in the total number of times. The Committee, additionally, admits to using the meeting room of Great American Bank once and that of Lutheran Healthcare Network two times. All of these facilities were used free of charge. It is clear that the Rhodes Committee accepted the use of corporate and bank facilities without reimbursement. Therefore, the Office of the General Counsel recommends that the Commission find probable cause to believe that Rhodes Committee violated 2 U.S.C. § 441b(a) by using facilities of the United Bank of Arizona without paying compensation.

D. Sun Bank Loan Guarantee

The Act specifies that a "contribution" includes "any ... loan, advance ... 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)(i). The regulations state that the term loan includes loan guarantees and endorsements. 11 C.F.R. § 100.7(a)(1)(i). Further, a loan is a contribution at the time

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it is made. 11 C.F.R. § 100.7(a)(1)(i)(B).

The Rhodes Committee obtained a $50,000 loan from Sun National Bank on September 3, 1986, with John O'Neill as the guarantor of the loan. "As the October Quarterly reporting period was drawing to a close," the Committee's written response stated, they discovered the prohibited loan guarantee and substituted Rhodes' own personal guarantee for the loan, dating the guarantee retroactively to September 3rd. Rhodes could not recall the date on which he finally signed the guarantee, however, his personal financial statement provided to Sun Bank is dated December 1, 1986. Rhodes argues that his personal guarantee was effective from the inception of the loan, even though the guarantee was not signed for months and Rhodes himself was unaware of any specific need to provide a guarantee. The Committee never reported O'Neill as guarantor on the loan; instead they reported the loan as though Rhodes had guaranteed it from the beginning.

The O'Neill guarantee was a contribution under the Act which exceeded the statute's contribution limits. Therefore, the Office of the General Counsel recommends that the Commission find probable cause to believe that the Rhodes Committee violated 2 U.S.C. § 441a(f) by accepting the excessive contribution and violated 2 U.S.C. § 434(b)(3)(E) by failing to report correctly the original guarantor of the loan.

E. Cortland Silver Contributions

Section 441a(a)(1)(A) limits individual contributions to any candidate and his or her authorized political committee to an aggregate of $1,000 per election. Husband and wife have separate

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contribution limitations, even if only one spouse has income, 11 C.F.R. § 110.1(i). Pursuant to 2 U.S.C. § 431(8)(A)(ii), compensation for the service of another person which is rendered to a political committee is a contribution to that committee. As previously noted, section 441f prohibits the making and knowing acceptance of a contribution in the name of another person.

Initially, the Commission had found reason to believe that Cortland Silver made excessive contributions to the Rhodes to Congress Committee by making salary payments for his daughter while she worked for the Committee. In response to that finding, Silver admitted making the salary payments and simultaneously admitted to making several other excessive contributions to the Committee. On March 4, 1986, Silver contributed $5,000 as a personal draw from his corporation, Riviera Capital, and on May 30, 1986, Silver contributed $4,000 in the form of a cashier check. Additionally, he states that he and his wife each made contributions of $1,000 to Rhodes' primary campaign on July 14, 1986. For the most part, O'Neill accepted the funds for the Rhodes Committee by converting them into other names.

The March 4 contribution of $5,000 was in the form of a Riviera Capital check to Silver, which Silver then endorsed over to O'Neill. It is Silver's testimony that this money was expressly intended for the Rhodes campaign. At the time, Silver did not know how the funds were ultimately used, however, it was later disclosed that O'Neill purchased five cashier checks for contribution to the Committee in the names of other persons, namely O'Neill's two daughters, their husbands, and

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Cortland Silver, Jr. None of the persons whose names were used were aware of the contributions. O'Neill contends that he was not aware that it was illegal to make a gift to his children who then would make a contribution. This statement would be more plausible, however, if he had used his own funds and if he had not also included Cortland Silver, Jr., who is not a relative of O'Neill's, as a contributor. It appears, rather, that O'Neill went to some effort to conceal the source of the funds, indicating knowing and willful conduct on the part of an agent of the Committee.

As to the May 30 contribution, Silver says he gave four thousand dollars to O'Neill and that O'Neill purchased a cashier's check for payment to himself. While O'Neill has claimed this was a repayment for a personal loan, Silver vehemently denies that he had ever borrowed money from O'Neill. Silver insists the entire amount was intended for the Rhodes campaign. It is not clear how these funds reached the Committee's accounts, however, Silver states that O'Neill accepted the funds as a contribution to the Rhodes Committee.

Silver arranged, through O'Neill, for his daughter to work for the Committee, with her salary to be paid by her father. A total of $1,260.00 was paid to his daughter for employment with the Committee, in five weekly payments. Although testimony by Committee staffers provide varying estimates of the length of time that Silver's daughter was with the campaign (Ben Dodson says 3-4 weeks, Ann Brown recalls 6-8 weeks, while Silver says July and August of 1986), and there do not appear to be any written records

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of the time of employment, it appears that five weeks is a reasonable approximation of the length of time she was employed at the Committee.

Pursuant to 2 U.S.C. § 434, authorized political committees are required to file periodic reports of contributions and expenditures. Section 434(b)(2)(A) requires committees to disclose contributions from persons other than political committees and Section 434(b)(3)(A) requires committees to identify persons who contribute in excess of $200 and the dates of such contributions. Section 434(b)(4)(A) requires committees to disclose the total amount of expenditures during the reporting period and calendar year made to meet candidate or committee operating expenses and Section 434(b)(5)(A) requires committees to disclose the name and address of each "person to whom an expenditure in an aggregate amount or value in excess of $200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of such operating expenditure."

The Rhodes to Congress Committee also failed to report the compensation of Silver's daughter as an in-kind contribution, and the failure to do so was intentional. Committee staffers testified that they were aware that she was being paid from an outside source, and had discussed reporting the payments, but decided not to report them when her services appeared not to be helpful. The Committee's position that it did not have to report it because the quality of her work was not as high as expected, has no basis in law. Neither the Act nor the regulations permits

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a subjective, unilateral exception to the definition of contribution based on quality. Under the circumstances, the facts indicate there is probable cause to believe that the Rhodes Committee knowingly and willfully violated the reporting provisions of the Act by failing to report this information.

Therefore, the Office of the General Counsel recommends that the Commission find probable cause to believe that the Rhodes Committee, through John O'Neill, knowingly and willfully violated 2 U.S.C. § 441f by accepting Silver's contributions in other names, knowingly and willfully violated 2 U.S.C. § 441a(f) by accepting excessive contributions from Silver, including the services of his daughter, and knowingly and willfully violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A) and 434(b)(5)(A) by failing to report Silver's in-kind contribution of his daughter's services.

F. United Bank of Arizona Loan

The Act prohibits corporate contributions which includes loans except for loans of money by a bank made in accordance with applicable banking laws "and in the ordinary course of business." 2 U.S.C. § 441b(b)(2). A loan is in the ordinary course of business if, among other things, it is made on a basis which assures repayment. 2 U.S.C. § 431(8)(A)(vii); 11 C.F.R.. § 100.7(b)(11).

In June of 1986, the Rhodes Committee obtained a $35,000 line of credit from United Bank of Arizona. This was a revolving line of credit; the Rhodes Committee could make payments towards satisfaction of the line of credit and increase the amount

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available to be borrowed in the future. John O'Neill, Vice President of the Mesa Branch of the United Bank of Arizona, arranged for the line of credit for the Committee. The loan was granted on June 3, 1986, on the personal guarantee of John J. Rhodes, III, although the bank did not have current financial information on him. In fact, Rhodes submitted his financial data a month after the loan was approved and funds were disbursed.

This loan approval and funding was against written bank policy. United Bank "General Decision Guidelines" applicable at the time expressly state that "financial statements are perhaps the most important tools we have for evaluating requests for credit." The guidelines describe accurate financial statements as a "necessity" which "cannot be over-emphasized." A policy package entitled "Credit Guidelines" makes the same point repeatedly. The Bank's "Loan Standards" policy states that "Data used to evaluate extensions of credit should be of a current nature," and that all data should be collected before the loan is approved and funds disbursed. Clearly, then, the loan to the Committee was not made in United Bank's ordinary course of doing business nor on a basis which assures repayment. It therefore appears that the Rhodes Committee's acceptance of the loan was a violation of 2 U.S.C. § 441b(a).

The investigation revealed other violations relating to this loan. The Committee, apparently, reported their line of credit at United Bank inaccurately. As noted, on June 3, 1986, the Committee obtained the revolving line of credit, with a maximum credit of $35,000. As a revolving line, however, any payments on

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the loan allowed the Committee to borrow additional amounts. Loan documents show that the Committee made numerous payments and additional withdrawals, which were not reported. The total amount borrowed against this line of credit in 1986 appears to be $42,000, not the $35,000 consistently listed in Committee reports. Therefore, it appears that there is probable cause to believe that Rhodes to Congress and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 434(b)(4)(D) and 434(b)(2)(G) by failing to report the repayments and withdrawals against the line of credit.

G. Additional Reporting Violations

Pursuant to 2 U.S.C. § 434, authorized political committees are required to file periodic reports of contributions and expenditures. Section 434(b)(2)(A) requires committees to disclose contributions from persons other than political committees and Section 434(b)(3)(A) requires committees to identify persons who contribute in excess of $200 and the dates of such contributions.

As described more fully below, part of the $30,000 Wolfswinkel contribution went directly to the candidate. O'Neill placed $5,000 into his personal account and then gave $3,000 of that to Rhodes. Rhodes subsequently claimed that those funds were for payment of legal fees, but for a number of reasons detailed below, it appears more likely that Rhodes accepted the funds as a contribution. The Rhodes Committee did not report receipt of those funds.

Additionally, it appears there were a number of errors in the Committee's reporting of contributions in August and September of

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1986. O'Neill, as noted above, deposited $18,000 of the Wolfswinkel funds into the Committee's line of credit; Bank records show that transaction to have occurred on August 25, 1986. The Rhodes Committee, however, reported the contributions as having been received on September 9, 1986, which was the date of the primary election. Likewise, O'Neill converted some of the Wolfswinkel funds into seven cashier checks, dated August 13, 1986. The Committee deposited these checks on August 21, 1986, but reported them as being received on August 26, 1986. Neither Committee Treasurer Kent Mulkey nor assistant campaign manager Ben Dodson could explain the obvious errors in reporting. Accordingly, the Office of the General Counsel recommends that the Commission find probable cause to believe that the Rhodes Committee violated 2 U.S.C. § 434(b)(4)(D) by failing to report payments made towards satisfaction of the $35,000 line of credit; violated 2 U.S.C. § 434(b)(2)(G) by failing to report additional draws taken on the $35,000 line of credit; violated 2 U.S.C. § 441f by accepting O'Neill's contribution in the name of Ann Lorenzo; violated 2 U.S.C. § 441a(f) by accepting excessive contributions from John O'Neill in the name of Ann Lorenzo; violated 2 U.S.C. § 434(b)(2)(A) and 2 U.S.C. § 434(b)(3)(A) by failing to report the $3,000 contribution from Conley Wolfswinkel personally accepted by John J. Rhodes, III; and violated 2 U.S.C. § 434(b)(3)(A) by reporting incorrect dates of contributions in August and September, 1986.

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2. **JOHN J. RHODES, III**

Pursuant to 2 U.S.C. § 441b, corporations are prohibited from making contributions in connection with federal elections, and candidates and their committees are prohibited from accepting such contributions. Under the regulations, a candidate who accepts a contribution does so as agent of his authorized committee. 2 U.S.C. § 432(e)(2). Furthermore, Section 432(b)(3) of the Act prohibits the commingling of committee funds with the personal funds of any individual.

With regard to the commingling issue, the evidence in this matter does not support counsel's assertion that O'Neill paid $3,000 to Rhodes as a legal fee. Available evidence indicates that John J. Rhodes, III, personally received funds from John O'Neill, who had accepted them on behalf of the Rhodes Committee from Conley D. Wolfswinkel. As described above, in August, 1986, John O'Neill took the $30,000 corporate check from Wolfswinkel Group, Incorporated, and converted it into a number of smaller denominations in order to get the funds into the Rhodes to Congress accounts. As previously discussed, among various devices used, O'Neill deposited $5,000 into his personal account and gave $3,000 of that directly to John J. Rhodes.

Rhodes claims that this $3,000 was for the payment of legal services performed for O'Neill. However, there are a number of reasons to doubt the validity of this claim. Rhodes deposited the funds into his personal account, never making payment to his law partnership account. In fact, Rhodes did not mark the O'Neill account at the law firm as paid until after he had discovered the

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illegality of the Wolfswinkel transactions, some six weeks or more after his personal receipt of the funds. Additionally, the legal services in question were being performed for O'Neill on a contingency basis, and, as Rhodes had not won the case, no payment should have been due under a customary contingency-fee case. Further, it appears that Rhodes continued to work on the case after his receipt of the funds, further diminishing his claim that the case was over in August and undermining his assertion that the $3,000 was payment for legal services by O'Neill.

Moreover, there is some evidence suggesting that Rhodes was encountering personal financial difficulties because of the campaign and that this campaign was in desperate need of funds as well. For example, Wolfswinkel claims that he had been asked, on one occasion, to make a mortgage payment for Rhodes. Rhodes' law firm income was nearly half of what it had been the previous year, and Rhodes was over-estimating his assets and income on loan applications. The Committee's financial difficulties were likewise serious. Lack of funds caused it to abandon plans for many paid advertisements. The Committee was described as being in a state of "panic" in August, 1986, because of the financial deficit.

There is no doubt that Wolfswinkel intended the full $30,000 contribution to go to the Rhodes campaign; he volunteered that fact in his deposition. Rhodes himself admitted being aware that the "Wolfswinkel money" had arrived, although he maintains he was unaware of the illegal nature of it at the time. Rhodes returned the $3,000 to O'Neill after Rhodes became aware of the violations.

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The Commission's original analysis of these facts resulted in a reason to believe finding against the candidate of a 2 U.S.C. § 441a violation. However, the investigation confirmed that the source of the contribution was Wolfswinkel Group, Inc., a corporation, thus constituting a violation of 2 U.S.C. § 441b by John O'Neill as agent for the Committee. As Rhodes placed the $3,000 contribution into his own account rather than the Committee's, the Office of the General Counsel recommends that the Commission find probable cause to believe that John J. Rhodes, III, violated 2 U.S.C. § 432(b)(3) by commingling the $3,000 contribution with his personal funds.

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find probable cause to believe that the Rhodes to Congress Committee and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), 434(b)(5)(A), 434(b)(3)(E), 434(b)(4)(D) and 434(b)(2)(G).

2. Find probable cause to believe that John J. Rhodes, III, violated 2 U.S.C. § 432(b)(3).

2/18/93
Date

JM Noble (JH)
Lawrence M. Noble
General Counsel

Staff Member: Veronica M. Gillespie

4043602430

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: February 18, 1993

SUBJECT: MUR 2602 - General Counsel's Brief

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

Open Session

Closed Session

CIRCULATIONS		DISTRIBUTION	
72 Hour Tally Vote	[ ]	Compliance	[xx]
Sensitive	[ ]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour Tally Vote	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed Letters	[ ]
		MUR	[ ]
		DSP	[ ]
24 Hour No Objection	[ ]		
Sensitive	[ ]		
Non-Sensitive	[ ]	Status Sheets	[ ]
Information	[xx]	Advisory Opinions	[ ]
Sensitive	[xx]		
Non-Sensitive	[ ]		
Other	[ ]	Other (See Distribution below)	

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OGC Docket

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

SENSITIVE

MEMORANDUM

TO: THE COMMISSION

FROM: MARJORIE W. EMMONS/BONNIE J. ROSS

DATE: FEBRUARY 18, 1993

SUBJECT: MUR 2602 - GENERAL COUNSEL'S BRIEF

The attached document is being circulated for your information.

Attachment

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OGC 8477

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
93 FEB 25 PM 12:30

DANIEL J. SWILLINGER
ATTORNEY AT LAW
1100 CONNECTICUT AVE., N.W.
SUITE 1200
WASHINGTON, DC 20036
(202) 293-1414 FAX (202) 293-1414

February 25, 1993

By Hand

Lawrence M. Noble, Esq.
General Counsel
Federal Election Commission
999 E St., N.W.
Washington, DC 20463

Re: MUR 2602, Rhodes To Congress Committee

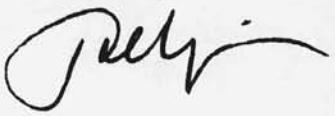
Dear Mr. Noble:

This letter is in response to yours, dated February 18, 1993, received by my on February 22, 1993, in which you enclosed your probable cause brief.

I am requesting a 20-day extension for the response of the Rhodes To Congress Committee and of Congressman Rhodes. Given the complexity of this matter, new and different material contained in the probable cause brief, and the extraordinary delays by the Commission staff throughout the pendency of this matter[1], the extension is necessary to permit me to review the voluminous materials and prepare an adequate response.

In connection with that, I request that I be given copies of the deposition transcripts of Kent Mulkey, Anne Brown Wendell and Ben Dotson, each of whom I represented during the depositions. References are made in your brief to positions they held, actions they took and statements made by them in reference to these positions and statements. In order to properly respond to the contentions in the briefs, it is necessary for me to have the deposition transcripts. [2]

Sincerely,



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[1] The probable cause brief, by your own rules, was to be ready in November, 1991, when I was notified that it was appropriate to seek pre-probable cause conciliation. The pre-probable cause conciliation phase ended on September 1, 1992.

[2] The staff previously gave me a copy of Congressman Rhodes' deposition transcript.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 1, 1993

Daniel J. Swillinger, Esq.
1100 Connecticut Avenue, N.W.
Suite 1200
Washington, D.C. 20036-4101

RE: MUR 2602
Rhodes to Congress Committee and
Kent H. Mulkey, as treasurer
John J. Rhodes, III

Dear Mr. Swillinger:

This is in response to your letter dated February 25, 1993, which we received on the same date, requesting an extension of 20 days to respond to the probable cause brief in the above-referenced matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on March 25, 1993.

Your letter also requested copies of the deposition transcripts of Ben Dotson [Benjamin A. Dodson], Kent Mulkey [Kent H. Mulkey], and Anne Brown Wendell [Ann Galbraith Wendell], in order to properly respond to specific contentions in the brief. The Office of the General Counsel has granted that request as well. Accordingly, find enclosed copies of the requested deposition transcripts.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Veronica M. Gillespie

Veronica M. Gillespie
Attorney

Enclosures
Deposition Transcripts
1. Benjamin A. Dodson
2. Kent H. Mulkey
3. Ann Galbraith Wendell

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DANIEL J. SWILLINGER
ATTORNEY AT LAW
1100 CONNECTICUT AVE., N.W.
SUITE 1200
WASHINGTON, DC 20036
(202) 293-1414 FAX (202) 293-1414

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
93 MAR -9 PM 5:12

March 9, 1993

Via Facsimile

Ms. Veronica M. Gillespie
Attorney
Office of the General Counsel
FEderal Election Commission
Washington, DC 20463

Re: Rhodes To Congress, MUR 2602

Dear Ms. Gillespie:

Thank you for your prompt response to my requests for the deposition transcripts, and for the 20-day extension.

In reviewing the accompanying letter, I noted that the due date for respondents' brief was set for March 25, 1993.

I received the counsel's brief on February 22. Adding 15 days, plus the 20-day extension, my calculation is that the brief is due on March 29. Am I correct? Please let me know.

Thanks.

Sincerely,

Daniel J. Swillinger

P.S. Please note that my fax number is (202)293-1702.

2404360243 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 10, 1993

Daniel J. Swillinger, Esq.
1100 Connecticut Avenue, N.W.
Suite 1200
Washington, D.C. 20036-4101

RE: MUR 2602
Rhodes to Congress Committee and
Kent H. Hulkey, as treasurer
John J. Rhodes, III

Dear Mr. Swillinger:

In light of your receipt of the General Counsel's Brief in the above-captioned matter on February 22, 1993, and your timely request for a 20-day extension, your clients' brief is due on March 29, 1993.

Sincerely,

Lisa E. Klein
Assistant General Counsel

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OGC 8754

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
93 MAR 26 PM 12:07

BEFORE THE FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

RE: MUR 2602, RHODES TO CONGRESS, ET AL.

BRIEF ON BEHALF OF THE RHODES TO CONGRESS COMMITTEE,
AND JOHN J. RHODES, III,
IN RESPONSE TO GENERAL COUNSEL'S BRIEF
RECOMMENDING A FINDING OF PROBABLE CAUSE

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This brief is in response to a letter and brief from the General Counsel, received by respondents' counsel on February 22, 1993, in which the General Counsel recommends that the Commission find probable cause to believe that the Act has been violated by respondents.

I. BACKGROUND

A. This Proceeding

This matter concerns activity during the 1986 primary campaign in the 1st Congressional District of Arizona, in which John J. Rhodes, III, was the winner.

Following the primary, but before the general election, Mr. Rhodes discovered that $27,000 of contributions to the primary campaign had been illegally generated by the finance chairman, John O'Neill. Mr. Rhodes immediately conducted an investigation, and took the information he learned to the U.S. Attorney. Mr. Rhodes ended O'Neill's relationship with the campaign, and returned

$27,000 to the source, Conley Wolfswinkel. He returned an additional $3000 to O'Neill, which had also come from Wolfswinkel as part of a $30,000 corporate check which Wolfswinkel had given to O'Neill.

Sometime in early 1987, the U.S. Attorney closed his investigation, and referred the matter to the Commission. The Commission found reason to believe and has been conducting its own investigation since April, 1988. Mr. Rhodes and campaign staff members were deposed by Commission staff in July, 1989.

In November, 1991, the General Counsel's office informed counsel for the respondents that it would be appropriate to request pre-probable cause conciliation, if such was desired. Respondents did so by letter dated November 26, 1991.

Counsel for respondents received the proposed conciliation agreements on April 28, 1991, and on June 1, 1992, submitted to the Commission revised conciliation agreements, accompanied by a memorandum setting forth respondents' views regarding the rationale for the revised agreements. The Commission rejected the respondents' position on September 1, 1992. The counsel's letter and probable cause brief was received by respondents' counsel on February 22, 1993.

B. The Campaign

The 1986 Rhodes primary campaign was a marginal operation --

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two inexperienced staff members,[1] a part-time candidate, and a "finance committee" which met perhaps two or three times throughout the year the campaign existed. Mr. Rhodes asked John O'Neill to be finance chairman in 1985 because, as Mr. Rhodes stated, O'Neill was a well-known and respected banker in the Mesa community. As finance chairman, he was not supervised or held accountable on a regular basis for his fundraising activity. He received a Republican party FEC briefing in Washington, D.C., and, ironically, became the campaign's resource on FECA matters.

Early in 1986, O'Neill suggested that Wolfswinkel, a prominent Phoenix-area developer, would be someone who could raise funds for the campaign. Wolfswinkel committed to O'Neill and later to Mr. Rhodes that he would do so. When he learned, probably from O'Neill, that the "Wolfswinkel money" had come in, Mr. Rhodes simply assumed that Wolfswinkel had made good on his commitment.

When Mr. Rhodes was informed[2] that there may be a problem with the Wolfswinkel contributions, he conducted an investigation and immediately went to the U.S. Attorney with the information he had. He dismissed O'Neill as finance chairman, and refunded the money.

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[1] Ben Dodson called himself "Assistant Campaign Manager." As the only other employee besides the manager, he entered contribution data and generated thank-you letters, stuffed and addressed mailings, and made and put up yard signs.

[2] Mr. Rhodes was called by his father, who told him that he had received a tip that something was wrong with the Wolfswinkel contribution, and that Mr. Rhodes should look into it.

II. THE ALLEGATIONS

The Commission's central allegations revolve around the conduct of John O'Neill, who was the finance chairman of the primary campaign, and because of that position, an agent of the Rhodes committee. The committee continues to believe that it bears the responsibility for certain of the alleged violations. However, the principal violations were perpetrated by John O'Neill acting so far outside any agency relationship that, as a matter of both law and fact, his acts may not be attributed to the committee.

Following is the committee's position on these issues, taken up in the order in which they appear in the counsel's brief:

A. The $30,000 Wolfswinkel Check

Wolfswinkel committed to raise funds for the campaign. He met this commitment unlawfully in August, 1986, by giving O'Neill a $30,000 corporate check, of which O'Neill used: $18,000 to pay down an existing committee line of credit; $7,000 to create individual contributions to the committee; $2,000 to contribute for himself and his friend, Anne Lorenzo; and $3,000 to pay a legal fee to Mr. Rhodes.

The counsel's brief does not even suggest that the candidate, or anyone else connected with the committee, knew of O'Neill's actions. Indeed, as the counsel's brief points out (pp. 4-5), O'Neill concealed the true source from responsible committee staff, by creating fictitious contributor cards and by attempting to block thank-you letters from being sent, actions which he apparently

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admitted during the Commission's investigation.[3]

As soon as Mr. Rhodes learned in late September the true source of these contributions, he went to the U.S. Attorney, he returned the funds, and the committee attempted to correct its previously-filed disclosure statements.

B. The $5,000 Wolfswinkel Contribution

By contrast, an earlier effort by O'Neill to disguise an improper contribution from Wolfswinkel came to the attention of the campaign staff. O'Neill converted $5,000 from Wolfswinkel into cashier's checks in the names of Wolfswinkel, his wife and one of his children. When O'Neill delivered these checks to the campaign office, he was told by Ben Dodson that accepting Wolfswinkel's contribution would cause him to exceed the limitation. O'Neill later told Dodson to attribute the excess to Wolfswinkel's other children, which Dodson did without obtaining the required verification.

The committee has never attempted to avoid responsibility for failing to properly handle these funds.

C. Use of Bank Facilities

The committee used United Bank conference rooms for occasional meetings, and also used bank phones to conduct polls and get-out-

[3] According to the counsel's brief, O'Neill would not confirm these acts at his deposition, asserting his 5th Amendment privilege against self-incrimination. In 1992 O'Neill pled guilty to several Federal bank fraud charges, as the result of a check kiting scheme carried out by O'Neill and Wolfswinkel.

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the vote activities.

Counsel asserts that, under Sec. 114.9(d) of the Commission's regulations, the bank should have been reimbursed for the fair market value of the facilities.

However, Sec. 114.12(b) clearly states that, "Not withstanding any other provision of Part 114," if the bank's meeting rooms were customarily made available to non-political groups, they could be made available to the committee on the same terms. The counsel's own brief confirms that the bank routinely made its facilities available free of charge, quoting a bank officer (pp. 7-8). Given that, there was no obligation for the committee to reimburse the bank.

D. Sun Bank Loan Guarantee

The committee obtained a $50,000 loan from the Sun National Bank, made in the ordinary course of business, prior to the September 9 primary election. O'Neill was expressly authorized by the committee to "sign" the note on its behalf. Mr. Rhodes discovered in early October that O'Neill had exceeded his explicit authority and also guaranteed the note. O'Neill's guarantee, of course, caused him to violate the $1,000 contribution limit.

As soon as Mr. Rhodes learned about the guarantee in early October, he executed a guarantee dated September 3, 1986, so that, as he said in his deposition, "It is my acknowledgement of the fact that [my] obligation goes back to the date of origination." (Rhodes Depo., pp. 98-99). The committee duly disclosed Mr. Rhodes as the

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guarantor of the loan.

The counsel's brief charges the committee with violating Sec. 441(a) by accepting O'Neill's excess contribution. Since O'Neill guaranteed the note without the knowledge of, and expressly contrary to the committee's instructions, the committee cannot be held accountable for this act.

The counsel also finds that the committee violated the reporting rules by listing Mr. Rhodes as the guarantor. Having signed a guarantee effective on the day the note was executed, the bank, and therefore the committee, considered Mr. Rhodes liable on the note. It was perfectly appropriate for the committee to show him as guarantor, since that, in fact, was the case.

E. Cortland Silver Contributions

Apparently Silver gave O'Neill a total of $9,000, some of which O'Neill converted into cashier's checks for contributions to the campaign. As counsel's brief notes, O'Neill "went to some effort to conceal the source of the funds." (Brief, p. 11) He was so successful that $4,000 still cannot be unaccounted for.[4] The committee continues to believe that it cannot be held responsible for acts committed by O'Neill during which he actively misled the committee.

By contrast, his scheme for the committee to "employ" Debbie

[4] O'Neill apparently maintains the $4,000 was a loan repayment from Silver, and, in fact, there is no record that these funds reached the committee's bank accounts. It is likely that O'Neill retained the $4,000 for personal use.

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Lorshbaugh, Mr. Silver's daughter, and have Mr. Silver pay her salary, was one of which committee staff was aware, and for which the committee has never disclaimed responsibility.

F. United Bank of Arizona Loan

This allegation involves a $35,000 revolving line of credit which the committee obtained in June, 1986, from United Bank.

The counsel's brief argues that the loan was not made in the ordinary course of business, because the bank did not have a current financial statement on file for Mr. Rhodes, who guaranteed the loan. This argument ignores the fact that Mr. Rhodes was a long-time customer of the bank, with an impeccable credit history, and that the bank had a December, 1985 financial statement, which was not materially different from the June, 1986 statement he provided.

The committee is charged with accepting a loan not made in the ordinary course of business. As far as the committee knew, the loan was proper. If it was made contrary to internal bank rules, the committee was never so informed. The committee believes that it cannot be held accountable for actions of others about which it was not aware.[5]

Again, by contrast, the committee has never contested the allegations that it failed to properly disclose all of the transactions of this line of credit. While the committee disclosed

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[5] It should be noted that both bank loans at issue in this matter were fully repaid.

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in a timely fashion the original line, and most of the transactions, some transfers to the committee, and some repayments by the committee, were not disclosed.

G. Reporting Violations

The committee has acknowledged that there were several instances in which it failed to properly disclose various transactions. Other alleged violations relate to transactions concealed by O'Neill and others who were not part of the campaign. The committee continues to believe that it should not be held responsible for these activities.

F. Mr. Rhodes

The counsel's final allegation is that Mr. Rhodes commingled campaign funds with his personal funds. The counsel's brief argues that a $3,000 check which O'Neill gave to Mr. Rhodes in mid-August, and which Mr. Rhodes deposited into his personal checking account, constituted campaign funds.

In fact, Mr. Rhodes accepted the $3,000 in payment of legal fees as the result of Mr. Rhodes' representation of O'Neill in a real estate case. The check was drawn on O'Neill's personal account; the face of the check carried the notation "Legal Fees." The law firm's records show an amount due for legal services of about $3,800, which Mr. Rhodes reduced to $3,000 when O'Neill asked how much he owed.

The brief argues that this was a "contingency" case, so that

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no fee was due. In fact, there was no fee agreement; from the beginning of the case, Mr. Rhodes recorded time spent and fees owed on the ledger card. The brief also suggests that, because Mr. Rhodes spent .2 of an hour in September dictating a court filing dismissing the case, somehow this "diminishes his claim that the case was over in August..." (Brief, p. 18) Once the judge had ruled against O'Neill on a motion for summary judgment in August, the case was over. The filing of a dismissal notice is not "work" on a case, but the way a suit is ended.

The brief also says there is "some evidence suggesting" that Mr. Rhodes was experiencing "personal financial difficulties." (Brief, p.18) First, the brief does not suggest how this demonstrates that Mr. Rhodes knowingly deposited campaign funds. Secondly, it relies on unsubstantiated (when and by whom?) statements by Wolfswinkel that he had been asked to make a mortgage payment for the Rhodes. The implication is that this request was on Mr. Rhodes' behalf or with his knowledge, which he flatly denied.

The brief contains no indication, let alone real evidence, that Mr. Rhodes missed any mortgage payments, was being pursued by any creditor, or was otherwise in "financial difficulty." When, in October, he learned the true source of these funds -- part of the $30,000 from Wolfswinkel -- he immediately sent O'Neill a personal check for $3,000.

Mr. Rhodes acknowledged that he should have deposited the O'Neill check in his law firm account. He did not, both because of

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the time pressure of the last weeks of an intense campaign, and because he viewed the funds as an offset to extra draws his partner had taken.[6] In any event, under the counsel's theory, depositing the $3,000 into the partnership account would also constitute commingling.

The brief does not provide any evidence that Mr. Rhodes knew its source until shortly before he refunded the $3,000. A violation of the commingling ban requires some evidence that the "commingler" was aware that he was handling campaign funds. The brief provides none.

III. CONCLUSION

Serious violations of the Act occurred. These violations were concocted by O'Neill, without the knowledge of, and in some cases against the express instructions of, the candidate or others in the campaign. For example, John O'Neill was authorized to "sign" the note on behalf of the committee for a $50,000 loan from Sun Bank. Unbeknownst to the candidate or the committee, O'Neill also personally guaranteed the loan, thereby violating the Act. This was, unfortunately for Congressman Rhodes and the campaign, typical of O'Neill's renegade behavior.

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[6] In an affidavit attached to Mr. Rhodes' reply to the Commission's 1988 reason to believe finding, Rodger Golston, Mr. Rhodes' partner, confirmed that he had taken extra draws. He also confirmed that he had always treated the O'Neill case as one in which a fee was owed, and tried to collect it.

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The committee has always been prepared to accept responsibility for acts (or inaction) of the treasurer or staff members, such as failing to properly disclose the transactions regarding the United Bank line of credit, or allowing Cortland Silver to pay his daughter's salary while she worked for the campaign for five weeks.

However, respondents believe that it is O'Neill, not the Committee, who should bear the principal burden for those violations committed by him. In particular, he engineered the $30,000 contribution from Conley Wolfswinkel, creating fictitious contributor information, etc., without the knowledge of the candidate, the treasurer or staff members. Indeed, O'Neill actively misled the staff as to the source and treatment of the funds, which the counsel's brief describes in detail.

For the above reasons, the Rhodes To Congress Committee and its Treasurer, and John J. Rhodes, III, request that the Commission not find probable cause to believe the Act was violated, as recommended by the General Counsel.

Respectfully submitted,

Daniel J. Swillinger
Counsel for Respondents

March 26, 1993

2424360248

U.S. Department of Justice
Justice Management Division MUR 2602

Request for Personnel to Testify as Government Witness

To: Federal Elections Commission
999 E St NW
Washington DC 20463

Attn:

File No.

Confirmation of Telephone Call On June 7, 1993

By Harry White

Tel. No. 202-307-1982

93 JUN 10 AM 10:33
RECEIVED
FEDERAL ELECTION COMMISSION

Witness Identification *(Name, Address, Etc.)*
Ms. Lois Lerner
Assistant General Counsel

Witness Identification *(Name, Address, Etc.)*

Title of Case US v Wolfswinkel
CR91-281-RGS

Place of Trial
District of Arizona

Witness To Report To:

Name	Place	Date	Time
AUSA Wayne P. Williams 602-514-7558	US Attorneys Office 4000 US Courthouse 230 N First Ave Phoenix, AZ 85025	June 21, 1993	afternoon three days

Witness will be entitled to round trip travel expenses, and per diem in lieu of subsistence, in accordance with Standardized Government Travel Regulation of Joint Travel Regulations, as applicable, for the time needed as witness and for reasonable travel between his headquarters and place of testimony and return.

☐ **Witness will be testifying to matters involving his official duties; therefore, his expenses are payable by your Department in accordance with 28 CFR 21.**

☒ **Your Department will be reimbursed the witness' expenses from the appropriation "Fees and Expenses of Witness, Department of Justice" upon submission of a SF 1080 or SF 1081 supported by a paid Travel Voucher to this office.**

☒ **Please advance this witness per diem for a reasonable period of time that he is absent from his headquarters.**

☒ **Other Remarks:** **NOTE TO ATTORNEY: Please provide witness with a statement of attendance. DO NOT USE FORM OBD-3, FACT WITNESS VOUCHER.**

24043602449

INVOICE ADDRESS:
US Dept of Justice
Attn: Witness Desk
Fiscal and Data Services
P O Box 50814
Washington DC 20004-0814

OPAC ADDRESS:
US Dept of Justice
Financial Reports Section
Rm 4318
601 D St., NW
Washington DC 20530

ACCOUNTING DATA:
ALC 15-01-0004
Approp. 15 X 0311
Cost Center 3 3 6008
DC 70002
SOC 219x

Date 6/7/93 | Harry White

Formerly OBD-55

FORM JMD-426
SEP. 81

cc:

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 17, 1993

BY FACSIMILE AND MAIL

William Stapleton, Esquire
Department of Justice
Criminal Division, Fraud Section
P.O. Box 28188
Central Station
Washington, D.C. 20038
Room 3216

RE: MUR 2602
Conley D. Wolfswinkel
John J. O'Neill

Dear Mr. Stapleton:

This is to confirm the substance of our recent telephone conversation, in which you agreed to provide the Commission with the transcript of John J. O'Neill's testimony in Case No. CR91-281-RGS. You also indicated that you could provide us with a copy of Mr. O'Neil's proffer in this matter, which confirms that his plea to the court will include admissions of violations of 18 U.S.C. § 1001. We would appreciate if we could have these materials by October 8, 1993. Finally, you stated that you will provide the Commission with a copy of the Justice Department's forthcoming press release, or some other document which will set forth the outcome of the upcoming sentencing of Messrs. O'Neil and Wolfswinkel.

Thank you for your assistance and cooperation. For your information, our FAX number is (202) 219-3923, and I can be reached at (202) 219-3400. Any documents related to this matter sent to the Commission should be marked MUR 2602.

Sincerely,

Xavier K. McDonnell

Xavier K. McDonnell
Staff Attorney

2404360245O

U. S. Department of Justice
Criminal Division

Washington, D.C. 20530

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FEDERAL ELECTION COMMISSION

JAN 25 1994

Federal Election Commission
Office of General Counsel
Attn: Xavier McDonald, Esquire
999 E Street, N.W.
Washington, D.C. 20530

Re: MUR 2602, United States v. Wolfswinkel and O'Neill

Dear Mr. McDonald:

Please excuse my delay in forwarding these materials to you. I was required to make an unscheduled trip to New England last week before I could gather the materials you requested and the logistical problems we all dealt with this week are well known to you I'm sure. I hope the extreme cold did not cause you any unusual inconvenience.

I have enclosed a copy of the press release issued at the time of defendant Wolfswinkel's conviction, a collection of news articles from the same time period, and the United States' Memorandum in Aid of Sentencing relevant to Conley Wolfswinkel. As we discussed, defendant Wolfswinkel was acquitted in Count 20 of charges that he aided and abetted in the making of false statements related to the campaign contributions to the Rhodes committee.

With respect to John O'Neill, I have enclosed a copy of the indictment and the cover page of a pre-sentencing investigation conducted by the U.S. Probation Office. As this report reflects, John O'Neill entered a guilty plea to count 6 and count 20 on May 4, 1992. Count 6 charged him with misapplication of bank funds and count 20 charged him with causing a false statement to be made to the F.E.C. by the Rhodes committee.

If I can answer any further questions, or be of any further assistance please do not hesitate to call on me.

Sincerely,

William H. Stapleton, Jr.
Trial Attorney, Fraud Section

24043602451

PRESS RELEASE

The Department of Justice announced today that Conley D. Wolfswinkel was convicted on 9 criminal counts for offenses committed in 1986. Wolfswinkel, formerly a major land developer in the Phoenix/Mesa area, was convicted after a six week trial before a federal jury in Phoenix, Arizona. Wolfswinkel was found guilty on 1 count of bank fraud, 1 count of conspiracy, 7 counts of aiding and abetting in the misapplication of the funds of United Bank of Arizona. He was found not guilty of bribery of a United Bank of Arizona officer, and not guilty of causing false statements to be made to the Federal Election Commission.

Wolfswinkel was convicted of conspiring with a former Regional Vice President of United Bank of Arizona, John O'Neill, to defraud five federally insured banks located in the Phoenix area. O'Neill previously pleaded guilty to two felony counts and testified at Wolfswinkel's trial. None of the five victim banks is still in operation under the same name.

The bank fraud charged by the government, more commonly known as "check kiting," involved almost $200 million in checks circulating among the five banks with only about one fourth of that amount backed by sufficient funds. The artificially inflated balances in the accounts allowed Wolfswinkel to gain access to millions of dollars of bank funds for his own use. As part of the scheme Wolfswinkel also obtained and deposited 43 United Bank cashier's checks totalling about $58 million.

The 7 counts involving the misapplication of bank funds each related to the purchase and exchange of a Wolfswinkel check drawn

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on insufficient funds for a cashier's check. All of these checks were in amounts exceeding one million dollars. In these instances O'Neill accepted personal checks of up to about $3 million from Wolfswinkel, and in exchange issue him a United Bank cashier's check. O'Neill would not deposit Wolfswinkel's personal check for three or four days. Wolfswinkel took advantage of this deceptive practice to gain unauthorized use of the bank's funds.

The case was presented by federal prosecutors Wayne P. Williams and William H. Stapleton, Jr. of the Justice Department's Criminal Division, Fraud Section.

As a result of conviction on these charges, Wolfswinkel faces a maximum penalty of 45 years.

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Wolfswinkel fraud trial starts

Developer used banks for gain, prosecutors say

By Pamela Manson
The Arizona Republic

Conley Wolfswinkel contends that as a high-rolling developer in the mid-1980s, banks routinely gave him short credit extensions because he was a good customer with a net worth in the millions.

Prosecutors, however, claim that Wolfswinkel and a former Mesa bank manager really were enmeshed in a "check kiting" operation that involved almost $200 million in checks circulating among five financial institutions, with only about a fourth of the amount backed up with money.

By taking advantage of the "float," the time needed to process checks in the banking system, Wolfswinkel defrauded financial institutions in 1986, prosecutors claim.

They also charge that Wolfswinkel made donations in other people's names to a political committee for then-Rep. Jay Rhodes, R-Ariz., in order to skirt contribution limits.

Beginning today, a jury will be hearing the charges and claims in the Phoenix courtroom of Judge Roger Strand of U.S. District Court. The trial is expected to take six weeks.

Taking the stand against Wolfswinkel will be his one-time co-defendant, John O'Neill, a former regional vice president of United Bank of Arizona and former campaign manager for Rhodes. O'Neill has pleaded guilty to two felony charges in the case and agreed to cooperate with authorities in Wolfswinkel's case.

Under the law, prosecutors do not have to show that a bank suffered a loss to get a conviction on the bank-fraud charges. And no personal gain needs to be shown to prove that bank funds were misapplied.

But the defense may argue that Wolfswinkel never had an intent to defraud any of the banks and that O'Neill's handling of some of Wolfswinkel's financial affairs was standard practice in the free-wheeling '80s. They contend that their client was a successful real-estate developer in 1986 with a net worth of at least $5 million, able to cover any check.

"Evidence will show that no bank lost as much as 5 cents from Wolfswinkel's activities and that Wolfswinkel had every reason to believe that O'Neill's business practices were merely routine bank-credit extensions granted to any good and substantial bank customer," defense attorneys said in a pretrial filing.

A prominent Valley banker says Wolfswinkel's trial could put scrutiny on banking practices of the mid-'80s, which were looser than those in use today.

"It is conceivable that banks would allow overdrafts to occur," said the banker, who asked not to be identified.

But if overdrafts were the result of funds being moved between banks, rather than being paid to a third party, such as a supplier, it might "smell like a kiting scheme," the banker said.

Banking practices tightened, he added, after the collapse of the real-estate market and a switch of ownership in many financial institutions.

— See DEVELOPER'S, page D6

Conley Wolfswinkel / The developer's attorneys a[illegible] that "no ba[illegible] lost as much as 5 cents" from his activities.

Developer's bank-fraud trial starts

— DEVELOPER'S, from page D1 —

Wolfswinkel, 44, was a major developer in the southeast Valley in the 1980s, amassing a huge fortune by buying raw land and selling it at a huge profit. But he ran into trouble later in the decade when Arizona's real-estate market went bust.

Since then, he has sought Chapter 11 protection in U.S. Bankruptcy Court from creditors for both his personal finances and his company, WGI.

In an indictment handed up almost two years ago, Wolfswinkel and O'Neill each were charged with four counts of bank fraud, one count of conspiracy, eight counts of misapplications of bank funds, one count of bribery, and one count of making a false statement in connection with the campaign contributions.

The indictment claims that Wolfswinkel — who had seven accounts at five Arizona banks — wrote checks on one account that exceeded his balance there, then deposited the checks in his other accounts. It claims that when the checks returned to the first bank for collection a day or more later, Wolfswinkel would cover them with other insufficient checks written on other accounts.

As a result, the indictment says, the real amount in Wolfswinkel's accounts was inflated, and banks honored millions of dollars of worthless checks. In addition, it says, Wolfswinkel had the use of the funds without paying interest.

From March through August 1986, Wolfswinkel made total deposits of about $197 million, approximately $150 million of which were fraudulent, the indictment says. About $47 million of the deposits — less than 25 percent — were good, it says.

As part of the scheme, the indictment says, United Bank issued Wolfswinkel 43 cashier's checks totaling about $58 million.

And in some cases, it says, O'Neill would accept a personal check from Wolfswinkel of up to $3 million and then issue a cashier's check to the developer. O'Neill would not deposit Wolfswinkel's personal check for three or four days, it says.

The indictment also says Wolfswinkel gave O'Neill a $30,000 bribe.

In addition, the two were charged with filing false reports to the Federal Election Commission to disguise illegal campaign contributions. In 1986, Rhodes returned $27,000 in contributions from associates of Wolfswinkel, saying he had just become aware that they might be illegal. The limit for campaign contributions from an individual per election was $1,000.

Rhodes notified the U.S. Attorney's Office, which found no wrongdoing on his part.

24043602455

The players: Keating sought deal makers to buoy empire

By THE PHOENIX GAZETTE

Charles Keating was a deal maker, spending millions on everything from sales of desert land southwest of Phoenix to speculation in foreign-currency and junk bond markets. Many of the deals, federal authorities say, were made to defraud Keating's Lincoln Savings and Loan of Irvine, Calif. The 1989 failure of the federally insured thrift cost taxpayers a record $2.6 billion.

Conley Wolfswinkel moved from farming into real estate development, becoming a millionaire by age 30. He defaulted on more than $150 million in notes held by Lincoln Savings and other thrifts. He was among a handful of defendants ordered to pay investors in Keating's stock and junk bonds a total of $385 million in damages after losing a federal lawsuit that accused him of taking part in fraudulent land deals with Keating's thrift.

C.V. Nalley was a partner in Continental Southern Inc. of Atlanta. The company was formed with a $25,000 loan from Lincoln Savings and received a $750,000 line of credit from Lincoln to launch a series of land deals. Continental Southern also was among the defendants ordered to pay investors in Keating's stock and junk bonds a total of $385 million in damages. Nalley became friends with Keating while working on former Texas Gov. John Connally's presidential campaign, which Keating headed.

Ernie Garcia was one of the whiz kids of Arizona real estate when he hooked up with Keating on a series of deals. In 1990, Garcia pleaded guilty to one count of bank fraud in a scheme in which Keating's thrift loaned him money in return for his role in a fraudulent land sale in Hidden Valley, southwest of Phoenix. He was a key witness in the trial that led to Keating's conviction on federal fraud and racketeering charges.

File photo / The Arizona Republic

WOLFSWINKEL

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TRUST ME

Charles Keating and the Missing Billions

Excerpts from the book by Michael Binstein and Charles Bowden

Tricky deals feed profits to Keating

This is the sixth in a series of excerpts from the new book "TRUST ME: Charles Keating and the Missing Billions" by Michael Binstein and Charles Bowden, copyright © 1993 by Michael Binstein and Charles Bowden. Reprinted by permission.

Lincoln (Savings & Loan) must be taken care of. There must be order, cleanliness, a proud and distinct bearing to the operation.

Charlie Keating dispatches his wife, Mary Elaine, his daughter, Kathy Hubbard, and his personal secretary, Carol Kasnick, to Los Angeles to tour the branches by helicopter. They leave a trail of memos: larger artwork, find an artist who works in pastel colors, lighter chairs in the safety deposit area, get rid of the pink cast in the wood. The women don't miss a trick: BRASS OR CHROME POTTING FOR PLANTERS, INSTEAD OF EXISTING WHITE. BRASS NOT RECOMMENDED FOR OTHER BRANCHES.

But not everything can be attended to simply by ordering some brass and chrome planters. Each quarter Lincoln must file a report of its earnings with the bank board, and these earnings must hit certain numbers to avoid trouble — for example, reserves must be kept at the legal level. And if they are not, Charlie Keating can be shut down. Also, for Lincoln to feed American Continental Corp. with profits there must be profits.

See ■ KEATING, Page A8

The series

Sunday: Charlie Keating, the man.
Monday: Charlie opens his pockets to politicians.
Tuesday: Living the good life at Cat Cay.
Wednesday: Mutual admiration: Charlie and the Tongans.
Thursday: The women of American Continental Corp.
Today: Wheeling and dealing.
Saturday: Even now, Charlie Keating remains a mystery.

KEATING

and Charlie Keating has been making the kind of long-term deals that do not pay off on 90-day schedules.

Charlie Keating is caught between his dreams and the niggling demands of regulators, so toward the end of each quarter he must flog his army of accountants to produce profit-making deals in order for earnings to be booked.

During the summer and fall of 1986, the spread between Charlie Keating's dreams and Charlie Keating's deals continues to run at $10 million a month. Andy Niebling, one of his most important financial aides, has written a report demonstrating that they will all go bankrupt — a report an angry Charlie Keating has destroyed. And when his study is met with scorn by Keating, Niebling knows his career in this company is finished.

Keating is facing the crunch that comes to all real players — the spread between immediate expenses and immediate returns.

File photo / Michael Meister, The Arizona Republic

Charles Keating's wife, Mary Elaine, and their daughters issued decorating mandates to Lincoln Savings branch offices.

As September 1986 draws to a close, Charlie Keating looks over the assets he has planted and decides it is time to harvest one, the Crowder Water Ranch, 13,642 acres American Continental acquired for $11,727,872 in 1985 and 1986.

The ranch is more than 100 miles west of Phoenix, and it is part of a speculative wave sweeping the state where players buy land holding ground water in the hopes that the growing and thirsty cities will in time pay a fortune for the resource: in short, a variation of the movie "Chinatown." Keating has noticed this activity and, as is his custom, followed the lead of others and bought in.

C.V. Nalley, a partner in Continental Southern — a company formed by Lee Henkel and Nalley with $25,000 borrowed from Keating's Lincoln Savings — pays $20 million for a one-third slice of the $11 million property, putting $5 million down and giving a promissory note for the rest. This simple act allows Lincoln to book a $15,070,000 profit and also enter on its books a $60 million value for the baked desert, an accounting touch that automatically makes the thrift look healthier.

For Nalley, this investment has real attractions. For one thing, he is told that he will never actually have to pay the remaining $15 million owed on the debt. Also, his personal guarantee of Continental Southern's initial $750,000 of credit from Lincoln is wiped off the books and he is allowed to leave the company without any obligations.

In addition, he never really has to put up a single dime of his own money. The only remaining problem is the $5 million down payment on the piece of Crowder Water Ranch.

This is accomplished simply: a Lincoln subsidiary, Phoenician Financial Corp., buys Nalley's Continental stock (stock Charlie Keating did not think was worth $1.7 million a few months earlier) for $3.5 million. Nalley never sees this money — it goes into the down payment. Then Nalley temporarily kicks in the remaining $1.5 million. With a $5 million down payment, the transaction meets generally accepted accounting principles for a bona fide deal.

On the last day of 1986, Lincoln gives Nalley a $2.5 million credit line, of which he immediately pockets $1,575,000 and is made whole. He is told he never has to pay either the interest or the principal on this loan.

And that is how it is done. The transactions are very complex and, as far as Charlie Keating and his staff are concerned, are not linked. The buyer looks and, Charlie Keating insists, *is* real.

The profits are booked, the 40 percent for the Internal Revenue Service upstreamed to American Continental. But these taxes are never paid because American Continental has such enormous carry-forwards of tax losses from its home-building days that it can shelter over $100 million in profits.

At the end of each quarter from late 1986 onward deals such as Nalley's blossom like flowers on the American Continental and Lincoln books. Meticulous records are kept. Profits are booked, and cash, the lifeblood of American Continental, flows into the veins of Charlie Keating's empire. In the next two years or so there will be at least $225 million worth of similar deals.

For Charlie Keating this is how deals are done, especially with the hated regulators breathing down his neck. They are a way to keep alive his dreams of big hotels, new cities, corporate jets, lavish giving to charity. And most important, for Charlie Keating they can be defended as legal — they are all on the books in tidy rows of numbers. As one of his key aides explains, "lending money here, buying land there, money flowing here, money flowing there, accounting rules pressed right to the edge."

The strange deals are the price Charlie Keating pays to keep his company alive until the real harvest, until the day, say, when The Phoenician (resort) is finished and worth, say, $600 million, or Estrella (a planned community southwest of Phoenix) is truly moving and generating, say, $1 billion in profits. They are the way a player stays at the table until his luck turns.

It is January 1985, and Conle Wolfswinkel visits Charlie Keating in his office. He is in some ways not Keating's type. He is fat. He loves

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File photo / Dave Nelson, The

Charles Keating relied on complicated land deals to keep money flowing in to pay for his posh Phoenician

pornography. But he is a deal maker. For months, Wolfswinkel has cultivated Keating's son, C3 (Charles Keating III). He is a well-known figure in the Phoenix area, and when his day is done, he likes to have a drink at his favorite bar, the Downside Risk. He is a farm boy from the East Valley and while in high school began bagging money by growing alfalfa on vacant lots and selling the hay.

Wolfswinkel likes to say things like "The greatest advantage in the world, in my opinion, is being raised poor." But this day in 1985, he is busy not becoming poor again. He has a deal that will go up in flames unless he can get some financing in a few days.

Though he and Keating have bumped into each other socially, they do not really know each other. They talk for 20 minutes, and Conley Wolfswinkel walks out with $70,828,035. The deal involves a parcel of more than 7,000 acres near Tucson, a plot called Rancho Vistoso.

Ten days after the loan is made Lincoln's board of directors will meet and approve it. An appraisal on the land will drift in months later, in May. The loan application will not be filled out until 10 days after the board approves the loan. The collateral pledged never seems to arrive. There simply isn't time. Keating prides himself on betting on individuals, not in following dull guidelines.

In the next 18 months or so he will hand over to Wolfswinkel about $130 million. Wolfswinkel is a dealer, or, as he puts it, "I'm a dirt peddler." To Charlie Keating he is a player, and that is what Charlie Keating seeks.

When later Keating discovers that his staff is balking again about his zest for deals and is seeking to shut down his business with Wolfswinkel, he has a meeting with the dissenters on July 15, 1986, and hears their petty worries. Then, on July 20, Bruce Dickson, the brother of Keating's ex-son-in-law, weighs in with a memo that also questions the deals. That rips it for Charlie Keating. Two days later he makes several more loans to Wolfswinkel — that'll show 'em!

Wolfswinkel, for his part, does not choke either. He builds, among other things, a 16-story office tower in Mesa, the structure outlined with neon. In front he places a sculpture of his parents sitting on a park bench, the way they first met. The plaque reads: "without whose love and guidance this building never would have been possible." The $52.5 million he borrowed from Western Savings and Loan also helped.

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orney general poses
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rio Coppola
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ove it was, in living color, a photo of a
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state's top law enforcement officer
standing beside a street-side vending
— in front of the Maricopa County

first glance, it may have been hard
which was the hot dog. But by mid-
Wednesday, it was clear Attorney
eral Grant Woods was the one whose
were skewered.
Wednesday afternoon, questions
surfacing over whether the newspaper
that published the photo might face
inal charges.
he embarrassing picture was the work
New Times, an alternative weekly

Attorney General Poses With Escaped Convict

Arizona Attorney General Grant Woods was upset by this New Times photograph and story.

newspaper known as much for its occasional lawsuits as its lengthy investigative articles and coverage of Valley entertainment.

The cover photo and several appearing inside showed a beaming Woods posing with a man identified as Robert Carter, who the County Sheriff's Office confirmed had walked from a work furlough program May 6.

Please see Woods / A4

Wolfswinkel found guilty in scheme

By Howard Fischer
Capitol Media Services

A federal court jury Wednesday found East Valley developer Conley Wolfswinkel guilty of nine charges in a check-kiting scheme.

The jury of seven men and five women acquitted Wolfswinkel of three other charges, including an allegation of bribery. They were unable to reach a verdict on three other counts.

Wolfswinkel conceded Wednesday night he wrote checks that technically went not good. He said, however, he did nothing wrong and contended he [illegible]

[illegible] Tony Kahn, vowed to [illegible]

"How many times have you written a mortgage check on Friday, knowing you're going to get paid on Monday?" said Conley Wolfswinkel.

[illegible] appeal.
Wolfswinkel is scheduled to be sentenced [illegible]

Please see Scheme / A4

Very critical situation'

Symington accelerates refund plan

Federal retirees owed millions

The Associated Press

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...ion, he could be heard ...g the attention in the ...and claimed what he ...

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...re was little response ...to Department officials ...a memo that the Sheriff had taken a "special ...in case and would like ...udge's final disposition. ...l unusual request and ...the Sheriff recommend ...further action," wrote ...Kimber F. Davidson.

...at note, dated July 19, ...hortly at the Justice ...Attorney Levy that ...been arrested in Sheriff ...ther charge.

...ttorney claims it is ...t proceeding. Alghalli ...ains over his in his ...ple words.

Scheme

From page A1

Oct. 4 and faces up to 45 years in prison.

The charges stem from incidents in 1988 and 1989 involving Wolfswinkel and John O'Neill, former regional vice president of United Bank of Arizona.

Four of the counts in the indictment stem from charges the pair defrauded five Valley banks by circulating checks among the financial institutions totaling nearly $200 million. At the time, Wolfswinkel had only about one-fourth of that amount in his accounts.

The jurors found Wolfswinkel guilty of one of those counts, but they could not agree on the other three.

Wolfswinkel also was found guilty of six of the seven counts charging him with misapplication of bank funds.

Three charges stemmed from incidents in which O'Neill provided Wolfswinkel with several United Bank cashier's checks — all in amounts in excess of $1 million — while accepting Wolfswinkel's personal checks. O'Neill, however, did not cash Wolfswinkel's checks for three or four days, giving the developer time to make his deals.

O'Neill, who agreed to testify against Wolfswinkel, agreed to plead guilty to charges of bribery and making false statements.

Those charges stem from a scheme to file false reports with the Federal Election Commission to disguise what government attorneys called a $20,000 bribe to the 1988 campaign of Rep. Jay Rhodes, R-Ariz. Such a large amount could not be reported as a contribution.

Instead, O'Neill, who was the finance committee chairman for Rhodes, reported that the campaign received 20 checks for $1,000, the legal limit, supposedly from different individuals.

Greg Hauke, who was Rhodes' district director, said the former congressman received a tip hinting of foul play, fired O'Neill, returned the checks and filed a report with the U.S. Attorney's Office.

Kohlmann called it ironic that the jury acquitted Wolfswinkel of the charges of bribery and making false statements — the same ones to which O'Neill had pleaded guilty. "On that, the jury didn't believe O'Neill," he said.

Wolfswinkel said he did not testify in the six-week trial because he and his attorneys believed they had shown the banks suffered no harm.

"Every one of those $200 million in checks was paid," he said. Wolfswinkel said if the banks who supposedly were victims believed they had been defrauded, they wouldn't have continued to lend him money for years afterward. According to Wolfswinkel, what he did was no worse than the financial practices of many individuals.

"How many times have you written a mortgage check on Friday, knowing you're going to get paid on Monday?" he asked. "A lot of people played the 'float.' I played the float all my life."

Anyway, Wolfswinkel said, he depended on the fact that O'Neill told him what they were doing was all right because Wolfswinkel had sufficient collateral and anticipated income.

During the trial, Kohlmann argued that United Bank agreed to cover his checks because he was a good customer and had $400 million worth of property as assets.

Wolfswinkel said the jury convicted him not because of what he did but because of the amount of money involved.

"There are big numbers," he said. "They scare people." Wolfswinkel said those big numbers reflect his financial condition at the time, when he said he had a net worth of $161 million. That, he continued, meant he could not get a fair trial.

"You're a bad guy if you live in a big house," he said.

Wayne Williams, who prosecuted the case for the U.S. Department of Justice, said his agency believes justice was served in this case.

The jury began its deliberations July 15 after the trial in U.S. District Court.

Wolfswinkel filed for personal bankruptcy in February 1991, and his real estate firm, WDI Inc., filed for Chapter 11 protection in December 1990.

Wolfswinkel's former estate, a six-acre property that includes a 9,500-square-foot mansion, was sold earlier this month by the Resolution Trust Corp. for $1.1 million. The federal agency acquired the property by foreclosure.

The Associated Press contributed to this story.

"We won't deal with *New Times* again. ... I'm still trying to figure out what in the world the whole point of it was," said Grant Woods.

...ether not.
...If there is an ethical ...n I don't see it," Painter ...ame to Thelen' charac... the paper's journalistic ...

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Carlos Gonzalez / THE PHOENIX GAZETTE

Developer found guilty of check fraud

Wolfswinkel convicted on 9 of 15 counts in case

By Victor Dricks
THE PHOENIX GAZETTE

East Valley developer Conley Wolfswinkel was found guilty of misapplication of bank funds, conspiracy and fraud in engineering a check-kiting scheme in the mid-1980s.

A 12-member jury returned guilty verdicts on nine counts of a 15-count federal indictment Wednesday. The jurors could not reach a verdict on three counts of bank fraud and found Wolfswinkel innocent of one count each of bank fraud, bribery and filing a false campaign contribution statement.

Wolfswinkel had no comment about the split verdict issued in U.S. District Court in Phoenix after a six-week trial in which he did not testify. But his attorney, Gary Kahlmeyer, said he was disappointed and that an appeal will be filed.

Prosecutors said they were pleased with the outcome.

"The ends of justice have been served," said Assistant U.S. Attorney Wayne Williams, the chief prosecutor in the case.

He said prosecutors were not surprised by the outcome.

Asked whether the Justice Department would retry Wolfswinkel on counts of the charges on which the jury was unable to reach a decision, Williams said it was too early to decide.

Conley Wolfswinkel is to be sentenced Oct. 4 after a jury returned guilty verdicts on nine counts of a 15-count indictment.

Wolfswinkel, 44, was one of Arizona's most successful land developers before the real estate market collapsed in the late 1980s.

He was accused of defrauding five financial institutions in 1986 by circulating checks for $200 million among them to make it appear he had enough money to cover his obligations.

However, prosecutors said he only had about $60 million on deposit at United Bank of Arizona (now part of Citibank), Valley National Bank (now Bank One), Grand Canyon State Bank (defunct), Century Bank (defunct) and Great Western Bank (also part of Citibank).

The Justice Department said that although none of the banks was harmed financially, all were placed at risk. Wolfswinkel managed to cover all his financial obligations after he completed a land deal with Blue Cross/Blue Shield.

He claimed the banks gave him preferential treatment because he was one of their best customers and brought them millions of dollars worth of business with his loans and those from business partners. He was backed at the time by

See ■FRAUD, Page B5

Study: S spends on high

By David Hoye
THE PHOENIX GAZETTE

Arizonans are spendi roads than in the pa remains below average overall highway quality indicates.

The second annual p its kind in the natio 33rd out of the 50 st quality of highways return for their transpo

Researchers at the U Carolina in Charlotte, spent $153,964 per mile well below the $191,98 1990, but still more national average of $60

David Hartgen, profe tion studies and author said the drop in spen dramatic improvement quality, helped Arizona year's ranking of 44th.

"It's a very substan ing," Hartgen said. "I my hat's off to them."

Wyoming, which spe of highway in 1991, followed by Arkans $24,847 per mile, an which spent $13,235.

Although they spent South Carolina recei ratings than Wyoming of their roads and congestion on their hig

See ■HI

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the task force about nine months ago after attending one of its meetings and hearing a Cuban group talk about conditions there. He visited Cuba in 1978 and found a need for medical supplies. Organizers say the network has no relationship with the Cuban government. They say aid will be distributed by humanitarian groups.

"Three hundred of us will go down there and see how much good we can do," Christiansen said.

■ FRAUD

From B1

property worth about $400 million.

By taking advantage of the "float," the time needed to process checks, Wolfswinkel defrauded the institutions, prosecutors say.

Wolfswinkel carried out the scheme with the help of John O'Neill, former Mesa regional manager at United Bank of Arizona.

O'Neill pleaded guilty to two felony counts in the case and testified for the government.

Initially, O'Neill accommodated Wolfswinkel as a favor because he was a valued customer, but prosecutors said the real estate developer subsequently abused O'Neill's trust. When O'Neill raised objections, prosecutors said, Wolfswinkel contributed $30,000 to the campaign of former Rep. Jay Rhodes, R-Ariz. O'Neill was Rhodes' finance chairman at the time.

Prosecutors charged Wolfswinkel with falsifying a campaign contribution report, but the jury did not return a verdict on that charge.

Sentencing is set for Oct. 4.

Mother charged after tot shot self

TUCSON (AP) — A mother whose 2-year-old boy fatally shot himself last month has been charged with first-degree murder and child abuse.

Marsha A. Stowell, 52, of Mescal was charged with felony murder, a charge that can result when commission of a felony leads to someone's death, an official said.

Wolfswinkel bank-fraud trial begins

veloper urged with ng scheme

ting under a staggering debt, developer Conley Wolfswinkel involved in a "check kiting" in the mid-1980s, a federal ur told jurors Wednesday.

scheme became a train out of needing more and more cash to keep the locomotive , said Wayne Williams of the Department.

as a business that was always of cash," Williams said of Wolfswinkel's company.

Wolfswinkel's attorney said a developer was a wealthy man whose overdrafts ultimately were covered by banks because they knew he was good for the money.

"He was worth a lot of money," attorney Gary Kohlman said. "He had valuable real estate behind it."

He added that banks made a fortune out of doing business with Wolfswinkel and never lost a penny in the transactions.

The comments came in opening statements in the Phoenix courtroom of Judge Roger Strand of U.S. District Court at the beginning of what is expected to be a six-week trial.

Wolfswinkel is charged with bank fraud and other offenses for his part in what prosecutors claim was a check-kiting operation that involved almost $200 million in checks, with only about a fourth of the amount backed up with money.

Prosecutors contend that Wolfswinkel took advantage of the "float," the time needed to process checks in the banking system, to pull off the scheme.

An indictment handed up nearly two years ago claims that Wolfswinkel — who had seven accounts at five Arizona banks — wrote checks or one account that exceeded his balance there, then deposited the checks in his other accounts. It claims that when the checks returned to the first bank for collection a day or more later, Wolfswinkel would cover them with other insufficient checks written on other accounts.

As a result, the indictment says, the real amount in Wolfswinkel's accounts was inflated, and banks honored millions of dollars of worthless checks. In addition, it says, Wolfswinkel had the use of the funds without paying interest.

From March through August 1986, Wolfswinkel made deposits of about $197 million, approximately $150 million of which were fraudulent, the indictment says.

The indictment also contends that the developer made donations in other people's names to a committee for then-Rep. Jay Rhodes, R-Ariz., in order to skirt contribution limits.

Wolfswinkel, 44, a major developer in the southeast Valley in the 1980s, ran into trouble when Arizona's real-estate market went bust. He has sought Chapter 11 protection in U.S. Bankruptcy Court from creditors for both his personal finances and WDI.

In 1986, Wolfswinkel and his company were worth $181 million, Kohlman said. He said Wolfswinkel was buying land and building shopping centers.

United Bank, which had an "extraordinarily loose lending policy" in the 1980s, made loans to Wolfswinkel that were all repaid, he said.

"The banks made handsomely off of Conley," Kohlman said, adding that his client never had any intent to defraud the banks.

But Williams claimed that Wolfswinkel's financial dealings put banks at risk of losing millions.

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information from the call and would 'do everything but what I was supposed to be doing . . . and here I am.'"

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UNITED STATES DISTRICT COURT

DISTRICT OF ARIZONA

UNITED STATES OF AMERICA, Plaintiff, v. CONLEY D. WOLFSWINKEL and JOHN J. O'NEILL, Defendants.	CR-91-281-PHX-RGS MEMORANDUM OF THE UNITED STATES IN AID OF SENTENCING

MEMORANDUM OF THE UNITED STATES IN AID OF SENTENCING

The United States of America, through undersigned counsel, submits the attached Memorandum In Aid Of Sentencing to advise the Court of the government's sentencing recommendation, and to apprise the Court of facts and circumstances relevant to the imposition of sentence on the defendant, Conley D. Wolfswinkel, presently scheduled for November 22, 1993.

This memorandum is also intended to respond to defendant's Motion For Bail Pending Appeal, filed on November 17, 1993, and

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defendant's two Sentencing Letters dated November 17, 1993 and November 19, 1993.

Respectfully submitted this _____ day of November, 1993.

WAYNE P. WILLIAMS
Senior Litigation Counsel

WILLIAM H. STAPLETON, JR.
Trial Attorney

U. S. Department of Justice
Criminal Division, Fraud Section

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MEMORANDUM OF THE UNITED STATES IN AID OF SENTENCING

The United States recommends that defendant be sentenced to a significant term of imprisonment. The defendant's conduct, when viewed under the new Sentencing Guidelines would result in incarceration for a period ranging from 57 to 71 months. The government submits that although the Guidelines are not applicable here, the Court may appropriately look to them for guidance. The government does not allocute for restitution. The government does not oppose defendant's motion for bail pending appeal.

1. INTRODUCTION

> White collar crime is the most corrosive of all crimes. The trusted prove untrustworthy, the advantaged dishonest. It shows the capability of people with better opportunities for creating a decent life for themselves to take property belonging to others. As no other crime, it questions our moral fiber.

R. Clark, Crime in America 23 (1970). The evidence in this case portrays a man, Conley Wolfswinkel, who lived a rags to riches story only to have it end tragically and disgracefully; a empire builder whose lust for riches and recognition drove him to abandon the rules of law in the marketplace when they did not suit him; a man whose ambition outstripped his financial means and left him with a choice, to adhere to ethical, legal standards of operation, or to cheat, deceive and rationalize his conduct by adopting the philosophy that the end justifies the means. These circumstances make Wolfswinkel's conduct especially reprehensible and, by all

rights, the Court's judgment should be a stern rebuke. Crime should not pay.

This memorandum will address aspects of the defendant's conduct, review the potential penalties under the applicable statutes and consider sentencing policy issues applicable to the imposition of sentence in this case.

2. THE VERDICT

On July 21, 1993 following a six week trial and three days of jury deliberation, the defendant, Conley D. Wolfswinkel, was convicted of one count of violating 18 U.S.C. Section 1344 (Bank Fraud, Count 4), one count of violating 18 U.S.C. Section 371 (Conspiracy, Count 5), and seven counts of violating 18 U.S.C. Sections, 656 and 2 (Aiding and Abetting in the Misapplication of Bank Funds, Counts 6-11 and 13), a total of 9 felony counts.

The jury was unable to reach a verdict on three counts charging violations of 18 U.S.C. Section 1344 (Bank Fraud, Counts 1-3). The defendant was acquitted of charges that he violated 18 U.S.C. Sections 656 and 2 (Aiding and Abetting in the Misapplication of Bank Funds, Count 12), 18 U.S.C. Section 215 (Bribery of Bank Officer, Count 19) and 18 U.S.C. Section 1001 (Causing Materially False Statements to Be Made To an Agency of The United States Government, Count 20).

3. POTENTIAL PENALTIES UNDER APPLICABLE STATUTES

Each of the nine felony counts upon which the defendant was convicted carries a potential sentence of five years of imprisonment and may be imposed pursuant to 18 U.S.C. Section 3551. In

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addition, 18 U.S.C. Section 3623, applicable to offenses occurring after December 31, 1984 and before November 1, 1987, provides for a maximum fine of $250,000 for each felony conviction.[1] 18 U.S.C. Sections 3556, 3664 and 3663 authorize the Court to impose upon the defendant an Order of Restitution in addition to any other penalty authorized by law. Section 3663(2) requires that, if the Court does not order restitution, the Court shall state on the record the reasons therefor.[2] In addition, 18 U.S.C. Section 3013(a)(2)(A) provides for a special assessment of $50 for each count of conviction. If the Court should decide to suspend any portion of defendant's imprisonment, 18 U.S.C. Section 3651 provides for the imposition of probation under such terms and conditions as the Court deems best.

4. THE SUBSEQUENT ADOPTION OF FIRREA INCREASED PENALTIES

In 1989 Congress' well justified concern with financial institution fraud resulted in sweeping legislation, the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

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[1] 18 U.S.C. Section 3623 (c)(1) provides for an alternative fine in the event that the defendant derived pecuniary gain from the offense, or if the offense resulted in a pecuniary loss to another person, of an amount not more than the greater of twice the gross gain or twice the gross loss, unless imposition of a fine under this subsection would unduly complicate or prolong the sentencing process. The government maintains that twice the gross gain, or twice the gross loss, of funds directly attributable to defendant's offense conduct would result in an amount less than the $2.25 million total of the maximum fines under Section 3623(3).

[2] Section 3663(d) states: The Court shall impose an order of restitution to the extent that such order is as fair as possible to the victim and the imposition of such order will not unduly complicate or prolong the sentencing process.

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Under FIRREA, the maximum term of imprisonment for bank fraud crimes committed on or after August 9, 1989, was increased to twenty years. The more recent Comprehensive Thrift and Bank Fraud Prosecution and Taxpayer Recovery Act of 1990 further increased the sentences for many of these crimes to 30 years.

For comparison purposes only, under today's Federal Sentencing Guidelines, the defendant would be subject to a sentence of between 57 and 71 months of imprisonment.[3] Some of the same factors leading to this calculation of sentence under the new federal guidelines may be considered by the Court in imposing sentence under this pre-guidelines case.

The crimes for which defendant has been convicted required more than minimal planning. In fact, they showed that defendant orchestrated a deliberate and calculating financial monitoring system and directed his employees at Wolfswinkel Group Inc. ("WGI"), to manipulate the banking system on an almost constant basis during the period charged in the indictment. The daily activities of the defendant, Bill Eilek, Judy Windisch, and Beth Hintz at WGI, and Georgeanne Beaudet and John O'Neill at United Bank were the subject of extensive trial testimony. This scheme

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[3] These figures are based on an offense level of 19 under §2F1.1(a) and (b)(1)(N), plus an increase of 2 levels for more than minimal planning (§2F1.1(b)(2)), and an increase of 4 levels for being a leader or organizer of conduct involving 5 or more people (§3B1.1(a)), for a total offense level of 25. The criminal history category is I.

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was under the absolute control of the defendant and he turned it to a criminal end.

5. SENTENCING FACTORS

The United States urges the Court to sentence the defendant to a substantial period of incarceration, and to impose a substantial fine. Certain aspects of the defendant's conduct deserve emphasis in the context of the factors relevant to sentencing.

Among the several considerations enumerated in 18 U.S.C. Section 3553, the sentence imposed by the court is (A) to reflect the seriousness of the offense, (B) to promote respect for the law, and (C) to provide adequate deterrence to criminal conduct. In addition, courts have often found relevant to sentencing the defendant's (D) refusal to accept responsibility for the offense conduct.

A. Seriousness of the Offense

1. Scope of the Misconduct

The crimes for which the defendant was convicted are not merely technical or regulatory. The first and foremost factor warranting substantial punishment in this case is the enormity of the sums of federally insured money that Wolfswinkel fraudulently manipulated and misappropriated in order to keep his cash-starved business and personal entities afloat. In considering the "seriousness" of the offense, the government notes that the misapplication counts for which he was convicted involve bank funds ranging from $1 million to $3 million. During the course of the

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bank fraud scheme of count 4, defendant maintained negative balances totalling as much as nearly $7 million.

The massive fraud that defendant engineered was accomplished by defendant deceiving the banks as well his co-conspirator, John O'Neill. While O'Neill readily admitted his improper and illegal accommodation of the defendant when he issued millions of dollars in United Bank cashier's check in exchange for NSF purchasing checks, he also unequivocally testified that he had no idea that the defendant was involved in a massive check-kite scheme among the other victim banks. Although O'Neill exercised discretion in allowing defendant immediate credit on uncollected funds when Wolfswinkel deposited other bank's checks to cover large deficits in his United Bank accounts, O'Neill himself was ignorant of defendant's practice of covering those vast account deficits with NSF checks drawn on the other four victim banks. O'Neill was virtually an unwitting participant to defendant's check kite scheme, a scheme by which Wolfswinkel literally gambled with millions of dollars of depositors' money for his own selfish benefit and financial gain.

2. Nature and Scope of the Loss

It is ludicrous for the defendant to assert that this is a "no loss" case. The fact that when United Bank officers discovered the approximate $4 million overdraft on August 15, 1986, the defendant was able to cover the amount of his outstanding negative balance with new loans does not diminish the seriousness of the offense he committed. As the Seventh Circuit observed in United States v.

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Carey, 895 F.2d 318 (7th Cir. 1990), quoted in United States v. Frydenlund, 990 F.2d 822, 826 (5th Cir. 1993):

> (R)estitution did not alleviate the fact that he had defrauded the bank of $220,000 before his artifice was discovered. The entire loss was due directly to Carey's actions, and his restitution of the lion's share of the money, though commendable, did not decrease the seriousness of the crime he had committed.

As with Carey and Frydenlund we should look to the amount of the unauthorized overdraft of defendant's account at United Bank at the time the kite was discovered. It was this amount that the defendant agreed to repay or "cover" out of funds obtained from Western Savings ($2.3 million), Lincoln Savings and Loan ($500,000-), and United Bank, which agreed to "collateralize" a sum of the outstanding negative balance to insure its repayment ($1.4 million). It is this total amount of the "loss," over $4 million, which the defendant agreed to repay, and it is this sum which reflects the "seriousness" of the crime he committed. In a sense, it may have been fortuitous for the defendant, as well as United Bank, that the kite was discovered in August 1985 rather than in July 1986 when the total negative balances in his accounts reached approximately $7 million. Of course, the Court should not overlook the testimony of Judy Windisch, and of financial expert Mark Hashimoto, both of whom testified that throughout the indictment period the defendant ran an constant negative balance of approximately $2 million.

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B. Equal Justice for White Collar Offenders

In order to promote respect for the law, the court should impose a significant term of imprisonment. In United States v. Williams, 680 F. Supp. 358, 360 (M.D. Fla. 1987), the Court stated:

> If business people come to feel that they are immune from real punishment for violating the law, then we are headed for hard and lawless times. The business people of this country must realize that the laws apply to them and that the punishment provided by law applies to them.

It is important that society feels confident that the laws apply equally to everyone, including businessmen. The citizenry -- including people who will never in their lives be in a position to commit white collar crime -- will respect and adhere to a system of justice only if it appears to uniformly mete out punishment to offenders. The public should not be given grounds to form the belief that individuals who commit white collar crimes "get away with it" because, even when they are convicted, they receive preferential treatment due to their wealth and position in the community. It is important for the public to realize that white collar criminals will not be dealt with less harshly than disadvantaged or unsophisticated criminals. United States v. Brennan, 629 F.Supp. 283, 302 (E.D. N.Y.), aff'd, 798 F.2d 581 (2nd Cir. 1986).

Moreover, the cost to the taxpayers to bail out insolvent financial institutions, many of which were the victims of fraudulent schemes such as that committed by Wolfswinkel and John O'Neill has been enormous--spiraling into the billions of dollars. While all of that cost is not attributable to fraud, it is that factor,

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rather than honest but poor decision making, that has generated righteous public indignation.

Senator Bond's concluding comments on February 9, 1989 before the Senate Committee on Banking, Housing and Urban Affairs hearings on the savings and loan crisis are germane to this matter.

> All of this brings us to the broader questions of how seriously we in this society take white collar crime. The insider trading cases, commodities fraud investigations and defense procurement scandals, in addition to this S and L mess, all suggest that there may be a real weakness in our system that many well paid professionals seem to think they can get away with stealing. A slap on the wrist or even a short jail term are not enough punishment for those whose illegal wheeling and dealing will cost the taxpayers billions.

(Tr. 17-18).

C. Deterrence

This Court is well aware of the notoriety this case has achieved as well as the notoriety Conley Wolfswinkel has in the Phoenix area. This public scrutiny will necessarily have an impact on the deterrent value of sentencing. It is no exaggeration to say that the punishment meted out to Conley Wolfswinkel will be more closely followed and more widely considered than perhaps any other financial crime sentence in Phoenix history. This Court, in imposing sentence on Wolfswinkel has a unique opportunity to deter similar criminal activity in the business community.

Section 3553(B) of Title 18 U.S.C. recognizes that deterrence of future criminal conduct of others is an appropriate factor for consideration in the imposition of sentence. The Supreme Court has also included deterrence among four factors to be considered by judges in the sentencing decision (along with protection of society

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against wrongdoers, punishment of the wrongdoer, and rehabilitation of the wrongdoer.) William v. New York, 337 U.S. 241, 248-249 n.13 (1940).

Courts have repeatedly recognized deterrence as a legitimate goal in sentencing. E.g., Pell v. Procunier, 417 U.S. 817, 822 (1974). In United States v. Good, 538 F.Supp. 523 (N.D. Ohio 1982), the Court stated:

> If anything is to be done to reduce the incidence of "white collar" crime, it must be clear that those offenders who are caught will certainly suffer some meaningful punishment. Imprisonment is the only such punishment now available.

Id. at 524. Even when a defendant has an otherwise good record, therefore, a court may properly balance that fact against the need for general deterrence. See United States v. Elliot, 674 F.2d 754, 756 (8th Cir. 1982).

D. Lack of Remorse, Regret, or Responsibility

A sentence of considerable length and a substantial fine are especially appropriate here, where the defendant has, in one way or another, refused to accept any responsibility or show any remorse for his criminal acts.

Defendant's statements to the media following the verdict in this case reflect his refusal to accept responsibility for his criminal conduct. The Ninth Circuit has consistently maintained that a defendant's refusal to accept responsibility for his offense is a factor which the court may consider in imposing sentence. United States v. Malquist, 791 F.2d 1399, 1402-3 (9th Cir.), cert. denied, 479 U.S. 954 (1986); United States v. Carter, 804 F.2d 508

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(9th Cir. 1986); United States v. Gonzales, 897 F.2d 1018 (9th Cir. 1990).

The Arizona Republic reported on July 22, 1993 that Conley Wolfswinkel:

> conceded Wednesday night that he wrote checks that technically were not good. He said, however, he did nothing wrong and contended that he could not get a fair trial because of the size of the checks.

In addition, the defendant was quoted further in The Arizona Republic as asking rhetorically, "How many times have you written a mortgage check on Friday, knowing you're going to get paid on Monday?" As the defendant well knows and the evidence at trial demonstrated, this was not the kind of conduct with which he was charged and for which he was convicted. Clearly, Wolfswinkel persists in attempting to minimize his criminal conduct. Any sentence less than substantial incarceration would risk having the public as well as the defendant perceive that Wolfswinkel's arrogance has been rewarded with leniency.

6. CONCLUSION

A substantial sentence of incarceration is not only appropriate, but, the government respectfully submits demanded by the calculating and serious nature of the crimes committed by defendant. Conley Wolfswinkel is an intelligent person, a shrewd businessman and reputedly an artful negotiator who was in a position to evaluate rationally whether the benefits of crime outweigh the costs. For this defendant the scales tipped in favor of criminality. This Court must correct the imbalance. The price

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for commission of these crimes must be so certain that it can never be considered an acceptable cost of doing business. The defendant in the course of his check kite scheme falsely inflated his bank balances by writing approximately $200 million in checks which were backed by less than $50 million in good funds, and swapped NSF checks for millions of dollars in United Bank cashier's checks. By just means, he must now receive an appropriate return on his criminal investment.

For the foregoing reasons, the United States respectfully recommends that the Court sentence the defendant, Conley D. Wolfswinkel, to a significant period of imprisonment, order him to pay a substantial appropriate fine.

Respectfully submitted this _____ day of November, 1993.

WAYNE P. WILLIAMS
Senior Litigation Counsel

WILLIAM H. STAPLETON, JR.
Trial Attorney

U. S. Department of Justice
Criminal Division, Fraud Section

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CONFIDENTIAL

F.O.I. EXEMPT

UNITED STATES DISTRICT COURT
FOR THE
DISTRICT OF ARIZONA

UNITED STATES OF AMERICA	PRESENTENCE INVESTIGATION REPORT
v.	PRE-GUIDELINE
WOLFSWINKEL, Conley Dean	Docket No. CR-91-00281-001-PHX-RGS

Prepared for: The Honorable Roger G. Strand
U.S. District Court Judge

Prepared by: Michael D. Williams
U.S. Probation Officer
Phoenix, Arizona 85025
(602) 514-7250

CONFIDENTIAL - The Presentence Investigation Report is a privileged Court document. It may be released only upon order of the Court or through authorization by the Court's Probation Officer. Its contents may not be quoted or otherwise released without specific authority.

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Defense Counsel
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Washington, D.C. 20003-2737
(202) 546-1500

Sentence Date: October 4, 1993

Offense: **Indictment:** Jury trial: Count 4, Bank Fraud, in violation of 18 USC 1344; Count 5, Conspiracy, in violation of 18 USC 371; Counts 6 through 11, Misapplication of Bank Funds, in violation of 18 USC 656. All Class D felonies; five years/$250,000 fine each count.

Release Status: Summoned to appear on August 14, 1992, released on own recognizance under Pretrial Services supervision.

Detainers: None.

Codefendants: O'Neill, John J. - 91-00281-002-PHX, pled guilty on May 4, 1992, to Counts 6 and 20 of the indictment. Pending sentencing.

Related Cases: None

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STAPLETON

UNITED STATES DISTRICT COURT

DISTRICT OF ARIZONA

UNITED STATES OF AMERICA, Plaintiff, v. CONLEY D. WOLFSWINKEL and JOHN J. O'NEILL, Defendants.	NO. CR 91-281 PHX I N D I C T M E N T VIO: 18 U.S.C. §§ 1344 (Bank Fraud) Counts 1 - 4 18 U.S.C. §§ 371 (Conspiracy) Count 5 18 U.S.C. §§ 656 (Misapplication of Bank Funds) Counts 6 - 13 18 U.S.C. § 1005 (False Entries) Counts 14 - 17 18 U.S.C. § 215 (Bribery) Counts 18 - 19 18 U.S.C. §§ 1001 (False Statement) Count 20

THE GRAND JURY CHARGES:

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FORM OBD-181
MAR 81

COUNT 1

INTRODUCTION

At all times relevant to this indictment:

1. Defendant CONLEY D. WOLFSWINKEL (hereafter WOLFSWINKEL) was a customer of United Bank of Arizona, Valley National Bank of Arizona, Grand Canyon State Bank, Century Bank, and Great Western Bank.

2. Defendant JOHN J. O'NEILL (hereafter O'NEILL) was a Regional Vice-President and Manager of the Mesa Regional Office of the United Bank of Arizona.

3. Defendant WOLFSWINKEL maintained the following seven (7) bank accounts at United Bank of Arizona, Valley National Bank of Arizona, Grand Canyon State Bank, Century Bank and Great Western Bank as set forth below:

Bank Name	City/State Account #	Customer
United Bank of Arizona	Phoenix, AZ 6020519077	Wolfswinkel Group, Inc.
	Phoenix, AZ 11502-01-072	Conley Wolfswinkel or Judy D. Windisch or Richard Maes
	Phoenix, AZ 6479401072	Wolfswinkel Group, Inc.
Valley National Bank of Arizona	Phoenix, AZ 2691-3174	Conley D. Wolfswinkel or Judy D. Windisch or Richard Maes
Grand Canyon State	Chandler, AZ 01-0053910	Conley Wolfswinkel
Century Bank	Phoenix, AZ 1160003117	Wolfswinkel Group, Inc.

FORM OBD-18J MAR 83

	1160003117	Inc.
Great Western Bank	Phoenix, AZ 0160-04778	Wolfswinkel Group, Inc.

4. The deposits of United Bank of Arizona (hereafter "United Bank"); the Valley National Bank of Arizona (hereafter "Valley National Bank"); Grand Canyon State Bank, Century Bank and Great Western Bank were insured by the Federal Deposit Insurance Corporation.

5. From on or about March 1, 1986, continuous through August 1986, within the District of Arizona and elsewhere, defendants CONLEY D. WOLFSWINKEL and JOHN J. O'NEILL knowingly executed and attempted to execute a scheme and artifice to defraud United Bank, Valley National Bank, Grand Canyon State Bank, Century Bank and Great Western Bank.

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PURPOSE OF THE SCHEME

6. The purpose of the defendants' scheme was:

a. To fraudulently inflate the balances in the bank accounts of defendant WOLFSWINKEL, described in paragraph 3, above their actual balances; and

SCHEME

7. The scheme and artifice to defraud (hereinafter "the scheme," commonly referred to as "check kiting") was effected through the following means and in the following manner, among others:

a. In order to artificially and fraudulently inflate his seven (7) bank accounts, defendant WOLFSWINKEL would deposit check(s) drawn on one account for an amount in excess of its actual balance ("NSF check") into his other accounts, causing one or more of these accounts to show substantial deposits, when the actual balance was negligible or negative.

b. Defendant WOLFSWINKEL caused millions of dollars of NSF checks to be deposited in his accounts, knowing that those checks had to be processed and would not be returned to the bank on which they were drawn for collection until one or more days after their deposit. Defendant WOLFSWINKEL would then cover the NSF checks before they were presented for collection with other NSF checks drawn on artificially and fraudulently inflated bank accounts.

c. As a result of these continuous deposits of NSF checks, the balances in one or more of defendant WOLFSWINKEL'S seven (7) bank accounts were made to appear as if they had a positive balance containing substantial funds, thereby causing a victim bank to honor millions of dollars of worthless checks, when in fact as defendant WOLFSWINKEL knew, the balance was negligible or negative and the checks written for the purpose of making these

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MAR 83

accounts appear to have positive balances were not backed by sufficient funds.

d. As part of the scheme, defendant O'NEILL would also cause United Bank to issue cashier checks to defendant WOLFSWINKEL for deposit in his other accounts to cover other checks to be presented for collection or to use for his personal benefit to the detriment of United Bank. In some instances, cashier's checks were issued in exchange for NSF checks.

e. Between March 1986, continuous through August 1986, for example, approximate total deposits of $197,097,958 were made, approximately $149,829,337 or 76% of which were fraudulent.

f. Between March 1986 and August 1986, approximately forty three (43) cashiers checks were issued by United Bank for the benefit of defendant WOLFSWINKEL without sufficient funds to cover said checks for a total of approximately $58,405,554.

g. From March 1986 through August 1986, defendant WOLFSWINKEL was able to obtain and use the funds and credits of any one of the victim banks, United Bank, Valley National Bank, Century Bank, Grand Canyon State Bank, and Great Western Bank, without interest.

8. On or about May 6, 1986, in the District of Arizona, defendants WOLFSWINKEL and O'NEILL, did knowingly execute and attempt to execute a scheme and artifice to defraud the federally insured institutions, United Bank, Valley National Bank, Century Bank, Grand Canyon State Bank, and Great Western Bank, by depositing a check drawn on Grand Canyon State Bank, check number

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5073, in the amount of $274,000 into defendant WOLFSWINKEL'S account at United Bank account number 6479401072 in furtherance of the scheme and artifice to defraud.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT 2

1. Paragraphs 1 - 7 of Count 1 are realleged and incorporated by reference as if fully set forth herein.

2. On or about May 7, 1986, in the District of Arizona, defendants WOLFSWINKEL and O'NEILL, did knowingly execute and attempt to execute a scheme and artifice to defraud the federally insured institutions, United Bank, Valley National Bank, Century Bank, Grand Canyon State Bank, and Great Western Bank, by depositing a check drawn on United Bank account number 6479401072, check number 7775, in the amount of $275,469 into defendant WOLFSWINKEL'S account at Grand Canyon State Bank in furtherance of the scheme and artifice to defraud.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT 3

Paragraphs 1 - 7 of Count 1 are realleged and incorporated by reference as if fully set forth herein.

On or about August 6, 1986, in the District of Arizona, defendants WOLFSWINKEL and O'NEILL, did knowingly execute and attempt to execute a scheme and artifice to defraud the federally insured institutions, United Bank, Valley National Bank, Century Bank,

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Grand Canyon State Bank, and Great Western Bank, by depositing a check drawn on Valley National Bank, check number 2605, in the amount of $1,761,000 into defendant WOLFSWINKEL'S account at United Bank account number 6479401072, in furtherance of the scheme and artifice to defraud.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT 4

1. Paragraphs 1 - 7 of Count 1 are realleged and incorporated by reference as if fully set forth herein.

2. On or about August 7, 1986, in the District of Arizona, defendants WOLFSWINKEL and O'NEILL, did knowingly execute and attempt to execute a scheme and artifice to defraud the federally insured institutions, United Bank, Valley National Bank, Century Bank, Grand Canyon State Bank, and Great Western Bank, by depositing a United Bank cashier check, number 100692, in the amount of $1,760,546 into defendant WOLFSWINKEL'S account at Valley National Bank, in furtherance of the scheme and artifice to defraud.

All in violation of Title 18, United States Code, Sections 1344 and 2.

COUNT 5

From on or about March 1986 through September, 1986, within the District of Arizona and elsewhere, defendants JOHN J. O'NEILL and CONLEY D. WOLFSWINKEL did willfully, knowingly, and unlawfully combine, conspire, confederate and agree together, with each other

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and others, to commit offenses against the United States of America by violating the following statutes:

1. Title 18, United States Code, Section 656 (Misapplication of Bank Funds);

2. Title 18, United States Code, Section 1005 (False Statements);

3. Title 18, United States Code, Section 215 (Bribing a Bank Official).

4. Title 18, United States Code, Section 1344 (Bank Fraud).

OVERT ACTS

In furtherance of the aforesaid conspiracy and to affect the objects of that conspiracy, the defendants performed and caused to be performed, among others, the following overt acts;

1. On or about June 26, 1986 Wolfswinkel Group Inc. nonsufficient funds (NSF) checks numbered 1043 and 113, in the amounts of $1,150,000 and $1,189,200, were exchanged for United Bank of Arizona cashier's check number 100551.

2. On or about June 27, 1986 WOLFSWINKEL NSF check number 2564, in the amount of $2,209,485, was exchanged for United Bank of Arizona cashier's check number 100558.

3. On or about July 7, 1986 Wolfswinkel Group, Inc. NSF check number 8255, in the amount of $2,899,482, was exchanged for United Bank of Arizona cashier's check number 100598.

4. On or about August 12, 1986, CONLEY D. WOLFSWINKEL NSF check number 11273, in the amount of $30,000 was given to JOHN J. O'NEILL who received the check and exchanged it for United Bank of

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Arizona cashier's checks numbered 101711, 101713, 101714, 101716, 101718, 101719, and 101720.

5. On or about June 9, 1986 WOLFSWINKEL NSF check number 8037, in the amount of $2,944,211.25, was exchanged for United Bank of Arizona cashier's check number 100504. Check #8037 and the Register Copy of #100504 were withheld from processing on the day of receipt.

6. On or about June 23, 1986, WOLFSWINKEL NSF check number 2558, in the amount of $1,889,402.59, was exchanged for United Bank of Arizona cashier's check number 100541. Check number 2558 and the Register Copy of number 100541 were withheld from processing on the date of receipt.

All in violation of Title 18, United States Code, Section 371.

COUNTS 6 - 13

On or about the following dates, within the District of Arizona and elsewhere, defendant JOHN J. O'NEILL, being an officer of United Bank of Arizona, and defendant CONLEY D. WOLFSWINKEL, with the intent to injure or defraud United Bank of Arizona, the deposits of which were insured by the Federal Deposit Insurance Corporation, did willfully misapply and cause to be misapplied monies and funds belonging to United Bank and otherwise entrusted to its care and custody, by issuing the following cashier's checks in exchange for checks not backed by sufficient funds on deposit with United Bank of Arizona:

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monies and funds belonging to United Bank and otherwise entrusted to its care and custody, by issuing the following cashier's checks in exchange for checks not backed by sufficient funds on deposit with United Bank of Arizona:

Count	Date	Cashier's Check #	Signer	Payee	Amount	
6	06/09/86	100504	John J. O'Neill	Ticor Title Ins. Co.	$2,944,211.25	3
7	07/07/86	100598	John J. O'Neill	Conley D. Wolfswinkel	$2,899,482.00	3
8	07/25/86	100653	John J. O'Neill	Conley D. Wolfswinkel	$1,400,000.00	1
9	08/07/86	100692	John J. O'Neill	Conley D. Wolfswinkel	$1,760,546.00	2
10	08/08/86	101701	John J. O'Neill	Conley D. Wolfswinkel	$1,014,873.00	1
11	08/11/86	101705	John J. O'Neill	Conley D. Wolfswinkel	$1,197,482.00	1
12	08/13/86	101716	Maria Evans	John J. O'Neill	5,000.00	
13	08/15/86	101730	John J. O'Neill	Conley D. Wolfswinkel	$1,953,429.00	2

All in violation of Title 18, United States Code, Sections 656 and 2.

COUNTS 14 - 17

COUNT 18

COUNT 19

On or about August 12, 1986, within the District of Arizona, defendant CONLEY D. WOLFSWINKEL intending to influence or reward JOHN J. O'NEILL offered and gave $30,000.00 to John J. O'Neill, an officer of United Bank of Arizona, a bank insured by the Federal Deposit Insurance Corporation for and in connection with transactions and business of United Bank of Arizona.

All in violation of Title 18, United States Code, Section 215(b).

COUNT 20

1. At all times material to this Count:

a. The Federal Election Campaign Act, and in particular Title 2, United States Code, Section 441a thereof, placed strict quantitative limits on the amounts which individuals could contribute to political committees supporting candidates seeking election to federal offices, including the office of Congressman. In the case of contributions to Rhodes for Congress, a committee supporting the election of John J. Rhodes, III, to the United States House of Representatives, this limit was $1,000 per individual, per election.

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b. The Federal Election Campaign Act, and in particular Title 2, United States Code, Section 441b thereof, forbade all contributions and expenditures from the assets of banking institutions to the campaigns of candidates seeking election to federal offices.

c. The Federal Election Campaign Act, and in particular Title 2, United States Code, Section 441f thereof, forbade the making of contributions to candidates for election to federal offices, in the names of persons other than the person responsible for making the contribution ("conduits").

d. The Federal Election Campaign Act, and in particular Title 2, United States Code, Section 434 thereof, required the treasurers of every political committee supporting a candidate for federal office, to file periodic reports with the Federal Election Commission setting forth, among other things, a complete listing of the names, addresses and amounts given by each person who made contributions to each such political committee.

e. The Federal Election Campaign Act provided that the Federal Election Commission had an affirmative duty to make the information concerning campaign contributions that is contained on the aforesaid reports available promptly to the public.

f. The Federal Election Commission is to review the information contained in such reports to detect violations of the substantive provisions of the Act, and to take enforcement and corrective action with respect to violations it detects.

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MAR 83

g. The United Bank of Arizona was a banking institution subject to the prohibitions on campaign contributions and expenditures contained in Title 2, United States Code, Section 441b(a) of the Federal Election Campaign Act.

h. The Rhodes for Congress Committee was a political committee which supported the election of John J. Rhodes, III to the United States House of Representatives.

i. The Federal Election Commission was an agency of the United States government.

2. Beginning in or about August 1986, and continuing thereafter through September 1986, at Phoenix and within the District of Arizona and elsewhere, CONLEY WOLFSWINKEL and JOHN J. O'NEILL, the defendants herein, did knowingly and willfully cause the Rhodes for Congress Committee to file materially false, fictitious and fraudulent statements with the Federal Election Commission, to wit: that campaign contributions to the Rhodes for Congress Committee had been made by various individuals in small and ostensibly lawful amounts, when in truth and fact these contributions represented an illegal campaign contribution by CONLEY WOLFSWINKEL and United Bank of Arizona.

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All in violation of Title 18, United States Code, Sections 1001 and 2.

A TRUE BILL

FOREMAN OF THE GRAND JURY
Date: 8/11/94

LINDA A. AKERS
United States Attorney
District of Arizona

Assistant U.S. Attorney

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
Rhodes to Congress Committee and	)	
Kent H. Mulkey, as treasurer	)	MUR 2602
John J. Rhodes, III	)	
John J. O'Neill	)	
Conley D. Wolfswinkel	)	
Wolfswinkel Group, Incorporated	)	
Citibank (Arizona) f.k.a. United Bank Of Arizona	)	

GENERAL COUNSEL'S REPORT

I. **BACKGROUND**

This matter was referred from the United States Attorney's Office, based upon information from the Federal Bureau of Investigation ("FBI"), indicating violations of the Federal Election Campaign Act of 1971, as amended ("the Act") in connection with the 1986 House campaign of John J. Rhodes, III, of Arizona. On April 28, 1988, and March 25, 1992, the Commission found reason to believe that numerous violations of the Act had occurred by, inter alia, the Rhodes to Congress Committee and Kent H. Mulkey, as treasurer, ("Rhodes Committee," "Committee," or "Rhodes campaign), former Arizona Congressman John J. Rhodes, III, John J. O'Neill, Conley D. Wolfswinkel, Wolfswinkel Group Incorporated ("WGI") and Citibank (Arizona), f.k.a. United Bank of Arizona.[1] Attempts at preprobable cause conciliation with the Rhodes campaign and Mr. Rhodes proved unsuccessful; they were provided with a Probable Cause Brief and have submitted a Reply

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1. The Commission accepted pre-probable cause conciliation agreements with respondents Cortland Silver and Ann Lorenzo, and closed the file as it pertains to them.

Brief, discussed in Section III. See Attachment 1.

As noted in prior Reports, Messrs. Wolfswinkel and O'Neill were indicted by a federal grand jury for various violations of federal banking laws as well as for filing false statements with this agency regarding the contributions at issue in this matter. This Office has learned that Wolfswinkel and O'Neill were convicted and sentenced; the details regarding the criminal case are set forth in Section IV, along with our recommendations regarding them, WGI and Citibank.

II. RECOMMENDED ACTIONS IN LIGHT OF FEC v. NRA

Consistent with the Commission's November 9, 1993 decisions concerning compliance with FEC. v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed (U.S. Jan. 18, 1994) (No. 93-1151), this Office recommends that the Commission ratify the applicable reason to believe findings made on April 28, 1988 and March 25, 1992, as specified below in Section V.

III. RHODES CAMPAIGN AND JOHN J. RHODES, III

A. Background

The General Counsel's Brief, dated February 18, 1993, and incorporated herein by reference, makes probable cause recommendations regarding the Rhodes campaign's knowing and willful violations of Sections 441b(a) and 441f for the acceptance of a $30,000 corporate contribution from WGI and Conley Wolfswinkel in the names of others, its violation of Sections 441a(f) and 441f for the acceptance of $5,000 from Conley Wolfswinkel, its knowing and willful violation of Sections 441a(f)

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and 441f for accepting $9,000 from Cortland Silver in the names of others, its knowing and willful violation of Sections 441a(f) and 434(b) for the acceptance of the campaign-related services of Cortland Silver's daughter which were not reported, its violation of Section 441b(a) for the acceptance of a $35,000 bank line of credit from United Bank not given in the ordinary course, and a violation of Section 441a(f) for the acceptance of a $50,000 loan from Sun Bank which was guaranteed by John O'Neill.[2]

In addition, there are probable cause recommendations that the Rhodes Committee and its treasurer violated Sections 441a(f) and 441f for accepting an excessive contribution from John O'Neill in the name of Ann Lorenzo, as well as numerous reporting violations related to these same transactions. The Brief also recommends that the Commission find probable cause to believe that John J. Rhodes, III, violated Section 432(b)(3) by depositing into his personal account $3,000 from John O'Neill, which was derived from the $30,000 prohibited payment from Wolfswinkel.

B. Discussion of Reply Brief

The Committee acknowledges that "[s]erious violations of the Act occurred," and that "it bears responsibility for certain of the alleged violations," including: "failing to properly handle"

2. Although the knowing and willful nature of some of the violations is not specifically reflected in the "Recommendations" Section of the Brief, when read in its entirety, the Brief makes clear the General Counsel's recommendations regarding some violations are knowing and willful. Furthermore, the body of the Brief contains explicit knowing and willful recommendations and sets forth the basis for each. The outset of the analysis in the Brief explicitly states that "it now appears that some [of the violations] were knowing and willful." See Brief at pages 2, 4, 5, 11, 12 and 13.

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the $5,000 Wolfswinkel contribution which O'Neill converted into contributions in the names of Wolfswinkel's family members; knowing acceptance of an in-kind contribution in the form of the campaign services of Cortland Silver's daughter; and many reporting violations. Reply Brief at pages 4,9,11.

With respect to the majority of the violations, however, Counsel contends that the Rhodes campaign cannot be held accountable, claiming it is not liable for the actions of its former Finance Chairman John O'Neill.[3] The Rhodes campaign does not deny that Mr. O'Neill was its agent; indeed, it explicitly concedes that he was. See Reply Brief at page 4. Rather, it argues that Mr. O'Neill was "acting so far outside any agency relationship that, as a matter of both law and fact, his acts may not be attributed to the committee." Id. Most notably, no legal authority is cited to support the Rhodes campaign's assertion.

According to Respondents, neither the "candidate, or anyone else connected with the committee, knew of O'Neill's actions" with respect to the $30,000 corporate check from WGI/Conley D. Wolfswinkel, which was converted by O'Neill into contributions in the names of others. Respondents assert that "O'Neill concealed the true source" of the funds "from responsible committee staff, by creating fictitious contributor cards and by attempting to block thank-you letters from being sent." Reply Brief at page 4. On a similar basis, the Committee denies liability for the

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3. O'Neill was also listed as Assistant Treasurer on the Rhodes campaign's statement of organization, while some persons outside the campaign, specifically those at United Bank, testified that O'Neill was Treasurer of the Committee.

acceptance of the $9,000 in contributions from Cortland Silver. Id. at pages 7-8.

Respondents further claim that the Committee is not liable for the acceptance of the $35,000 revolving line of credit from the United Bank of Arizona not made in the ordinary course because, "as far as it knew" the "loan was proper." Reply Brief at pages 8-9.[4] Finally, they contend that Mr. O'Neill's personal guarantee of the $50,000 loan from Sun Bank on behalf of the Rhodes Committee was without authority and contrary to instructions to sign on the Committee's behalf. Reply Brief at pages 6-7.

A reading of the law of agency contradicts Respondents' assertion that they are not accountable for Mr. O'Neill's actions. Conduct of an agent is said to be within the scope of employment if: "(a) it is of the kind he is employed to perform; (b) it occurs substantially within the authorized time and space limits; [and] (c) it is actuated, at least in part, by a purpose to serve the master." Restatement (Second) of Agency. § 228(1) at 504 (1957).[5] The D.C. Court of Appeals has relied on the Restatement and the common law theory of respondeat superior to uphold an NLRB finding that a union was liable for a kickback scheme in which an

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4. At the time he was Finance Chairman O'Neill was employed as Regional Vice President of United Bank and he signed the $35,000 line of credit on behalf of the bank.

5. The Restatement comments provide that "a showing that an act 'tended to accomplish an authorized purpose and was done at an authorized time and place' gives rise to an inference that the act is within the scope of employment." The comments also indicate that even the criminality of an act does not prevent it from falling within the scope of employment. Restatement § 231 at 505.

agent's purpose was to increase membership as well as to procure illegal payments. Local 1814, International Longshoremen's Ass'n v. National Labor Relations Board ("NLRB"), 735 F.2d 1384, 1392-98 (D.C. Cir 1984) cert. denied, 469 U.S. 1072 (1984); see also Hunt v. Weatherbee, 626 F.Supp. 1097, (D. Mass. 1986)(allegations that union was liable under federal racketeering statute for shop steward's alleged extortion on behalf of union's political action committee survive motion to dismiss).

Applying the case law and the three criteria set forth in Restatement § 228(1) to the facts at hand, it is apparent that Mr. O'Neill's activities were within the scope of his employment. First, Mr. O'Neill was retained for the purpose of raising funds on behalf of the Rhodes campaign, he had been given explicit written authority to sign bank notes on behalf of the Committee, and it is his execution of those duties which is at issue here. Second, the fundraising activities occurred while Mr. O'Neill was Finance Chairman, and were not conducted outside authorized time and space limits.[6] Finally, there is nothing to suggest that Mr. O'Neill's purpose was any other than to meet the fundraising goals and needs of the Rhodes campaign.

In short, the contested activities fall within the scope of authority O'Neill was granted by the Committee. As it is a basic tenet of agency law that a principal is strictly liable for the

6. Fundraising activities are often undertaken in conjunction with social activities and/or on the fundraising agent's own time. Therefore, time and space limits imposed on fundraising agents will tend to be less restrictive than with many other agency relationships.

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actions of its agent, the Committee's assertions that it did not have knowledge of O'Neill's actions or never authorized the manner in which he executed some of the duties at issue are without consequence.[7] In addition, the fact that the Respondents authorized him to sign notes only on behalf of the Committee is not dispositive. See e.g., Ohio Farmers Ins. v. Norman, 122 Ariz. 330, 594 P.2d 1026 (Ariz. App. 1979) (liability may be imposed on a principal although agent acted contrary to instructions).

As for the knowing and willful nature of the violations, the investigation clearly shows that the contributions were reported in the names of others to circumvent the prohibitions and limitations of the statute. Further, the Committee acknowledges that Mr. O'Neill attended a political party-sponsored "FEC Briefing" and that he was the "campaign's resource on FECA matters." Attachment 1 at page 3. Thus, the evidence adduced supports findings of knowing and willful violations of Sections 441a(f), 441f and 441b(a) by the Rhodes campaign through the actions of Mr. O'Neill.

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7. It is noteworthy that the Committee concedes that O'Neill "was not supervised or held accountable on a regular basis for his fundraising activity." Reply Brief at page 3. Indeed, had the Committee and its treasurer examined contributions for evidence of illegality, as required by 11 C.F.R. § 103.3, they would have observed that cashiers' checks signed only by O'Neill without contributors' signatures or identification were deposited in its checking account, as were funds for which no contributor checks were provided. In short, responsible execution of the treasurer's statutory duties would have surely given rise to questions surrounding the legality of the contributions at issue. Indeed, the Committee's asserted ignorance lacks credibility given that O'Neill instructed assistant campaign manager Ben Dodson not to follow the usual practice of sending thank-you letters with respect to the alleged contributions from those persons whose names were used.

Counsel also disputes that the Rhodes Campaign violated Section 441b(a) by using conference or meeting rooms at United Bank, now Citibank, as well as "bank phones to conduct polls and get-out-the vote activities," citing 11 C.F.R. § 114.12(b). That regulation provides that "[n]otwithstanding any other provision of Part 114, a corporation ... which customarily makes its meeting rooms available to clubs, civic organizations, or other groups may make such facilities available to a political committee or candidate if the meeting rooms are made available on a nonpartisan basis and on the same terms given to other groups using the meeting rooms." 11 C.F.R. § 114.12(b).

There is deposition testimony indicating that the bank may have permitted nonpolitical entities to use its meeting and conference rooms, as well as employee offices. The evidence has not been substantiated by the bank itself, however, and there is no mention of any such policy within the bank's "Code of Business Conduct" or within any other documents produced. It is also unclear whether the bank loaned the rooms to candidates and political groups or committees on a nonpartisan basis. The bank's current owner, Citibank, states that it has no further information relating to this issue, and thus it appears that even further discovery might not clarify whether there was a Section 441b(a) violation. Therefore, a finding of probable cause will not be recommended with respect to the Committee's use of the bank's rooms.

On the other hand, the Rhodes campaign admits to using United Bank's phones for surveys and get-out-the vote activities,

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and there is no evidence that the campaign paid for that use. The above-cited regulation does not exempt the use of corporate telephones. Indeed, the regulations explicitly provide that corporations are to be reimbursed for the use of their telephones within a commercially reasonable time. See 11 C.F.R. § 114.9(d). Accordingly, this Office recommends that the Commission find probable cause to believe the Rhodes Committee, and its treasurer, violated Section 441b(a) by using the bank's telephones without paying for them.

With respect to Mr. Rhodes, the Reply Brief offers no new evidence to dispute that the former Congressman deposited the $3,000 into his personal bank account.[8] In the Reply Brief, Respondent again claims that the $3,000 payment was O'Neill's payment for legal fees. Although it is asserted that there was no fee agreement for Mr. O'Neill's case, former Congressman Rhodes initially testified that it was "an implicit contingency fee arrangement, basically" and later in the deposition he claimed that they "didn't have an understanding" about the fee arrangement. There was never any explanation for this inconsistency or for the alleged change in terms. Rhodes Deposition, dated July 22, 1989, at pages 115 and 121. In any event, nothing presented in the Reply Brief adequately explains why the $3,000 was deposited into the former Congressman's personal account, and why he did not notify his secretary or his partner of the receipt of the $3,000, or otherwise acknowledge the

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8. As noted, the $3,000 was derived from the $30,000 corporate contribution which Wolfswinkel/WGI gave to the Rhodes campaign.

receipt of the alleged fee until after the incidents at issue came to light through the FBI investigation. The sum of the evidence, therefore, supports the Commission's finding that there is probable cause to believe a Section 432(b)(3) violation occurred.

C. Proposed Conciliation Agreements

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IV. **RESPONDENTS O'NEILL, WOLFSWINKEL, ET AL.**

The Commission found reason to believe that John J. O'Neill knowingly and willfully violated Sections 441f, 441a(a)(1)(A) and 441a(f), and that he violated 432(b)(3) and 441b(a). It also found reason to believe that Conley D. Wolfswinkel knowingly and willfully violated Sections 441f and 441a(a)(1)(A), that he violated 2 U.S.C. § 441a(a)(3), and that he and WGI violated Section 441b. See First General Counsel's Report, dated April 15, 1988; General Counsel's Report, dated March 6, 1992.

During the Commission's deposition, Mr. O'Neill invoked the fifth amendment and refused to testify. He later plead guilty to the criminal charge of causing false statements to be filed with this agency regarding the Rhodes contributions (18 U.S.C. § 1001), albeit as part of a plea bargain with the Justice Department which included testifying against Wolfswinkel. See Attachment 5 at page 7. He also plead guilty to the federal crime of misapplication of bank funds, and was sentenced to five years probation and ordered to pay $5,000. See 18 U.S.C. § 656. This Office has been informed that Mr. O'Neill's felony convictions will in effect bar his return to any banking career.[10]

Mr. Wolfswinkel stood trial and was convicted on a total of nine counts including bank fraud, conspiracy, and misapplication of bank funds. See Attachment 5 at page 2. He was acquitted on the Section 1001 count, however. Wolfswinkel was sentenced to

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10. Mr. O'Neill resigned from his position as Vice President of United Bank of Arizona back in 1987 when the F.B.I. investigation began, apparently at the request of the bank.

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five years probation, and ordered to pay a $75,000 fine. In addition, Wolfswinkel and WGI filed for Chapter 11 bankruptcy back in 1991, and those matters still appear to be pending.[11]

In light of the criminal prosecution and convictions of Messrs. O'Neill and Wolfswinkel, their financial status and the number of years since the transactions occurred, and in keeping with priorities and resources, this Office recommends that the Commission exercise its prosecutorial discretion and take no further action against them or WGI, and close the file as it pertains to them.

With respect to Citibank (Arizona) (United Bank), the initial Section 441b(a) finding was based upon its granting a $35,000 line of credit not made in the ordinary course, discussed in Section III, and the investigation revealed that the Rhodes campaign used the bank's phones during the campaign without reimbursement. Given the number of years since the transactions occurred and the change in the bank's management and ownership, this Office recommends that the Commission take no further action against Citibank (Arizona), and close the file as it pertains to it. This Office will include admonishments in letters to all respondents against whom we are now closing the file.

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11. A news article reports that Wolfswinkel's total debt ranges from $1.25 billion to $2 billion, which includes $200 million owed to the Resolution Trust Company and $250 million owed to the IRS. Wolfswinkel, Charles H. Keating, Jr. and two others, were found guilty of fraud in a civil jury trial, and were ordered to pay, inter alia, $288.7 million in compensatory damages to bondholders of Lincoln Saving and Loan. Attachment 5 at page 10.

V. RECOMMENDATIONS

1. Ratify the Commission's opening of Matter Under Review 2602.

2. Ratify the Commission's reason to believe findings that:

   a. Rhodes to Congress and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 441a(f), 441f, 441b(a), 434(b)(2)(A), 434(b)(2)(G), 434(b)(3)(A), 434(b)(3)(E), 434(b)(4)(A), 434(b)(4)(D) and 434(b)(5)(A);

   b. John J. Rhodes, III, violated 2 U.S.C. §§ 432(b)(3) and 441a(f);

   c. John J. O'Neill knowingly and willfully violated 2 U.S.C. § 441f, 441a(a)(1)(A), 441a(f), and that he violated 432(b)(3) and 441b(a);

   d. Conley D. Wolfswinkel knowingly and willfully violated 2 U.S.C. § 441f and 441a(a)(1)(A), that he violated 2 U.S.C. § 441a(a)(3) and that he and Wolfswinkel Group, Incorporated, violated 2 U.S.C. § 441b(a);

   e. United Bank of Arizona violated 2 U.S.C. § 441b(a).

3. Find probable cause to believe that Rhodes to Congress and Kent H. Mulkey, as treasurer, knowingly and willfully violated 2 U.S.C. §§ 441a(f), 441f, 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A) and 434(b)(5)(A).

4. Find probable cause that Rhodes to Congress and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 441a(f), 441b(a), 441f, 434(b)(2)(A), 434(b)(2)(G), 434(b)(3)(A), 434(b)(3)(E) and 434(b)(4)(D).

5. Find probable cause to believe that John J. Rhodes, III, violated 2 U.S.C. § 432(b)(3).

6. Take no further action against John J. Rhodes, III, with respect to the violation of 2 U.S.C. § 441a(f)

7. Take no further action against Conley D. Wolfswinkel with respect to the violation of 2 U.S.C. § 441a(a)(3).

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8. Enter into probable cause conciliation negotiations with John J. Rhodes, III, Rhodes to Congress and Kent H. Mulkey, as treasurer.

9. Take no further action and close the file as it pertains John J. O'Neill, Conley D. Wolfswinkel, Wolfswinkel Group, Inc. and Citibank (Arizona) f.k.a. United Bank of Arizona.

10. Approve the attached conciliation agreements (2) and appropriate letters.

2-2-94
Date

LMNoble 1742
Lawrence M. Noble
General Counsel

Attachments:
1. Reply Brief
2. Conciliation agreement - Rhodes to Congress
3. Conciliation agreement - John J. Rhodes, III
4. Certifications dated April 28, 1988 and March 25, 1992.
5. DOJ materials and news story

Staff Member: Xavier K. McDonnell

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FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: February 2, 1994

SUBJECT: MUR 2602 - General Counsel's Report

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

Open Session

Closed Session

CIRCULATIONS		DISTRIBUTION	
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Non-Sensitive	[ ]	Litigation	[ ]
24 Hour Tally Vote	[ ]	Closed Letters	[ ]
Sensitive	[ ]	MUR	[ ]
Non-Sensitive	[ ]	DSP	[ ]
24 Hour No Objection	[ ]		
Sensitive	[ ]	Status Sheets	[ ]
Non-Sensitive	[ ]	Advisory Opinions	[ ]
Information	[ ]		
Sensitive	[ ]		
Non-Sensitive	[ ]		
Other	[ ]	Other (See Distribution below)	

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/BONNIE J. ROSS
COMMISSION SECRETARY

DATE: FEBRUARY 8, 1994

SUBJECT: MUR 2602 - GENERAL COUNSEL'S REPORT
DATED FEBRUARY 2, 1994.

The above-captioned document was circulated to the Commission on Thursday, February 3, 1994 at 11:00 a.m..

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens	_____
Commissioner Elliott	_____
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Potter	_____
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for Tuesday, February 15, 1994.

Please notify us who will represent your Division before the Commission on this matter.

2043602511

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2602
Rhodes to Congress Committee and Kent H. Mulkey, as treasurer;	)	
John J. Rhodes, III;	)	
John J. O'Neill;	)	
Conley D. Wolfswinkel;	)	
Wolfswinkel Group, Incorporated;	)	
Citibank (Arizona) f.k.a. United Bank of Arizona	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on February 15, 1994, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in MUR 2602:

1. Ratify the Commission's opening of Matter Under Review 2602.

2. Ratify the Commission's reason to believe findings that:

   a. Rhodes to Congress and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 441a(f), 441f, 441b(a), 434(b)(2)(A), 434(b)(2)(G), 434(b)(3)(A), 434(b)(3)(E), 434(b)(4)(A), 434(b)(4)(D), and 434(b)(5)(A);

(continued)

2404360251 2

b. John J. Rhodes, III, violated 2 U.S.C. §§ 432(b)(3) and 441a(f);

c. John J. O'Neill knowingly and willfully violated 2 U.S.C. §§ 441f, 441a(a)(1)(A), 441a(f), and that he violated §§ 432(b)(3) and 441b(a);

d. Conley D. Wolfswinkel knowingly and willfully violated 2 U.S.C. §§ 441f and 441a(a)(1)(A), that he violated 2 U.S.C. § 441a(a)(3), and that he and Wolfswinkel Group, Incorporated violated 2 U.S.C. § 441b(a);

e. United Bank of Arizona violated 2 U.S.C. § 441b(a).

3. Find probable cause to believe that Rhodes to Congress and Kent H. Mulkey, as treasurer, knowingly and willfully violated 2 U.S.C. §§ 441a(f), 441f, 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), and 434(b)(5)(A).

4. Find probable cause to believe that Rhodes to Congress and Kent H. Mulkey, as treasurer, violated 2 U.S.C. §§ 441a(f), 441b(a), 441f, 434(b)(2)(A), 434(b)(2)(G), 434(b)(3)(A), 434(b)(3)(E), and 434(b)(4)(D).

(continued)

7404360251 3

5. Find probable cause to believe that John J. Rhodes, III, violated 2 U.S.C. § 432(b)(3).

6. Take no further action against John J. Rhodes, III, with respect to the violation of 2 U.S.C. § 441a(f).

7. Take no further action against Conley D. Wolfswinkel with respect to the violation of 2 U.S.C. 441a(a)(3).

8. Enter into probable cause conciliation negotiations with John J. Rhodes, III, Rhodes to Congress and Kent H. Mulkey, as treasurer.

9. Take no further action and close the file as it pertains to John J. O'Neill, Conley D. Wolfswinkel, Wolfswinkel Group, Inc. and Citibank (Arizona) f.k.a. United Bank of Arizona.

(continued)

2404360251 4

10. Approve the two conciliation agreements and the appropriate letters as recommended in the General Counsel's report dated February 2, 1994.

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision. Commissioner Potter was not present during the consideration of this matter and did not vote.

Attest:

2-17-94
Date

Marjorie W. Emmons
Secretary of the Commission

2402436025115

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

FEBRUARY 28, 1994

Mr. Conley D. Wolfswinkel
1717 South Cooper Road
Chandler, Arizona 85249

RE: MUR 2602
Conley D. Wolfswinkel
Wolfswinkel Group, Inc.

Dear Mr. Wolfswinkel:

On May 10, 1988, you were notified that the Federal Election Commission found reason to believe that you knowingly and willfully violated 2 U.S.C. §§ 441f and 441a(a)(1)(A), and violated 2 U.S.C. § 441b(a) and 441a(a)(3). By same date, the Commission found reason to believe that Wolfswinkel Group, Inc. violated 2 U.S.C. § 441b(a). Responses to the Commission's findings and discovery requests were submitted.

On October 22, 1993, the D.C. Circuit declared the Commission unconstitutional on separation of powers grounds due to the presence of the Clerk of the House of Representatives and the Secretary of the Senate or their designees as members of the Commission. FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed (U.S. Jan. 18, 1994) (No. 93-1151)). Since the decision was handed down, the Commission has taken several actions to comply with the court's decision. While the Commission petitions the Supreme Court for a writ of certiorari, the Commission, consistent with that opinion, has remedied any possible constitutional defect identified by the Court of Appeals by reconstituting itself as a six member body without the Clerk of the House and the Secretary of the Senate or their designees. In addition, the Commission has adopted specific procedures for revoting or ratifying decisions pertaining to open enforcement matters.

In this matter, on February 15, 1994, the Commission ratified its opening of MUR 2602 and its findings of reason to believe against you and Wolfswinkel Group, Inc. The Commission, however, took no further action with respect to your violation of 2 U.S.C. § 441a(a)(3). The Commission also determined to take no further action against you and Wolfswinkel Group, Inc. with respect to the remaining violations, and closed the file as it pertains to you and the corporation. The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved.

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You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

The Commission reminds you that making contributions in the names of others and making excessive and corporate contributions are violations of 2 U.S.C. § 441f, 441a(a)(1)(A) and 441b(a). You and the corporation should take steps to ensure that this activity does not occur in the future.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell
Attorney

2404360025117

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

FEBRUARY 28, 1994

Joe S. Reynolds, Esquire
Meyer, Hendricks, Victor,
Osborn & Maledon
13 North MacDonald, #500
Mesa, Arizona 85201

RE: MUR 2602
John J. O'Neill

Dear Mr. Reynolds:

On May 10, 1988, John J. O'Neill was notified that the Federal Election Commission found reason to believe that he knowingly and willfully violated 2 U.S.C. §§ 441f, 441a(a)(1)(A) and 441a(f), and violated 2 U.S.C. § 432(b)(3) and 441b(a). Responses to the Commission's findings and discovery requests were submitted. As you may be aware, on October 22, 1993, the D.C. Circuit declared the Commission unconstitutional on separation of powers grounds due to the presence of the Clerk of the House of Representatives and the Secretary of the Senate or their designees as members of the Commission. FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed (U.S. Jan. 18, 1994) (No. 93-1151). Since the decision was handed down, the Commission has taken several actions to comply with the court's decision. While the Commission petitions the Supreme Court for a writ of certiorari, the Commission, consistent with that opinion, has remedied any possible constitutional defect identified by the Court of Appeals by reconstituting itself as a six member body without the Clerk of the House and the Secretary of the Senate or their designees. In addition, the Commission has adopted specific procedures for revoting or ratifying decisions pertaining to open enforcement matters.

In this matter, on February 15, 1994, the Commission ratified its opening of MUR 2602 and its findings of reason to believe against your client. However, by same date the Commission also determined to take no further action against your client and closed the file as it pertains to him. The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved.

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You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

The Commission reminds your client that making contributions in the names of others, making and receiving excessive and corporate contributions, and commingling campaign funds with personal funds, are violations of 2 U.S.C. §§ 441a(a)(1)(A), 441a(f), 441b(a), 441f and 432(b)(3). Your client should take steps to ensure that this activity does not occur in the future.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell

Xavier K. McDonnell
Attorney

2443602519

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

FEBRUARY 28, 1994

Jerome B. Shultz, Esquire
Fennemore Craig
2 North Central Avenue
Suite 2200
Phoenix, Arizona 85004

RE: MUR 2602
Citibank (Arizona)
f.k.a United Bank of Arizona

Dear Mr. Shultz:

On May 10, 1988, Citibank (Arizona) f.k.a United Bank of Arizona was notified that the Federal Election Commission found reason to believe that it violated 2 U.S.C. § 441b(a). Responses to the findings and discovery requests were submitted. As you may know, on October 22, 1993, the D.C. Circuit declared the Commission unconstitutional on separation of powers grounds due to the presence of the Clerk of the House of Representatives and the Secretary of the Senate or their designees as members of the Commission. FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed (U.S. Jan. 18, 1994) (No. 93-1151). Since the decision was handed down, the Commission has taken several actions to comply with the court's decision. While the Commission petitions the Supreme Court for a writ of certiorari, the Commission, consistent with that opinion, has remedied any possible constitutional defect identified by the Court of Appeals by reconstituting itself as a six member body without the Clerk of the House and the Secretary of the Senate or their designees. In addition, the Commission has adopted specific procedures for revoting or ratifying decisions pertaining to open enforcement matters.

In this matter, on February 15, 1994, the Commission ratified its opening of MUR 2602 and its reason to believe finding against your client. However, by same date, the Commission determined to take no further action against your client and closed the file as it pertains to it. The file will be made public within 30 days after this matter has been closed with respect to all other respondents involved.

You are advised that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply with respect to all respondents still involved in this matter. The Commission will notify you when the entire file has been closed.

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The Commission reminds your client that granting loans on a basis which is not in the ordinary course of business is a violation of 2 U.S.C. § 441b(a). Your client should take steps to ensure that this activity does not occur in the future.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell
Attorney

24043602521

FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

FEBRUARY 28, 1994

Daniel J. Swillinger, Esquire
4419 39th Street, N.W.
Washington, D.C. 20216

RE: MUR 2602
Rhodes to Congress Committee and
Kent Mulkey, as treasurer
John J. Rhodes, III

Dear Mr. Swillinger:

On April 28, 1988, the Federal Election Commission found reason to believe that Rhodes to Congress Committee and Kent Mulkey, as treasurer, violated 2 U.S.C. §§ 441a(f), 441f, 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), 434(b)(5)(A) and 434(b)(3)(E), and that John J. Rhodes, III, violated 2 U.S.C. § 441a(f). Then on March 25, 1992, the Commission found reason to believe that Rhodes to Congress Committee and Kent Mulkey, as treasurer violated 2 U.S.C. §§ 434(b)(2)(G) and 434(b)(4)(D), and that John J. Rhodes, III, violated 2 U.S.C. § 432(b)(3). The Commission's Factual and Legal Analyses were provided to you or your clients at those times, and responses were submitted.

On October 22, 1993, the D.C. Circuit declared the Commission unconstitutional on separation of powers grounds due to the presence of the Clerk of the House of Representatives and the Secretary of the Senate or their designees as members of the Commission. FEC v. NRA Political Victory Fund, 6 F.3d 821 (D.C. Cir. 1993), petition for cert. filed (U.S. Jan. 18, 1994) (No. 93-1151)). Since the decision was handed down, the Commission has taken several actions to comply with the court's decision. While the Commission petitions the Supreme Court for a writ of certiorari, the Commission, consistent with that opinion, has remedied any possible constitutional defect identified by the Court of Appeals by reconstituting itself as a six member body without the Clerk of the House and the Secretary of the Senate or their designees. In addition, the Commission has adopted specific procedures for revoting or ratifying decisions pertaining to open enforcement matters.

In this matter, on February 15, 1994, the Commission ratified its opening of MUR 2602, and ratified its prior findings of reason to believe with respect to your clients. The Commission, however, took no further action against Mr. Rhodes with respect to the violation of 2 U.S.C. § 441a(f). Moreover, by same date the Commission found that there is probable cause to believe that

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the Rhodes to Congress Committee and Kent Mulkey, as treasurer, knowingly and willfully violated 2 U.S.C. §§ 441a(f), 441f, 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A) and 434(b)(5)(A), and violated 2 U.S.C. §§ 441a(f), 441b(a), 441f, 434(b)(2)(A), 434(b)(2)(G), 434(b)(3)(A), 434(b)(3)(E) and 434(b)(4)(D). The Commission also found probable cause to believe that John J. Rhodes, III, violated 2 U.S.C. § 432(b)(3).

The Commission has a duty to attempt to correct such violations for a period of 30 to 90 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement with a respondent. If we are unable to reach an agreement during that period, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty.

Enclosed are conciliation agreements that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreements, please sign and return them, along with the civil penalties, to the Commission within ten days. I will then recommend that the Commission accept the agreements. Please make your checks for the civil penalties payable to the Federal Election Commission.

If you have any questions or suggestions for changes in the enclosed conciliation agreements, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreements, please contact Xavier K. McDonnell, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreements

24043602523

RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT
Nov 3 1 19 PM '94

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Rhodes to Congress Committee and Kent H. Mulkey, as treasurer	)	MUR 2602
	)	
	)	
John J. Rhodes III	)	

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter involves numerous violations by the Rhodes to Congress Committee and its treasurer, ("Rhodes Committee"), including knowing and willful violations of Sections 441f and 441b(a) by accepting a $30,000 corporate contribution in the names of others, knowingly accepting a $50,000 excessive contribution in the form of a bank loan, knowingly accepting a $35,000 corporate contribution in the form of a line of credit, and many reporting violations. It also involves a violation of Section 432(b)(3) by John J. Rhodes III for commingling a $3,000 contribution with personal funds. The Commission found probable cause to believe the violations occurred and entered into conciliation negotiations on February 15, 1994.

II. DISCUSSION OF PROBABLE CAUSE NEGOTIATIONS

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III. RECOMMENDATIONS

1. Reject the counteroffer of Rhodes to Congress, Kent H. Mulkey, as treasurer, and John J. Rhodes, III.

2. Authorize the Office of General Counsel to file civil suit for relief in United States District Court against Rhodes to Congress, Kent H. Mulkey, as treasurer, and John J. Rhodes, III.

3. Approve the appropriate letter.

11/3/94
Date

Lawrence M. Noble
General Counsel

Attachment

Response, dated October 25, 1994

Staff Assigned: Xavier K. McDonnell

24043602527

FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: *November 3, 1994*

SUBJECT: *MUR 2602-General Counsel's Report*

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

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
72 Hour Tally Vote	[xx]	Compliance	[x]
Sensitive	[xx]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour Tally Vote	[ ]	Litigation	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed Letters	[ ]
		MUR	[ ]
		DSP	[ ]
24 Hour No Objection	[ ]		
Sensitive	[ ]		
Non-Sensitive	[ ]	Status Sheets	[ ]
Information	[ ]	Advisory Opinions	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]		
Other	[ ]	Other (See Distribution below)	

_____ _____

_____ _____

_____ _____

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2602
Rhodes to Congress Committee and Kent H. Mulkey, as treasurer; John J. Rhodes, III	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on November 15, 1994, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions in MUR 2602:

1. Reject the counteroffer of Rhodes to Congress, Kent H. Mulkey, as treasurer, and John J. Rhodes, III.

2. Authorize the Office of General Counsel to file civil suit for relief in United States District Court against Rhodes to Congress, Kent H. Mulkey, as treasurer, and John J. Rhodes, III.

3. Approve the appropriate letter as recommended in the General Counsel's report dated November 3, 1994.

Commissioners Aikens, Elliott, McDonald, and Thomas voted affirmatively for the decision; Commissioners McGarry and Potter were not present.

Attest:

11-15-94
Date

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

2404360252529

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 18, 1994

HAND-DELIVERED

Daniel J. Swillinger, Esquire
4419 39th Street, N.W.
Washington, D.C. 20016

RE: MUR 2602
Rhodes to Congress

Dear Mr. Swillinger:

As you were informed by telephone on November 15, 1994, the Commission rejected your clients' latest proposed agreement. Moreover, by same date the Commission authorized the filing of civil suit in this matter. During subsequent telephone conversations, you indicated that your clients would be willing to accept the agreement last approved by the Commission, but with some specific revisions. Enclosed for your clients' signature is a conciliation agreement with the revisions we discussed.

Given the Commission's previous extensive attempts to resolve this matter and its recent decision to authorize the filing of civil suit, the enclosed agreement must be signed and delivered to this Office no later than Tuesday, November 22, 1994. In addition, please have Mr. Rhodes sign and return the attached statement stipulating that he assumes the position of Treasurer for Rhodes to Congress. We will notify you of the Commission's decision in this matter.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosures
1. Treasurer Statement
2. Conciliation Agreement

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RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

Nov 25 9 55 AM '94

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

November 25, 1994

SENSITIVE

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

Richard B. Bader
Associate General Counsel

Stephen E. Hershkowitz
Assistant General Counsel

SUBJECT: Settlement Proposal in MUR 2602 -- Rhodes to Congress Committee and John J. Rhodes III, as treasurer.

On November 15, 1994, the Commission authorized this Office to file civil suit against the Rhodes to Congress Committee and Kent H. Mulkey, as treasurer, ("Rhodes campaign"), and John J. Rhodes, III for violations that occurred in 1986.[1] After being informed of the Commission's authorization to file civil suit, the Respondents signed and submitted the attached conciliation agreement. See Attachment. This Office recommends that the Commission accept the attached agreement, and close the file in this matter.

1. This matter involves numerous violations, including knowing and willful violations of Sections 441f and 441b(a) by accepting a $30,000 corporate contribution in the names of others, knowingly accepting a $50,000 excessive contribution in the form of a bank loan, knowingly accepting a $35,000 corporate contribution in the form of a line of credit, and many reporting violations.

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Recommendations

1. Accept the attached agreement with the Rhodes to Congress Committee and John J. Rhodes III, as treasurer.

2. Approve the appropriate letters.

3. Close the file.

Attachment:

Conciliation Agreement.

24043602532

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel CD

DATE: November 25, 1994

SUBJECT: MUR 2602 - Memo to Commission

The attached is submitted as an Agenda document

for the Commission Meeting of _____

Open Session _____

Closed Session _____

CIRCULATIONS		DISTRIBUTION	
72 Hour Tally Vote	[xx]	Compliance	[ ]
Sensitive	[xx]		
Non-Sensitive	[ ]	Audit Matters	[ ]
24 Hour Tally Vote	[ ]	Litigation	[xx]
Sensitive	[ ]		
Non-Sensitive	[ ]	Closed Letters	[ ]
		MUR	[ ]
		DSP	[ ]
24 Hour No Objection	[ ]		
Sensitive	[ ]		
Non-Sensitive	[ ]	Status Sheets	[ ]
Information	[ ]	Advisory Opinions	[ ]
Sensitive	[ ]		
Non-Sensitive	[ ]		
Other	[ ]	Other (See Distribution below)	

_____ _____

_____ _____

_____ _____

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2602
Rhodes to Congress Committee and John J. Rhodes III, as treasurer-- Settlement Proposal.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on November 30, 1994, the Commission decided by a vote of 5-0 to take the following actions in MUR 2602:

1. Accept the agreement with the Rhodes to Congress Committee and John J. Rhodes III, as treasurer, as recommended in the General Counsel's Memorandum dated November 25, 1994.

2. Approve the appropriate letters, as recommended in the General Counsel's Memorandum dated November 25, 1994.

3. Close the file.

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter did not cast a vote.

Attest:

11-30-94
Date

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

Received in the Secretariat: Fri., Nov. 25, 1994 9:59 a.m.
Circulated to the Commission: Fri., Nov. 25, 1994 12:00 p.m.
Deadline for vote: Wed., Nov. 30, 1994 4:00 p.m.

bjr

2404360253 4

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 2, 1994

Joe S. Reynolds, Esq.
13 North MacDonald, #500
Mesa, AZ 85201

RE: MUR 2602
Ann Lorenzo O'Neill
John J. O'Neill

Dear Mr. Reynolds:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell

Xavier K. McDonnell
Attorney

2404360253 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 2, 1994

Jack Daniel Klausner, Esq.
Burch and Cracchiolo
702 East Osborn Road, Ste. 200
Phoenix, AZ 85014

RE: MUR 2602
Courtland Silver

Dear Mr. Klausner:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell

Xavier K. McDonnell
Attorney

2404360025536

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 2, 1994

Conley D. Wolfswinkel
1717 South Cooper Road
Chandler, AZ 85249

RE: MUR 2602
Conley D. Wolfswinkel
Wolfswinkel Group, Inc.

Dear Mr. Wolfswinkel:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell

Xavier K. McDonnell
Attorney

2404360025537

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 2, 1994

Jerome B. Shultz, Esq.
Fennemore Craig
2 North Central Avenue, Suite 2200
Phoenix, AZ 85004

RE: MUR 2602
Citibank (Arizona)
f/k/a United Bank of Arizona

Dear Mr. Shultz:

This is to advise you that this matter is now closed. The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell
Attorney

7404360025538

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 2, 1994

William Stapleton, Esquire
Department of Justice
Criminal Division, Fraud Section
P.O. Box 28188
Central Station
Washington, D.C. 20038
Room 3216

RE: MUR 2602
Rhodes to Congress
John J. Rhodes, as treasurer
Conley D. Wolfswinkel
Wolfswinkel Group Inc.
John J. O'Neill
Citibank (Arizona)
Cortland Silver
Ann Lorenzo O'Neill

Dear Mr. Stapleton:

This is in reference to the matter involving the above-captioned respondents which your office referred to the Federal Election Commission. After conducting an investigation into this matter, the Commission found that there was probable cause to believe that Rhodes to Congress and its treasurer knowingly and willfully violated 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), 434(b)(5)(A) and violated 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(G), 434(b)(3)(E), and 434(b)(4)(D), provisions of the Federal Election Campaign Act of 1971, as amended ("Act").

The Commission entered into a conciliation agreement with Rhodes to Congress and John J. Rhodes III, as treasurer. The Commission also entered into conciliation agreements with Cortland Silver and Ann Lorenzo O'Neill. Copies of those agreements are enclosed for your information. With respect to Conley D. Wolfswinkel, Wolfswinkel Group, Inc., John J. O'Neill and Citibank (Arizona), the Commission found reason to believe that they violated various provisions of the Act, but took no further action against them.

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We appreciate your cooperation in helping the Commission meet its enforcement responsibilities under the Act. If you have any questions, please contact Xavier K. McDonnell, the attorney assigned to this matter, a (202) 219-3400.

Sincerely,

Lawrence Noble (SLL)

Lawrence M. Noble
General Counsel

Enclosure
Conciliation Agreements

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 2, 1994

Daniel J. Swillinger, Esq.
4419 39th Street, N.W.
Washington, D.C. 20026

RE: MUR 2602
Rhodes to Congress Committee and
John J. Rhodes, III, as treasurer

Dear Mr. Swillinger:

On November 30, 1994, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of knowing and willful violations of 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), and 434(b)(5)(A), and violations of 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(G), 434(b)(3)(E), and 434(b)(4)(D), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Accordingly, the file has been closed in this matter. Please be advised that the civil penalty in this agreement reflects unusual factors brought forth during the investigation.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receiving your additional materials, any permissible submissions will be added to the public record upon receipt.

Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 2 U.S.C. § 437g(a)(4)(B). The enclosed conciliation agreement, however, will become a part of the public record.

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Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the initial payment is due within 30 days of the conciliation agreement's effective date, and the final payment is due within 60 days of the effective date of the agreement. If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Xavier K. McDonnell
Attorney

Enclosure
Conciliation Agreement

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RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
NOV 21 1 05 PM '94

THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Rhodes to Congress Committee, and) MUR 2602
John J. Rhodes, III, as treasurer)

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found probable cause to believe that the Rhodes to Congress Committee and John J. Rhodes, III, as treasurer ("Rhodes Committee" or "Respondents") knowingly and willfully violated 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A), 434(b)(5)(A) and violated 2 U.S.C. §§ 441f, 441a(f), 441b(a), 434(b)(2)(G), 434(b)(3)(E), and 434(b)(4)(D).

NOW, THEREFORE, the Commission and the Respondents, having duly entered into conciliation pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding.

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

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

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

1. Rhodes to Congress is the principal campaign committee for John J. Rhodes, III, a former candidate for the U.S. House of Representatives from the First Congressional District of Arizona.

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See 2 U.S.C. § 431(5). The former candidate became the treasurer of the Rhodes Committee on Nov. 22, 1994 to facilitate this agreement.

2. John J. O'Neill was the chairman of the Finance Committee of the Rhodes Committee in 1985 and 1986.

3. Wolfswinkel Group, Incorporated is a corporation which was doing business in Arizona in 1986. Conley D. Wolfswinkel was President of Wolfswinkel Group, Incorporated.

4. Cortland Silver is an individual residing in Phoenix, Arizona.

5. The Federal Election Campaign Act of 1971, as amended ("the Act"), limits individual contributions to federal candidates to one thousand dollars per election, 2 U.S.C. § 441a(a)(1)(A) and prohibits political committees from knowingly accepting contributions in excess of that amount. 2 U.S.C. § 441a(f).

6. Pursuant to 2 U.S.C. § 431(8)(A)(i), the term "contribution" refers to any gift, subscription, loan, advance, deposit of money, or anything of value made by any person for the purpose of influencing any federal election.

7. The term "contribution" also includes the payment of compensation for the personal services of another person which are rendered to a political committee without change for any purpose. 2 U.S.C. § 431(8)(A)(ii).

8. Pursuant to 2 U.S.C. § 441f, no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, nor shall any person knowingly accept a contribution made by one person in the name of another.

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9. Section 441b(a) of Title 2 prohibits corporations from making contributions in connection with a federal election, prohibits any officer of a corporation from consenting to any such contribution or expenditure, and prohibits any candidate, political committee or other person from knowingly accepting such contributions.

10. Commission regulations specify that a husband and wife shall have separate contribution limits, even if only one spouse has income. 11 C.F.R. § 110.1(i)(1). The regulations further provide that any contribution from more than one person shall include the signature of each contributor on the check or in a separate writing. 11 C.F.R. § 110.1(k).

11. Corporate facilities are a thing "of value" and are included in the definition of "contribution." 2 U.S.C. § 431(8)(a); 11 C.F.R. § 100.7(a)(1)(iii)(A).

12. Persons who use corporate facilities, including telephones, for activities in connection with a federal election are required to reimburse the corporation within a commercially reasonable time in the amount of the normal and usual rental charge. 11 C.F.R. § 114.9(d).

13. Pursuant to 2 U.S.C. § 434(b)(2)(A), political committees must report all contributions from persons other than political committees.

14. Pursuant to 2 U.S.C. § 434(b)(3)(A), political committees must report the identity of all persons whose contributions exceed $200 in a calendar year.

15. Pursuant to 2 U.S.C. § 434(b)(4)(A), political committees must report the total amount of expenditures during the reporting

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period and calendar year made to meet candidate or committee operating expenses.

16. Pursuant to 2 U.S.C. § 434(b)(5)(A), political committees must report the name and address of each person to whom an expenditure in an aggregate amount or value in excess of $200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of such operating expenditure.

17. Pursuant to 2 U.S.C. § 434(b)(3)(E), political committees must identify persons who made loans to the committee, along with guarantors of such loans.

18. Pursuant to 2 U.S.C. § 434(b)(4)(D), political committees must report all disbursements made to repay loans.

19. Pursuant to 2 U.S.C. § 434(b)(2)(G), political committees must report all loans guaranteed by the candidate.

A. <u>$30,000 Wolfswinkel Contribution</u>

20. Wolfswinkel had a $30,000 check delivered to the Rhodes Committee through finance chair John O'Neill, in August of 1986. The check was drawn on a corporate account of Wolfswinkel Group, Inc.

21. John O'Neill, as agent of the Rhodes Committee, converted the $30,000 into several different forms of contributions, including but not limited to cashier checks in the names of individuals and as an offset to the campaign's line of credit with United Bank, attributing the amount to other individuals.

22. O'Neill deposited $18,000 of the Wolfswinkel funds directly into the Rhodes Committee's line of credit at United Bank, attributing the funds to twelve individual contributors.

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23. O'Neill prepared seven United Bank cashier checks for $1,000 each, attributing them to seven individual contributors, and gave them to the Rhodes' Committee's bookkeeper, directing him not to send acknowledgment cards.

24. O'Neill deposited $5,000 of the Wolfswinkel funds into his personal bank account. O'Neill gave $1,000 of that amount to Ann Lorenzo to make a contribution, and contributed $1,000 of that amount himself.

25. The Rhodes Committee knowingly and willfully violated 2 U.S.C. § 441f by accepting the Wolfswinkel contribution in the names of others.

26. The Rhodes Committee knowingly and willfully violated 2 U.S.C. § 441b(a) by accepting a corporate contribution from Wolfswinkel Group, Inc.

B. <u>$5,000 Wolfswinkel Contribution</u>

27. The Rhodes Committee accepted a $4,900 contribution from Conley D. Wolfswinkel for the primary election on June 30, 1986. The funds were in the form of three cashier checks bearing the names of Conley, Bernadette and Dustin Wolfswinkel.

28. The Rhodes Committee attributed the contributions to Conley, Bernadette, Daryl, Dustin and Damian Wolfswinkel; Wolfswinkel, his wife and three children.

29. Wolfswinkel was aware of the limitations of 2 U.S.C. § 441a(a)(1)(A) at the time of the contribution and did not consult with his wife or children at anytime about the contributions.

30. The Rhodes Committee did not receive a separate writing attributing these contributions, pursuant to 11 C.F.R. § 110.1(k).

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31. The Rhodes Committee violated 2 U.S.C. § 441f by accepting $4,000 of the $4,900 Wolfswinkel contribution in the names of his family members.

32. The Rhodes Committee violated 2 U.S.C. § 441a(f) by accepting an excessive contribution from Conley Wolfswinkel.

C. Use of Bank Facilities

33. During the summer and fall of 1986, the Rhodes Committee used the telephones at the Mesa Branch of the United Bank of Arizona to conduct voter surveys and get out the vote activities.

34. The Rhodes Committee did not compensate United Bank for the use of the telephones.

35. The Rhodes Committee violated 2 U.S.C. § 441b(a) by using telephones of the United Bank of Arizona without paying compensation for them.

D. Loan Guarantee

36. The Rhodes Committee obtained a $50,000 loan from Sun National Bank on September 3, 1986, with John O'Neill signing as guarantor.

37. The Rhodes Committee violated 2 U.S.C. § 441a(f) by accepting an excessive contribution from John O'Neill in the form of a loan guarantee.

38. The Rhodes Committee violated 2 U.S.C. § 434(b)(3)(E) by failing to report that John O'Neill guaranteed the $50,000 Sun Bank loan.

E. Cortland Silver Contributions

39. Cortland Silver arranged for his daughter to work for the Rhodes Committee during July, August and September of 1986.

40. Silver's daughter was paid a weekly salary for her work on

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the Rhodes Committee. The salary was paid by Cortland Silver, through John O'Neill.

41. The Rhodes Committee knowingly and willfully violated 2 U.S.C. § 441a(f) by accepting excessive contributions from Cortland Silver in the form of compensation for the personal services rendered to a political committee without charge.

42. The Rhodes Committee knowingly and willfully violated 2 U.S.C. §§ 434(b)(2)(A), 434(b)(3)(A), 434(b)(4)(A) and 434(b)(5)(A) by failing to report the in-kind contribution of his daughter's services by Cortland Silver.

43. On March 4, 1986, Cortland Silver made a $5,000 contribution to the Rhodes Committee which John O'Neill, as agent of the Rhodes Committee, converted into contributions in the names of others.

44. The Rhodes Committee knowingly and willfully violated 2 U.S.C. § 441f by accepting a contribution in the names of others from Cortland Silver on March 4, 1986.

45. The Rhodes Committee knowingly and willfully violated 2 U.S.C. § 441a(f) by accepting an excessive contribution from Cortland Silver on March 4, 1986.

46. On May 30, 1986, Cortland Silver contributed $4,000 to the Rhodes Committee through John O'Neill.

47. The Rhodes Committee knowingly and willfully violated 2 U.S.C. § 441a(f) by accepting an excessive contribution from Cortland Silver on May 30, 1986.

F. <u>United Bank Loan</u>

48. The Rhodes Committee had a $35,000 revolving line of credit at the Mesa Branch of the United Bank of Arizona in 1986.

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49. United Bank made this loan without having current and accurate financial information about the guarantor of the loan, John J. Rhodes, III.

50. The Rhodes Committee violated 2 U.S.C. § 441b(a) by accepting a loan which was not made in the ordinary course of business.

51. The Rhodes Committee made a series of payments and withdrawals in 1986, totaling more than $42,000, against this line of credit without reporting the individual transactions.

52. The Rhodes Committee violated 2 U.S.C. §§ 434(b)(4)(D) and 434(b)(2)(G) by failing to report the repayments and withdrawals against the line of credit.

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G. Contributions from Ann Lorenzo

53. In late 1985 and in August, 1986, John O'Neill gave $1,000 to his fiance, Ann Lorenzo, for her to contribute to the Rhodes Committee. O'Neill had already contributed the maximum amount to the Committee.

54. Ann Lorenzo made the first $1,000 contribution on March 27, 1986, and a second $1,000 contribution on or about August 13, 1986.

55. The Rhodes Committee violated 2 U.S.C. § 441f by accepting O'Neill's contributions in Ann Lorenzo's name.

56. The Rhodes Committee violated 2 U.S.C. § 441a(f) by accepting excessive contributions from John O'Neill in Lorenzo's name.

H. Additional Reporting Violations

57. The Rhodes Committee received a series of checks dated August 13, 1986, deposited them into checking on August 21, 1986, but reported them as being received on August 26, 1986.

58. The Rhodes Committee received a series of checks dated August 13, 1986, deposited them against their line of credit at United Bank on August 25, 1986, but reported them as being received on September 9, 1986.

59. The Rhodes Committee violated 2 U.S.C. § 434(b)(3)(A) by incorrectly reporting the dates on which the August 13, 1986 checks were received.

V. 1. The Rhodes Committee knowingly and willfully violated 2 U.S.C. § 441f by accepting Wolfswinkel's $30,000 August 1986 contribution in the names of other persons.

2. The Rhodes Committee knowingly and willfully violated 2 U.S.C. § 441b(a) by accepting a corporate contribution from Wolfswinkel Group, Inc. in August 1986.

3. The Rhodes Committee violated 2 U.S.C. § 441f by accepting Wolfswinkel's $5,000 contribution in June, 1986 in the names of other persons.

4. The Rhodes Committee violated 2 U.S.C. § 441a(f) by accepting an excessive contribution from Conley Wolfswinkel in June, 1986.

5. The Rhodes Committee violated 2 U.S.C. § 441b(a) by accepting the use of telephones at United Bank of Arizona without reimbursing that corporation.

6. The Rhodes Committee violated 2 U.S.C. § 441a(f) by accepting John O'Neill's guarantee of a $50,000 bank loan from Sun National Bank.

7. The Rhodes Committee violated 2 U.S.C. § 434(b)(3)(E) by failing to report John O'Neill as the guarantor of a $50,000 bank loan.

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8. The Rhodes Committee knowingly and willfully violated 2 U.S.C. § 441a(f) by accepting excessive contributions from Cortland Silver in the form of compensation for the personal services of his daughter rendered to the Committee without charge and by accepting excessive contributions from Cortland Silver in March 1986, and May, 1986.

9. The Rhodes Committee knowingly and willfully violated 2 U.S.C. § 434(b)(2)(A), 2 U.S.C. § 434(b)(3)(A), 2 U.S.C. § 434(b)(4)(A) and 2 U.S.C. § 434(b)(5)(A) by failing to report Cortland Silver's in-kind contribution of his daughter's services.

10. The Rhodes Committee knowingly and willfully violated 2 U.S.C. § 441f by accepting contributions in the names of others from Cortland Silver in March, 1986.

11. The Rhodes Committee violated 2 U.S.C. § 441b(a) by accepting a $35,000 line of credit from United Bank of Arizona that was not made in the ordinary course of business.

12. The Rhodes Committee violated 2 U.S.C. § 434(b)(4)(D) by failing to report payments made towards satisfaction of the $35,000 line of credit, and violated 2 U.S.C. § 434(b)(2)(G) by failing to report additional draws taken on the $35,000 line of credit.

13. The Rhodes Committee violated 2 U.S.C. § 441f by accepting O'Neill's contributions in the name of Ann Lorenzo.

14. The Rhodes Committee violated 2 U.S.C. § 441a(f) by accepting excessive contributions from John O'Neill in the name of Ann Lorenzo.

15. The Rhodes Committee violated 2 U.S.C. § 434(b)(3)(A) by reporting incorrect dates of contributions in August and September, 1986.

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VI. The Commission has determined that the appropriate civil penalty for Respondents' violations is One Hundred and Eight Thousand Dollars ($108,000). However, there are a number of unusual circumstances that exist in this matter, including the following:

(a) John J. O'Neill, the Committee's fundraising agent who was involved in many of the violations plead guilty to violating 18 U.S.C. § 1001 for filing false statements in connection with contributions at issue in this matter;

(b) Conley D. Wolfswinkel, identified above, was subject to criminal prosecution for violating 18 U.S.C. § 1001 and was acquitted, but found guilty for other violations; and

(c) The candidate, no longer in office, is currently treasurer and has assumed personal responsibility in this matter.

In recognition of the foregoing unique circumstances, the Commission has agreed to accept a civil penalty of Twenty Five Thousand dollars ($25,000), pursuant to 2 U.S.C. § 437g(a)(5)(A), such penalty to be paid as follows:

1. The initial payment, in the sum of Twelve Thousand Five Hundred Dollars ($12,500), due within 30 days of the effective date of the agreement;

2. The final payment, also in the sum of Twelve Thousand Five Hundred Dollars ($12,500), due within 60 days of the effective date of the agreement.

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

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relief in the United States District Court for the District of Columbia.

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

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence M. Noble (per)
Lawrence M. Noble
General Counsel

December 2, 1994
Date

FOR THE RESPONDENTS:

John J. Rhodes, III
Treasurer

Nov. 22, 1994
Date

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FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL
NOV 21 1 05 PM '94

MUR 2602

Reports Analysis Division
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

To Whom It May Concern:

effective November 22, 1994.

This is to notify you that I have assumed the position of Treasurer of Rhodes to Congress. The identification number for Rhodes to Congress is C00195909.

Sincerely,

John J. Rhodes, III
Treasurer, Rhodes to Congress

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UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

IN RE:) MUR 2602

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DEPOSITION OF ANNI B. UNSICKER

Phoenix, Arizona
February 6, 1989

(ORIGINAL)

Prepared For:

THE COURT

THACKER & ASSOCIATES, INC.
Court Reporters

REPORTED BY:
KATHLEEN J. DIXON

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EXHIBITS IDENTIFIED

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1	One page of Xerox copies of cashier's checks, dated August 13, 1986.	15
2	Six pages of Xerox copies of cashier's checks dated August 13, 1986	16
3	Two-page Review Summary - Anni Unsicker, dated 9/11/86	17
4	One-page loan agreement June 3, 1986	43

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The deposition of ANNI B. UNSICKER, witness herein, was taken upon oral examination by the parties through their respective attorneys before KATHLEEN J. DIXON, a Notary Public in and for the County of Maricopa, State of Arizona, at the Federal Building, 230 North First Avenue, Suite 4000, Phoenix, Arizona, on the 6th day of February, 1989, commencing at the hour of 3:00 p.m. of said day.

COUNSEL APPEARING:

Mr. Jonathan M. Levin
Ms. V. Colleen Miller
Office of General Counsel
FEDERAL ELECTION COMMISSION
999 E Street, N.W.
Washington, D.C. 20463

Mr. Jerome B. Shultz
FENNEMORE CRAIG, P.C.
2 North Central, Suite 2200
Phoenix, Arizona 85004-2390
Attorneys for the deponent

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ANNI B. UNSUCKER,

having been first duly sworn upon her oath by the Notary Public to testify to the whole truth and nothing but the truth, testified as follows:

EXAMINATION

BY MR. LEVIN:

Q. Ms. Unsicker, my name is Jonathan Levin. I am an attorney representing the Federal Election Commission along with Colleen Miller also an attorney for the Federal Election Commission.

This deposition is being taken pursuant to an FEC subpoena in connection with an investigation under section 437G of title two of the United States code.

Under that section also there is a confidentiality requirement, and you should not discuss this matter with anyone, obviously, other than your attorney.

In order to preserve the confidentiality requirements under two United States code section 437G A12A, objections by counsel are going to be only accepted as to form. As to foundation are reserved.

State your full name for the record.

A. Anni Unsicker.

Q. You have the right to be represented by

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your counsel here today?

A. Yes.

Q. And the name of your counsel?

MR. SHULTZ: Jerome Shultz, Fennemore Craig.

Q. BY MR. LEVIN: Ms. Unsicker, have you ever been deposed before?

A. No.

Q. I am going to ask you a series of questions. If at any time you do not hear a question, say so and I will repeat it.

If you do not understand a question, say so and I will either repeat the question or try to rephrase the question so that you do understand it.

If you fail to tell me that you do not understand a question and you answer it, I will assume that you understood the question. If you become confused or want to take a break, let me know.

In addition, your answers should be audible. A nod or a shake of the head or a sound that is not a word will not be picked up on the record by the reporter.

Do you understand these instructions?

A. Yes.

Q. Ms. Unsicker, would you state your present business address?

A. 3300 North Central.

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Q. And what is at 3300 North Central?

A. Citibank.

Q. Citibank. Did that used to be United Bank of Arizona?

A. Yes.

Q. And your home address?

A. 1970 North Hartford, Number 73, Chandler, Arizona.

Q. And your employer as you stated is Citibank?

A. Right.

Q. What is your occupation there?

A. I manage the commercial loan operations department.

Q. How long have you been employed there?

A. This is my tenth year.

Q. Okay. Did you speak to anybody about the testimony you are about to give?

A. Did I -- my attorney.

Q. Other than your attorney?

A. No.

Q. What are your duties in your present job?

A. I manage a department. We process loans, maintenance and book.

Q. How long have you been in that specific position?

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A. A year and a half.

Q. What position were you in prior to that?

SEE CORRECTIONS/KD

A. I was a lien note specialist in a Mesa commercial loan department with United Bank.

Q. And that is not the same location of work that you are in now?

A. Right.

Q. That was a branch bank of United Bank?

A. Right.

Q. And what did you do in that position?

A. I managed the work flow of the department.

Q. What years did you hold that job at the Mesa branch?

A. I did that for three years.

Q. What years were those?

A. Let's see. When did I come here? Probably from about '84 to '87.

Q. Okay. Could you be more specific as to what you did at that job that you held from '84 to '87?

A. Okay. In the commercial loan department we, again, booked loans, we processed payments, advances, and I managed the work flow of the department, making sure all the work was done by deadlines.

Q. So you had basically an office manager position?

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A. Basically.

Q. Did you have any responsibility for setting loan policy?

A. No.

Q. Did you have any responsibility for implementing loan policy? In other words -- let me make that a lot clearer -- to decide whether a loan should be granted to someone or to participate in that decision process?

A. No.

Q. Did you do any secretarial duties?

A. A few.

Q. And what were those?

A. An occasional letter, and an occasional -- or cashier's checks to disburse funds. Very few secretarial duties. That is probably the extent.

Q. I am trying to get a grip on this position. It was largely administrative, entirely administrative; is that correct?

A. Right.

Q. And you never interviewed people who were applying for loans?

A. No. We did the backup work from the time the customer signed the loan. We booked it on the computer and maintained it on the computer. That's basically all

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we did.

Q. Is it correct to say that you would follow directions of the loan officer?

A. Right.

Q. And what was your position previous to that one?

A. I was TCD specialist, time certificate specialist. I did the bookkeeping work for the time certificates that were purchased at the bank.

Q. At which bank was this?

A. United Bank.

Q. At the Mesa branch?

A. Right.

Q. And what one before that?

A. I was supervisor of new accounts at the Mesa branch.

Q. Were all your previous employments at the Mesa branch?

A. Yes.

Q. What is your educational background?

A. High school; a few college courses.

Q. In what areas?

A. In mainly banking, supervision classes, accounting classes, shorthand classes, seminars through the bank. Most of the classes were through the banker's

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association.

Q. In the job that you held between 1984 and 1987, who was your immediate supervisor?

A. I had -- I reported in at -- I forget the time -- John O'Neill and then later Steve Todd, regional vice-president.

Q. Was Steve Todd at the bank at the same time as John O'Neill?

A. Yes.

Q. Was there anyone you reported to?

A. Not in those years.

Q. How did you interact with Georgeann Beaudet?

A. She was a loan secretary. The loan secretaries would bring us work to the note department.

Q. Would bring --

A. Would bring the loan packages to the note department to be processed after the customer had signed.

Q. So let me get this straight, and correct me if I am wrong. You would have the loan officer who would arrange for the loan have the loan secretary do whatever secretarial work, such as typing. They would present that written copy, that typed copy, to you for the administrative processing entry into the computer. That sort of thing?

A. Exactly right.

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Q. Now, Mr. O'Neill was your immediate supervisor?

A. Right.

Q. And who was his immediate supervisor?

MR. SHULTZ: If you know.

THE WITNESS: I don't know.

Q. BY MR. LEVIN: Was he the branch manager?

A. Yes.

Q. So he was the boss of everybody at that branch?

A. Yes.

Q. And what was Mr. Todd at the time you had mentioned? Let me just say before you answer that, was he regional vice-president then? That is what is confusing me.

A. He replaced John O'Neill when John O'Neill left. While John O'Neill was there, he was credit administrator.

Q. Was he working under John O'Neill then?

A. Yes.

Q. I see. And what were John O'Neill's duties during that time? This is '84 through '87 as well that he was branch manager?

A. No. I don't know what year he left.

Q. I am sorry.

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MR. SHULTZ: If you know. First you have got two questions. What question do you want to start with? The date, if she knows?

Q. BY MR. LEVIN: Okay. What years did you work for John O'Neill?

A. I don't know what years. I don't remember the years. I can't remember years. I have to --

Q. When did John O'Neill leave?

MR. SHULTZ: Do the best you can.

THE WITNESS: 1986.

Q. BY MR. LEVIN: If I said a month, would that help you?

THE WITNESS: Can I ask you a question?

(A conference was had off the record between Mr. Shultz and the witness.)

THE WITNESS: I was on vacation when John left, and I can't remember if my vacation was August or September, and I believe the year was '86. I have to count back in years.

Q. BY MR. LEVIN: Do you recall why John O'Neill left?

A. He told us he wanted to seek out different aspects of the job.

Q. Were you told anything differently by anyone else?

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A. No, no. Not directly to me, no.

Q. Do you know now why John O'Neill left?

A. No.

Q. Do you have an idea?

MR. SHULTZ: Wait, wait.

MR. LEVIN: In other words, I want to get an idea of when you say no, do you mean precisely no or just some -- in other words, without speculating.

THE WITNESS: It's only speculation.

MR. SHULTZ: Don't speculate or guess. He is not asking for that.

Q. BY MR. LEVIN: Do you know where Mr. O'Neill went after he worked for United Bank?

A. Yes.

Q. And where was that?

A. Wolfswinkel Financial Group.

Q. What did he do there?

MR. SHULTZ: If you know.

THE WITNESS: I don't know.

Q. BY MR. LEVIN: Do you know Mr. Wolfswinkel?

A. Not personally.

Q. Do you know Conley Wolfswinkel?

A. Not personally.

Q. Do you know of Mr. Wolfswinkel?

A. To see him, yes.

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Q. Well, let me ask you this: What do you know of the relationship that Mr. Wolfswinkel had with Mr. O'Neill in 1986?

MR. SHULTZ: Object to the form of the question. It is overly broad.

MR. LEVIN: Okay.

MR. SHULTZ: Are you talking about socially, professionally?

Q. BY MR. LEVIN: Let's take each aspect. That would be good.

Socially, what do you know of their relationship?

A. I don't know.

Q. Were they friends?

A. Yes, friends.

Q. Did they have a business relationship?

A. Yes.

Q. And what was that business relationship?

A. Conley banked with United Bank.

Q. Did they -- go ahead.

A. John O'Neill was the officer on Conley's accounts.

Q. Did they have a business relationship beyond that?

A. I don't know.

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Q. What do you know of the relationship between John O'Neill and John Rhodes, J. Rhodes, who is now the congressman, as far as socially?

A. I don't know.

Q. Do you know if they had any kind of business relationship?

A. John Rhodes was also a customer of United Bank.

Q. How well did you know John O'Neill when you were working at United Bank together?

A. I worked with him for three years.

Q. Did you know him socially?

A. No.

Q. You never got together outside the office?

A. No.

Q. I am handing the reporter an exhibit to be marked as FEC Exhibit Number 1, and I am handing a copy to witness and counsel. Have you seen this document before?

A. I don't recognize it.

Q. Did you type cashier's checks at any point?

A. Yes.

Q. If you wouldn't type a cashier's check, who did the typing of cashier's checks at the time you -- let me rephrase that.

I just want to call attention to the date in

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the upper right-hand corner of the document. It says August 13, 1986. Who else at the United Bank chapter in Mesa typed cashier's checks?

MR. SHULTZ: To the extent you know.

THE WITNESS: All of the loan secretaries, each person in the note department on our floor -- on the first floor -- new accounts, tellers, bookkeeping.

Q. BY MR. LEVIN: How many people are we talking about?

A. At least 20. The entire branch working.

Q. I am handing the reporter an exhibit to be marked as FEC Exhibit Number 2, and I am handing a copy to witness and counsel, giving witness and counsel a chance to look through it.

MR. SHULTZ: Have you had a chance to look?

THE WITNESS: Uh-huh.

Q. BY MR. LEVIN: Ms. Unsicker, have you seen any part of this document before other than the part that is normally printed by the bank, in other words printed by whoever prints the bank's cashier's checks?

A. I have seen -- I don't know if I have seen these particular cashier's checks or not. I don't know if I have seen these very ones.

Q. Do you recall Mr. O'Neill asking you to type out cashier's checks from a list of the names on these

checks?

A. I don't remember the names. I don't remember names.

Q. Do you recall on or around the time on these checks, which is August 13th, the receipt by the bank of a $30,000 check from Conley Wolfswinkel?

A. I don't remember. I don't remember that.

Q. Now, you have said you do not recall FEC Exhibit Number 1. Do you recall typing a cashier's check that was made out to John O'Neill?

A. No.

Q. Do you recall ever having done that outside of August 1986 at any time?

A. I don't remember typing a check to John O'Neill.

Q. Did Mr. O'Neill ever ask you to type out a cashier's check made out to him?

A. I don't ever remember him asking that.

(Recess.)

MR. LEVIN: I am going to ask the reporter to mark this as FEC Exhibit Number 3, and I am handing a copy to witness and counsel, and I will give witness and counsel time to read through the document.

(A conference was had off the record between Mr. Shultz and the witness.)

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MR. SHULTZ: You have got the originals over there.

(A discussion was had off the record.)

Q. BY MR. LEVIN: Ms. Unsicker, have you had a chance to read through this?

A. Yes.

Q. Ms. Unsicker, do you recall being interviewed by investigators of United Bank of Arizona?

A. Yes.

Q. Do you recall if this is a fair statement of that interview?

A. I can't remember all that was said during that interview.

Q. Does this document refresh your recollection at all as to FEC Exhibits 1 and 2?

A. I still don't remember these now.

Q. After reading this document, do you remember a check from Conley Wolfswinkel coming for $30,000?

A. I don't remember that now. I don't remember that check.

Q. Do you remember Mr. O'Neill having a check, a cashier's check, made out to him for $5,000?

A. I don't remember that now.

Q. Do you remember Mr. O'Neill having other cashier's checks made out to people on the same date as that $5,000 check?

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A. I don't remember dates.

Q. On or about that time, is my question.

A. I typed checks for John O'Neill.

Q. Looking at the names on FEC Exhibit 2, do you recognize those names?

MR. SHULTZ: Which names are you talking about?

MR. LEVIN: The names in the upper left-hand corner of the checks.

MR. SHULTZ: For example: C. Miller.

Q. BY MR. LEVIN: For example: C. Miller.

A. I don't know these people. I don't know these people.

Q. Do you remember John O'Neill having an $18,000 check made out to United Bank on or about this date of August 13, 1986?

A. I don't remember specific checks. I don't remember.

Q. Do you remember Mr. O'Neill having cashier's checks during 1986 made up that were to go to the Rhodes for Congress committee?

A. Yes.

Q. Do you remember when he had those checks made up?

(A conference was had off the record between Mr. Shultz and the witness.)

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MR. SHULTZ: Ask for clarification.

THE WITNESS: Would you repeat that question?

Q. BY MR. LEVIN: Do you remember when he had such checks made up?

A. Do you mean when he asked checks to be typed?

Q. Right.

A. In the summer, late summer.

Q. Let me go through a few examples.

A. Okay.

Q. Do you remember Mr. O'Neill having cashier's checks typed up in March of 1986?

A. I don't remember.

Q. If I gave you names, that might help you. Do you remember five checks made up in 1986 with the names of Michael Simons?

A. That is not familiar.

Q. Kimberly Simons?

A. That is not familiar.

Q. Larry Davis?

A. That is not familiar.

Q. Susan Davis?

A. That is not familiar.

Q. Cortland Silver?

A. That is not familiar.

Q. Do you know who those people are?

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A. I don't know those people.

Q. Do you remember checks in late June of 1986, on or about June 30th, 1986, in the names of members of Conley Wolfswinkel's family?

A. I don't remember any.

Q. Let me give you those names. Conley Wolfswinkel himself?

A. I don't remember.

Q. Bernadette Wolfswinkel?

A. I didn't see any that I remember.

Q. Is that you don't remember or --

A. I don't remember.

Q. Dustin Wolfswinkel?

A. I don't remember.

Q. Ashton Wolfswinkel?

A. No.

Q. Damian Wolfswinkel?

A. No.

MR. SHULTZ: Just for clarification, all of those questions were with reference to cashier's checks that were made payable to the Rhodes campaign committee or some entity with a similar name?

MR. LEVIN: Yes.

THE WITNESS: No, I don't remember any of those names.

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Q. BY MR. LEVIN: There are more names. In July 1986 for R. James Smets?

A. No, I don't remember any.

Q. Annette Smets?

A. No.

Q. Two checks with the same names for the Barr for Govenor Committee?

A. No.

Q. Do you remember checks in July with the names -- these are all names that would be in the upper left-hand corner; is that understood?

A. Yes.

Q. Cortland Silver in July of '86?

A. No.

Q. Lorraine Silver in July of '86?

A. No.

Q. Do you remember checks where the Rhodes for Congress committee was in the upper left-hand corner made out to Debbie Lorshbough?

A. No.

Q. What checks are you talking about that you remember being made out to the Rhodes for Congress committee at John O'Neill's direction?

A. I don't remember what names were on those checks. I remember I typed checks. I don't remember the

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amounts. Long time ago.

Q. How often did you type such checks?

A. One time.

Q. Is it you only remember doing it just once?

A. Right.

Q. Would Georgeann Beaudet type -- now, that is speculative -- did Georgeann Beaudet type such checks?

A. I don't know.

Q. Did she work closely with John O'Neill?

A. Yes.

Q. Were they in constant contact at work?

MR. SHULTZ: Let me object to the form of the question. What do you mean by constant contact?

MR. LEVIN: Let's define constant as at least four or five times a day talking to each other.

THE WITNESS: Yes.

Q. BY MR. LEVIN: That seems pretty constant.

Do you remember Mr. O'Neill talking to Mr. Wolfswinkel about having cashier's checks made out to the Rhodes for Congress committee?

A. No.

Q. Do you remember him talking to Mr. Silver, Cortland Silver? You don't know who Cortland Silver is?

A. Right.

Q. You would not recognize him?

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A. I don't know who he is.

Q. Do you remember Mr. O'Neill talking about J. Rhodes, the now congressman, about cashier's checks made out to Rhodes for Congress committee?

A. No.

Q. Do you remember Mr. O'Neill talking to anybody from the Rhodes campaign about having cashier's checks issued to the Rhodes for Congress committee?

A. No.

Q. Did anyone else know that John O'Neill had checks, cashier's checks, issued to the Rhodes for Congress committee?

MR. SHULTZ: Let me object to the form of the question. It is also speculative.

You can answer it.

THE WITNESS: I don't know.

Q. BY MR. LEVIN: Well, you have said that you typed up cashier's checks that were -- or on one occasion you typed out a check or checks that were made out to the Rhodes for Congress committee at Mr. O'Neill's direction.

A. Yes.

Q. Do you know if others at the bank knew about that?

A. I don't know.

Q. Did you know if Mr. O'Neill did that on other

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occasions?

MR. SHULTZ: What do you mean "did that."

Q. BY MR. LEVIN: Had cashier's checks made out to the Rhodes for Congress committee?

A. I don't know.

Q. Now, you have established that you do not recall Mr. O'Neill talking to any of those people I mentioned -- that is Wolfswinkel, Silver or Rhodes -- about having cashier's checks made out to the Rhodes for Congress committee.

A. Right.

Q. Do you recall Mr. O'Neill talking to people from the Rhodes for Congress committee about any subject in the bank during 1986?

A. I don't remember any conversations, hearing any conversations.

Q. Did you see anybody from the Rhodes for Congress committee talk to Mr. O'Neill in the bank in 1986?

A. People from the Rhodes committee were in the bank.

Q. And what were they doing in the bank?

A. I don't know.

Q. Let's try a few possibilities and see if you remember. Were they depositing funds into an account?

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MR. SHULTZ: Just tell him.

THE WITNESS: I don't know what they were doing. I don't know what their business was in the bank when they were there.

Q. BY MR. LEVIN: Would you know enough to know if they were doing bank business?

A. Well, I can say they were in the teller line, but I don't know what their business was.

Q. If someone is in the teller line, what reason is someone in the teller line?

MR. SHULTZ: Wait, let me object to the form of the question; that is also speculative. One could form any different reasons, perhaps notifying someone there is an accident outside. You don't want her to speculate. She doesn't want to speculate, and you don't want to hear speculative testimony.

You are entitled to ask her anything about what those people were doing, but I think it is improper to ask what someone may have been doing in a teller line.

Q. BY MR. LEVIN: Did you know that John O'Neill was involved in the Rhodes for Congress campaign in 1986?

A. Yes.

Q. When did you find this out?

A. I don't know.

Q. Did you know about this before Mr. O'Neill

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left the United Bank?

A. Yes.

Q. Would it be safe to say that you knew about it a number of months before Mr. O'Neill left United Bank?

A. Yes.

Q. Did you know if Mr. O'Neill had a position of authority in the Rhodes for Congress campaign?

A. Position of authority? What exactly --

Q. Let's just put it this way. What did you know to be his function? You can speak generally.

A. I don't know a title. He did some bookkeeping. I knew he did some bookkeeping for them.

Q. Do you know if he did any fundraising for them?

A. I don't know.

Q. Do you know if he took in contributions for them?

A. Yes, he took contributions in.

Q. How do you know that?

A. Checks came to the bank. Checks came to the bank for him.

Q. How did those checks come to the bank?

A. Some in regular mail. Those were -- I only knew of some in regular mail.

Q. How many checks?

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A. I don't know.

Q. If I said 50, is that low or high?

A. Oh, I don't know.

MR. SHULTZ: Don't guess. If you know, tell him.

Q. BY MR. LEVIN: Were there any other indications to you that Mr. O'Neill was involved in the Rhodes campaign other than the receipt of checks by the bank or into the bank?

A. Other indications such as?

Q. Did Mr. O'Neill ever talk to you about it?

A. No.

Q. Did Mr. O'Neill ever mention that he was involved in the Rhodes campaign, to you?

A. I don't remember specific conversations.

Q. Did he ever mention it to you?

MR. SHULTZ: It has been asked and answered.

If you recall, tell him.

THE WITNESS: I don't remember specific conversations.

Q. BY MR. LEVIN: I am not asking for specific wording.

A. He mentioned it, but I couldn't quote you a conversation.

Q. Could you tell me the gist of such a conversation?

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A. I can't remember what he would say.

Q. Did anyone else at the bank mention to you Mr. O'Neill's involvement in the Rhodes campaign?

A. No.

Q. Did you overhear anyone at the bank during this time period, 1986, talking about Mr. O'Neill's participation in the Rhodes campaign?

A. I don't remember hearing any conversations of people talking.

Q. Well, was Mr. O'Neill involved in any other campaigns during that time period?

A. I don't know of any.

Q. Did you know if he was involved in any political campaigns prior to that point, prior to the summer of 1986?

A. I don't know of any. I don't know of any others.

Q. Any others including ones contemporaneous as well to the Rhodes campaign?

A. I don't know of any, no, only this one.

Q. Do you know if Mr. O'Neill had knowledge of things political?

By that I mean candidates who were running in Phoenix, who were running for congress, counsel.

MR. SHULTZ: Let me object to the form of the

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question. It presupposes she knows what Mr. O'Neill has within his mind.

If you can answer it, go ahead.

THE WITNESS: I don't know.

Q. BY MR. LEVIN: Did Mr. O'Neill ever speak to you about such matters?

A. No, I never remember him.

Q. When you worked at the Mesa branch, did people come in to use telephones that didn't work at the bank?

A. Yes.

Q. Did this happen during the entire time you were at the Mesa branch?

A. By people, you mean --

Q. Anybody. This is in general.

A. Yes.

Q. So this was something that was not out of the ordinary?

A. For someone to come in and use our phone, no, no, that wasn't out of the ordinary.

Q. How often would something like that occur?

MR. SHULTZ: What purpose are you talking about? Are you talking about someone off the street that came in to use it for a personal call? I am trying to understand what --

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MR. LEVIN: Well, anyone in general. I will narrow that, but anyone in general.

THE WITNESS: Every week people off the street.

Q. BY MR. LEVIN: Did friends of employees at the bank do that?

A. I don't know of any particular friends.

Q. Did associates of employees of the bank do that?

A. Just to come and use the phone?

Q. In other words -- friends is a specific word -- people who knew people at the bank?

A. Just to come in and use the phone?

Q. Well, did they?

A. Yes.

Q. And how often would this occur?

MR. SHULTZ: Let me object. I think this is all highly speculative.

MR. LEVIN: Well, I would like to be able to pursue this if I might.

MR. SHULTZ: John, I don't have any problem with your pursuing it if you are talking about specific use, so that we can know the people, the purpose. But as I understand the questioning thus far, it has been generally anyone ever coming into the bank to use the phone.

MR. LEVIN: It is thus far general.

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MR. SHULTZ: Times and numbers, unless you can qualify her as somebody who has watched all the telephones, it is kind of a ludicrous approach. I know that is not what you are looking for. Let's center in to what you are looking for.

Q. BY MR. LEVIN: To a specific point, then, do you remember people from the Rhodes for Congress committee coming in and using telephones during 1986, bank telephones?

A. Yes, yes.

Q. And how often would this occur?

A. Oh, I don't know how often. Not very often. It was not often that they did that.

Q. Let's quantify that. Would that be less than twice a week?

A. It was only a short period of time that they even did that at all. I don't even know if it went into more than a week.

Q. In other words, the use of telephones by the Rhodes committee only occurred during, as you have testified, during a week-long period?

MR. SHULTZ: Let me object to the form of the question. I think it misstates her testimony.

MR. LEVIN: I am asking her if she would wish to correct that.

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THE WITNESS: I don't remember if it was an entire week or if it went into two weeks, but it was a short period of time and it wasn't every night. I don't remember it being every night of a week or if it went into the two-week period.

Q. BY MR. LEVIN: By every night, did they come in after banking hours?

A. At 5:00.

Q. At 5:00. And how long would they be on the phones?

A. I don't know. I left.

Q. Well, when you left, were they still on the phones?

A. But they were just coming in.

Q. You left at 5:00 and they were just coming in and you saw them start to phone?

A. No.

Q. Whose phone were they using?

SEE CORRECTIONS/KD

A. I don't know which phones they used. They were on the second floor.

Q. What does that mean?

A. They weren't in the branch bank. The branch bank was on the first floor and the loan area was on the second floor.

Q. Is that where John O'Neill sat?

A. He was on the second floor.

Q. Who allowed them in to use the phones?

MR. SHULTZ: If you know.

SEE CORRECTIONS/KD

THE WITNESS: I don't know.

Q. BY MR. LEVIN: Did anybody tell you what they were using the phones for?

A. Well, we were told it was for polling.

Q. Conducting polls. And who told you this?

A. I don't remember.

Q. Was it someone at the bank who told you this?

A. I don't remember who at the bank. I don't remember who said that.

Q. But it was someone at the bank?

A. I don't know.

Q. How did you know these were people from the Rhodes committee or the Rhodes campaign?

A. The same people who I can't remember who was saying, said that they were from the Rhodes committee.

Q. In other words, those people from the bank who told you -- or you don't know even if they were from the bank, but they were people who told you?

A. I don't remember where that came from. I can't remember.

Q. Did you know the identity of any of those people from the Rhodes committee?

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A. I knew Mrs. Rhodes.

Q. Annie Rhodes?

A. Yes.

Q. Anyone else?

A. No, I don't remember anyone else.

Q. Now, I am not asking people whom you knew, but whom you knew of. In other words, you knew their names.

A. I don't even remember who came in now.

Q. How many people came in?

A. I don't remember how many.

Q. Did anybody say whether the Rhodes committee was paying the bank for this?

A. No, no one said.

Q. I am going to ask you again. Now, you said it is either a week or a two-week period. You don't know which it is closer to?

A. No, I don't remember. They were there a short time. I don't remember how long.

Q. Within the period we are talking about, was it every night within that period?

A. I don't remember it being every night.

Q. Do you know if they came in on weekends?

A. I don't know.

Q. Now, you said you don't know how many people

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came in, but to get a general idea would it have been more than three?

A. I left. I don't know.

Q. How many people did you see come in to that second floor area as you left who did not work for the bank?

A. I don't know. We had customers coming in at that time. I don't know how many came in for Rhodes.

Q. So customers might be coming in for loan purposes?

A. Yes.

Q. Now, when I asked you before, I believe, if you knew whether other people knew about the Rhodes activities -- the O'Neills' activities -- in connection with the Rhodes campaign --

A. I don't know what anyone knew.

Q. You don't know what anyone knew. Did you know if other people were aware that he was working for the campaign?

MR. SHULTZ: Object to the form of the question; speculative.

MR. LEVIN: Well, she would know if other people were aware.

THE WITNESS: I don't know what they were aware of; I don't know.

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Q. BY MR. LEVIN: Did people from the Rhodes campaign use any other bank facilities?

SEE CORRECTIONS/KD

A. Not that I know of.

Q. Let me do specifics. Did they use bank paper?

A. Not that I know of. I don't know of any.

Q. Bank Xerox -- I mean photocopying facilities?

A. I don't know of any that they used.

Q. You never saw that?

A. No.

Q. You never heard anybody talk about use of facilities?

A. No.

Q. You mentioned before that the bank or that Mr. O'Neill would receive contributions to the Rhodes committee at the bank. To your knowledge, did he ever receive contributions in person from anyone?

A. I don't remember seeing any.

Q. Do you remember anyone telling you about that?

A. No, no.

Q. Do you know of any activities that Mr. O'Neill conducted outside the bank in connection with the Rhodes campaign?

A. No, I don't remember ever hearing of any.

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(A conference was had off the record between Mr. Shultz and the witness.)

(Recess.)

Q. BY MR. LEVIN: Ms. Unsicker, I find a need to clarify a few things here. When we talk about conversations that you heard about, my concern is that you say you don't know specifics so I am going to ask you a few things.

In terms of John O'Neill's participation in the Rhodes campaign, did you ever hear anybody at the bank talk about it? And I really don't want to know what specifically was said. I just want to know if you heard anybody at the bank talk about it.

A. I don't remember anyone standing and talking about John and the campaign.

Q. Did you overhear any conversations to the effect just mentioning that John O'Neill was working in the Rhodes campaign?

A. The only thing I ever remember is maybe a secretary running by saying: I am going to go make a deposit for John; something like that. That's all.

Q. Which John did they mean?

A. John O'Neill.

Q. Make a deposit of what?

A. The Rhodes committee had their checking with

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the bank.

Q. And John O'Neill oversaw that checking account?

A. I don't know.

Q. What was John O'Neill's relation with that checking account?

A. I don't know.

Q. Did you hear of anyone talking about John O'Neill talking to Conley Wolfswinkel?

A. I never heard any conversations between John and Conley.

Q. Did you hear anyone talking about John O'Neill talking to Conley Wolfswinkel?

A. No, I never heard anyone talking about any conversations between the two.

Q. Did you know, independent of that, about John O'Neill dealing with Conley Wolfswinkel?

MR. SHULTZ: In what respect?

MR. LEVIN: Well, I just want to get that in general, first.

MR. SHULTZ: Are you talking about other than being a banking relationship?

MR. LEVIN: Because that has been established already. Other than the fact that they had a banking relationship.

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THE WITNESS: They were friends.

Q. BY MR. LEVIN: Did you hear anybody talking about it?

A. No, I don't ever remember hearing anyone talking about it.

Q. Did you hear anything about it?

A. About it? I'm lost.

Q. About a relationship between Conley Wolfswinkel and John O'Neill other than the idea that John O'Neill was Conley Wolfswinkel's banker.

A. No, I don't ever remember hearing anything.

Q. Going back, did you hear anything about John O'Neill's relationship with the Rhodes campaign back in '86? In other words, did you hear anything in 1986 about that?

A. I don't know.

MR. SHULTZ: Other than what has been previously testified to?

THE WITNESS: No, I don't.

MR. LEVIN: Right.

THE WITNESS: I don't know of anything else that I ever heard.

Q. BY MR. LEVIN: Did you hear anything about Exhibits 1 and 2, the first cashier's check and the other cashier's checks in Exhibit 2?

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A. No, I don't remember hearing anything about these.

Q. You said before that you went on a vacation.

A. Yes.

Q. And it was either in August or September?

A. Yes.

Q. Where did you go?

A. San Diego.

Q. For what purpose?

A. Vacation on the beach.

Q. How did you get there?

A. Drove.

Q. Did it take you a long time to drive there?

A. All night.

Q. So you drove it in one trip?

A. Yes.

Q. Did you go with anybody else?

A. Yes, yes.

Q. How many other people?

A. One.

Q. Were there a lot of people vacationing where you were?

MR. SHULTZ: Wait a minute. John, I want you to be able to pursue your examination. Tell us what this has to do with your inquiry, whether there were a lot of people

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in San Diego at the time she was there or --

Q. BY MR. LEVIN: Let me have that question answered.

Was this a vacation, period? Was this a normal vacation? In other words, were there a lot of people there? In other words, was it crowded where you were going?

A. San Diego is crowded.

Q. You were going just to the city, not to some resort area?

A. We weren't at a resort. We were --

Q. Just to the city. And you said that when you came back, Mr. O'Neill was gone?

A. Yes.

Q. Do you remember if Mr. O'Neill was on vacation before you left?

A. I don't remember. I don't remember. I don't remember if he was or not.

Q. Do you know if Mr. O'Neill would leave town on his vacations?

A. Sometimes.

Q. Was it common for him not to?

A. I don't know. I didn't track -- I don't know.

Q. I am handing the reporter a document to be

2404360025597

marked as FEC Exhibit 4, and I am handing a copy to witness and counsel. Have you seen FEC Exhibit 4 before?

A. This tells me this was at our branch, but I don't remember anything particular about this note.

Q. You don't remember typing this note?

A. Oh, no, I didn't type this note.

Q. You don't remember processing this note for administrative purposes?

A. No.

Q. Do you remember United Bank extending a $35,000 line of credit to Mr. Rhodes?

A. No, I don't remember anything particular about this.

Q. Do you remember anything in general? Do you remember the granting of a $35,000 line of credit to Mr. Rhodes for his campaign?

A. No, no.

MR. SHULTZ: Wait a minute. Let me object to the form of the question. You have got two questions there. Let me object as multiple.

MR. LEVIN: I don't understand the two questions.

MR. SHULTZ: Go ahead; it's fine. Let it stand.

MR. LEVIN: That was one question.

THE WITNESS: Well, I have --

MR. SHULTZ: Well, you have got an answer, so let

9240436025998

us move on.

Q. BY MR. LEVIN: Do you remember anyone talking about a $35,000 line of credit to Rhodes?

A. No, no.

Q. Do you remember the bank giving other loans or lines of credit to J. Rhodes?

A. No, I don't remember any. We had a lot of customers. I don't remember any in particular to John Rhodes.

Q. Other than in particular?

A. No. In general, I don't remember any loans to John Rhodes.

Q. Other than John O'Neill and Mrs. Rhodes, who else do you know of that was involved in the Rhodes campaign?

A. I don't know of any. I don't really know of anyone. I don't remember ever hearing names or seeing anyone that I knew that was involved.

Q. In the job that you had at United Bank in 1986, you state that you handled the administrative processing of loans.

A. Right.

Q. How many loans of a $35,000 size would that mean in a one-month period?

A. Oh, I don't even know. We had a thousand

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loans in the branch, a thousand notes, and I don't know -- I never read anything that tracked dollar amounts for a month or -- I don't know.

(Recess.)

Q. BY MR. LEVIN: Before I asked you about a question pertaining to John O'Neill's involvement in other campaigns. Do you know if he has been involved in campaigns other than the Rhodes campaign?

A. I don't know of any. I don't know if he has or not.

Q. Have you heard if he had or hadn't?

A. No.

Q. You had heard nothing either way on that?

A. I heard nothing either way.

Q. And you know nothing either way?

A. I know nothing either way.

MR. LEVIN: Do you have any questions.

MR. SHULTZ: Are you done?

MR. LEVIN: Yes, we are.

MR. SHULTZ: Let me just clarify a few things.

EXAMINATION

BY MR. SHULTZ:

Q. You gave some earlier testimony about the use of the telephone. Did you ever see anyone actually make a

2404360026000

call or overhear a call on behalf of the Rhodes committee?

A. No.

Q. You saw some people at the second floor but you are unable to identify who they are; is that correct?

A. Correct.

Q. You don't know whether they are customers, you don't know if they were people off the street, whether they were Rhodes people or bank employees; is that correct?

A. That's right.

Q. Do you have any knowledge whatsoever of whether there were any arrangements at all for the use of the telephone by the Rhodes committee?

A. I don't know.

MR. SHULTZ: That's all I have.

MR. LEVIN: I want to ask questions related to that.

FURTHER EXAMINATION

BY MR. LEVIN

Q. You said you saw Anne Rhodes go up to the second floor of the bank.

A. Yes.

Q. Was she a bank customer at that time?

A. Yes.

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Q. Do you know if she was going up for that reason?

A. I don't know what reason.

Q. Was she going up alone or was she with someone when she went there?

A. I don't remember. I don't remember.

Q. Do you remember her going to use the telephones?

A. I don't know what she did when she got to the bank.

Q. But someone told you that there was a use of phones for the polling purposes?

A. Yes, but I don't remember who said that.

Q. Did other people in the bank know that?

MR. SHULTZ: Let me object to the form of the question. It lacks foundation; speculative.

Q. BY MR. LEVIN: Did other people know that the committee was using the phones for polling?

MR. SHULTZ: Same objection.

THE WITNESS: I don't know.

MR. LEVIN: What is the lack of foundation, counselor?

MR. SHULTZ: Well, she has given your answer, in any event. The lack of foundation, you are asking her what she knows about what others may know.

MR. LEVIN: Exactly.

MR. SHULTZ: And I am saying there is no foundation to that.

Go ahead.

Q. BY MR. LEVIN: Well, had other people spoken to you about that?

MR. SHULTZ: I think she has answered the question.

Give your response.

THE WITNESS: I don't know who knew or what they knew about the calling. I don't know.

MR. LEVIN: Well, this deposition is concluded for now. It is going to be continued. In other words, we may recall you, but we have no further questions right now.

MR. SHULTZ: Just for our purposes, under what circumstances will you recall her? Are there additional inquiries that are unable to be asked today?

MR. LEVIN: Right now we don't know that.

MR. SHULTZ: From everything that you know, you have completed your questioning of the witness?

MR. LEVIN: From what we have right now, yes.

Before we go off the record we want to say that we will be sending you a witness check which will cover the witness fee and your mileage expenses and it will be sent to your home address. That's it.

MR. SHULTZ: Read and sign.

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Thacker & Associates, Inc.

Court Reporters

2700 N. Central Ave., Suite 1201 • Phoenix, Arizona 85004-1119

Please make all changes or corrections on this sheet, showing page, line and reason, if any, for Reporter's insertion into the original deposition. Sign this sheet; sign deposition at end on line provided; and return the original deposition or signature page to the above address for filing.

PAGE	LINE	CORRECTION	REASON
7	3	Lead not Lien	misunderstanding
33	19	I never saw any phones used by The Kiddes for Congress people	clarification
34	4	I don't know That They used The phones	clarification
37	3	I don't Know That They used any bank facilities	clarification

Anni Thacker

(Signature here and on depostition)

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MR. LEVIN: So you will be having the witness read and sign --

MR. SHULTZ: Sure.

MR. LEVIN: -- the transcript; and we would like to arrange it so that it would be done at the court reporter's office.

MR. SHULTZ: Well, we will either have the court reporter's office or, in the alternative, the court reporter will let us know when it is available, get us the transcript and make arrangements for the witness to read it.

It is a matter of logistics and whether it is in this building or my office or the court reporter's, we can work that out with the court reporter. That is customary practice in this community.

(Recess.)

MR. LEVIN: Whatever arrangement is customary will be fine for this deposition.

(Deposition Exhibit Numbers 1 through 4 were marked for identification by the court reporter.)

(4:20 p.m.)

ANNI B. UNSICKER

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition was taken by me; that I was then and there a Notary Public in and for the County of Maricopa, State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the whole truth and nothing but the truth; and the foregoing 49 pages constitute a full, true, and accurate transcript of the testimony of said witness to the best of my skill and ability.

I FURTHER CERTIFY that I am not related to nor employed by any of the parties hereto and have no interest in the outcome hereof.

DATED at Phoenix, Arizona, this 16th day of February, 1989.

Kathleen J. Dixon

KATHLEEN J. DIXON
Notary Public

My Commission Expires:
June 6, 1991

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100-4 R. 4/73

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 101716
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTRA 11502 0107

August 13, 19 86

PAY TO THE ORDER OF ********John J. O'Neill********** $5,000.00*

UNITED BANK 5,000dols00cts DOLLARS

PURCHASER'S SIGNATURE Bank, AB Pt

EXCH. FEE ☐ COLLECTED ☑ WAIVED

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UNITED BANK OF ARIZONA
MESA, ARIZONA

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August 13, 19 86

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DATE 2-6-89
KATHY DIXON

EXHIBIT #1

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C. Miller

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 101711
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTRA 11502 0107

August 13, 19 86

PAY TO THE ORDER OF ******Rhodes To Congress**********$1,000.00*

UNITED BANK 1,000dls00cts DOLLARS

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C. Miller

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

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PAY TO THE ORDER OF ******Rhodes To Congress**********$1,000.00*

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DATE 2-6-89
KATHY DIXON

- EXHIBIT #2 -

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Credited to the Account of
The within named payee in accord-
ance with payee's instructions.
Absence of Endorsement Guaranteed
UNITED BANK OF ARIZONA
MESA REGIONAL HOME OFFICE
MESA, ARIZONA 85201

AG 86 21

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K A Williams

MESA REGIONAL HOME OFFICE

UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 101713
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August 13, 1986

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K A Williams

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UNITED BANK OF ARIZONA
MESA, ARIZONA

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R. R. Pooley

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

Nº 101719

91-283/1221

August 13, 19 86

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UNITED BANK 2,000dls00cts DOLLARS

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OF ARIZONA
MESA, ARIZONA

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OF ARIZONA
MESA, ARIZONA

№ 101720

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August 13, 19 86

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FEC- EXBT # 3
DATE 2-6-89
KATHY DIXON

INTERVIEW SUMMARY- ANNI UNSICKER 9/11/86
BR. 7 / NOTE DEPT.

UNSICKER has been employed by UNITED BANK for 7 years. She has known JOHN O'NEILL for approximately 1 ½ years. During this time she has observed him taking CASHIER'S CHECKS from the OFFICE supply, using the ENCODING & protectograph machines AND requesting CHECKS be prepared. The checks to "RHODES for CONGRESS", "UNITED BANK" AND "JOHN O'NEILL" were typed by ANNI UNSICKER. SHE STATED that O'NEILL CAME IN while ON VACATION which was a NORMAL practice (IN fact it was UNUSUAL for HIM NOT to COME IN). HE GAVE her A LIST OF NAMES AND AMOUNTS ON a handwritten NOTE AND ASKED her to prepare CASHIER'S checks. AFTER she typed the checks she gave them back with the NOTE to O'NEILL. UNSICKER remembered thinking "it must be profitable being a CAMPAIGN MANAGER" when she prepared the $5,000. check payable to O'NEILL. She was aware O'NEILL was very INVOLVED IN the RHODES CAMPAIGN AND NOTED that RHODES' people were frequently MAKING CALLS from UB's OFFICE. It was not

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unusual disbursing funds for campaign business. Unsicker recalled O'NEILL was "on the go" that day and was in the office only about one hour. She was not aware of the source of funds for this deposit.

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OF ARIZONA

(VARIABLE RATE)

Maximum Amount (The "Commitment")

$ 35,000.00

Mesa, Arizona

June 3, 19 86

For value received, the undersigned ("Borrower"), promises to pay on or before December 1, 1986 the order of United Bank of Arizona ("Bank") at its Mesa Regional office in Mesa, Arizona, the aggregate principal amount outstanding on Borrower's revolving line of credit as shown on Bank's records which shall at all times be conclusive and govern, with interest payable quarterly on the unpaid balance outstanding from time to time computed at an annual rate equal to Two - - - - - - percent (--2.00-- %) per annum, more than the "prime rate" of interest charged by United Bank of Arizona. Said annual rate shall be adjusted on a daily basis calculated as of the date of this note. Interest is to be charged on a daily basis for the actual number of days the principal is outstanding, computed on the basis of a 360 day year, from the date of disbursement to the date of maturity or repayment, whichever comes first. If permitted by law the undersigned hereby agrees and contracts to pay all direct costs, fees, taxes and expenses ("Expenses") incurred in connection with this loan transaction and authorizes the direct payment of Expenses and agrees that Expenses and any compensating balance requirements shall be considered, in addition to the interest rate stated in the note, to be interest contracted for in writing. It is expressly agreed by Borrower that the maximum outstanding principal at any one time on this note shall not exceed the amount of Thirty-five Thousand and no/100---------- Dollars ($ 35,000.00), and the amount outstanding on this note at any specific time shall be the total amount advanced hereunder by Bank less the amount of principal payments made hereon from time to time by Borrower. All amounts payable hereunder shall be paid in lawful money of the United States. All past due payments of principal and interest shall bear interest at Four - - - - - - - - - percent (360 %) per annum, (360 day year) more than the prime rate in effect at the time of default (as such prime shall change from time to time) until paid.

Advances, hereunder, not to exceed an unpaid balance owing at any one time equal to the maximum amount specified above, may be made by Bank at the oral or written request of either John J. Rhodes III or _____ who are authorized to request advances and direct the disposition of any such advances, until written notice of the revocation of such authority is received by the Bank at said office. Any such advance shall be conclusively presumed to have been made for the benefit of the Borrower when made in accordance with such requests despite the fact that persons other than those authorized hereunder may have authority to draw against such account.

This commitment expires December 1, 1986 at which time the entire unpaid principal balance plus unpaid accrued interest shall be due and payable.

This debt may be prepaid without notice or penalty at any time.

CREDIT COMMENT

See Attached Loan Memo for Remarks

LIABILITY:

UNSEC.

COLL.

END.

R/E

ORIG. ADVANCE NEW $ 35,000.00 RLC RENEWAL $

LOAN OFFICER'S INITIALS

LOAN REVIEW:

FEC - Unsitker EXBT # 4
DATE 2-6-89
KATHY DIXON

TOTAL INSTAL. LOANS

CURRENT A/C BAL.

3 MO. AVERAGE A/C BAL.

12 MO. AVERAGE A/C BAL.

'John J. O'Neill

Address 1738 N. Gentry Circle

Mesa, Arizona 85203

John J. Rhodes

Customer No. 01100 32 079 Note No. 24456

Maturity Date 12/1/86 Class C1 (6B)

LG 5

11-55 R. 1/84

06C2602

UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:) MUR 2602

89 MAY -1 PM 2:40

Phoenix, Arizona
February 8, 1989

DEPOSITION OF CONLEY D. WOLFSWINKEL

THACKER & ASSOCIATES, INC.
Court Reporters
2700 North Central Avenue
Suite 1201
Phoenix, Arizona 85004
(602) 279-4711

Prepared For:
Federal Election Commission
(Original)

By: Laurie A. Adams
Court Reporter

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2404360622

The deposition of CONLEY D. WOLFSWINKEL, witness herein, was taken upon oral examination by the parties through their respective attorneys before LAURIE A. ADAMS, a Notary Public in and for the County of Maricopa, State of Arizona, at the Federal Building, 230 North First Avenue, Suite 4000, Phoenix, Arizona on the 8th day of February, 1989, commencing at 10:05 a.m. of said day.

COUNSEL APPEARING:

Ms. V. Colleen Miller
Mr. Jonathan M. Levin
OFFICE OF GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
999 E. Street N.W.
Washington, D.C. 20463
Attorneys for Federal Election Commission

Mr. J. Grant Woods
HERON, BURCHETTE, RUCKERT & ROTHWELL
2600 North Central Avenue
Suite 1600
Phoenix, Arizona 85004
Attorneys for Deponent

2043600623

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WITNESS:	PAGE
CONLEY D. WOLFSWINKEL	
Examination by Ms. Miller	4

EXHIBITS

NUMBER		MARKED
1	Letter from Jack Fisher dated October 27, 1986	16
2	Check to Rhodes for Congress dated June 30, 1986 for $5,000	50
3	Cashier's checks dated June 30, 1986 in the amounts of $1900, $2,000 and $1,000	60
4	Check to United Bank of Arizona dated August 12, 1986 for $30,000	66
5	Newspaper article titled, "Developer masked $27,000 given to Rhodes"	97

24043600624

CONLEY WOLFSWINKEL,

a witness herein, having been first duly sworn by the Notary Public to speak the truth and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MR. LEVIN:

Q. Good morning, Mr. Wolfswinkel. My name is Jonathan Levin. I am representing the Federal Election Commission along with Colleen Miller, who is also an attorney for the Federal Election Commission.

This deposition is being taken pursuant to a Federal Election Commission subpoena in connection with an investigation under Section 430, Section G, Title 2 of the United States Code. The confidentiality requirements of section 437G-A12A apply, so you should not be discussing this case with anyone but your attorney.

And as I stated before we went on the record, all objections except as to form and foundation are preserved until the time of trial, if there is one.

State your full name for the record.

A. Conley Dean Wolfswinkel.

Q. Mr. Wolfswinkel, you have the right to be

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represented by counsel. Is your counsel here today?

A. Yes.

Q. And the name of your counsel?

A. Grant Woods.

Q. Does he represent you personally?

A. Yes.

Q. Does he also represent Wolfswinkel Group Incorporated?

MR. WOODS: Yes, on this matter.

THE WITNESS: Yes, on this matter.

Q. BY MR. LEVIN: Mr. Wolfswinkel, have you ever been deposed before?

A. Yes.

Q. Well, let me just go over these, anyway. I am going to ask you a series of questions. If at any time you do not hear a question, say so, and I will repeat it.

If you do not understand a question, say so, and I will either repeat the question or try to rephrase the question so that you do understand it. If you fail to tell me that you do not understand a question and you answer it, I will assume that you understood the question. If you become confused or want to take a break, let me know.

In addition, your answers should be

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audible; a nod or shake of the head or sound is not a word and will not be able to be noted by the reporter. Also, remember that you are under oath. Do you understand these instructions?

A. Yes.

Q. State your home address.

A. 1188 North Kyrene, K-y-r-e-n-e, Road, Chandler, Arizona.

Q. And your business address?

A. We just moved, so I can't remember. I think 4625 South Wendler, W-e-n-d-l-e-r, Tempe, Arizona.

Q. What was the address before then?

A. 1201 South Alma School Road.

Q. And your occupation?

A. Self-employed; and I am a farmer and dairyman and in the real estate business.

Q. Do you own a company?

A. Yes.

Q. And what company is that?

A. The major company that I own is Wolfswinkel Group Incorporated.

Q. Do you own any other companies?

A. I have interest in other companies; Silver Creek Ranch I own 50 percent of, and those are

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the major interests that I have company-wise.

Q. Is there anything known as the Wolfswinkel Financial Group?

A. That would be part of an entity under Wolfswinkel Group, Inc.

Q. Are there any subsidiaries?

A. There are numerous subsidiaries.

Q. How many are we talking about?

A. I could get you a list, but I don't really know how many different entities there is, you know, partnerships. There might be 30.

Q. Are any of your companies publicly held?

A. No.

Q. Do you have any office with Wolfswinkel Group Incorporated, any position?

A. I am executive vice president and chairman of the board.

Q. How many people do you employ?

A. In the home office, we have approximately 20, and there might be 75 on the dairies and on the farming operations, additionally. And also other interests itself that we have might exceed 100 total.

Q. How many people are employed with Wolfswinkel Group, Inc. and its -- am I correct to say

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subsidiaries?

A. I would say 25 to 30.

Q. And what is your educational background?

A. Graduated from high school in '67.

Q. Any college?

A. Not really.

Q. And are you married?

A. Yes.

Q. And your wife's name?

A. Bernadette.

Q. Do you have any children?

A. I have four children.

Q. Their names?

A. Damian Robinson is my wife's son by a previous marriage, and I have Candace, a daughter by a previous marriage, and Ashton and Brandon by this current wife, who I have been married to 11 years.

Q. And what are their ages?

A. Ashton is 9 and Brandon is 10. Candace is 14, and Damian will be 15 next week.

Q. Is there a Dustin Wolfswinkel in your family?

A. He was killed a year ago.

Q. He was your son?

A. Yes.

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Q. Did you speak to anyone about your testimony today?

A. Not really.

Q. Just your attorney?

A. Just the attorney.

Q. What do you mean by not really; other than your attorney?

A. That is what I mean. We have discussed a little bit of it.

Q. Before proceeding further, there is an administrative matter to settle. You were sent a subpoena for documents; one on May 10th and one just a few weeks ago. And until today, we have received no documents in response. Today you have produced two documents; one, a check to the United Bank of Arizona dated August 12, 1986, for $30,000, and one check payable to Rhodes for Congress on June 30, 1986. Is that the extent of the production in response to the subpoena?

A. I guess I haven't been involved with handling it. I just instruct him to get whatever he is asked for.

Q. Are there any other documents to produce in response to this?

A. I don't believe so.

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Q. If there are any discovered, the subpoena still applies, and we will be expecting those documents.

A. I understand.

Q. Mr. Wolfswinkel, have you had experience in campaigns? Let me put it this way. That is a broad term.

Have you participated in political campaigns in the past?

A. No, I haven't. I don't really like politicians, so I try to stay as uninvolved as possible.

Q. Let me ask you specifically: Have you held or organized fund raisers?

MR. WOODS: Can I ask you, do you want to know ever or prior to this incident? He has done some subsequent.

Q. BY MR. LEVIN: For now, let's talk prior to September 1986, and then we will go from there. Have you held or organized fund raisers?

A. The only one that I was -- we do lots of fund-raising events.

Q. What do you mean by we?

A. My wife and I. And we have done numerous charitable events. We've done one fund raiser for a

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politician who is involved in 9 or 10 or 12 different fund-raising events that we have done.

Q. And what fund raiser was that?

A. That was for John McCain. I don't recall if it was -- what was that?

MR. WOODS: That was in 1986.

THE WITNESS: We were trying to figure out if it was before or after the date we are talking about.

Q. BY MR. LEVIN: Have you been on any fund-raising committees?

A. Campaign-wise?

Q. Yes.

A. I don't believe so, but I am not sure.

Q. Have you been on anything called a finance committee of any campaign?

A. I don't believe so, but, you know, lots of people are constantly calling, "Can we use your name for this?" I absolutely cannot say no, I have not been on any, but I do not recall that I have been on any.

Q. Have you solicited contributions for campaigns, I mean, just asking people to contribute?

A. Yes.

Q. What campaigns are those?

A. Mainly city campaigns, governor. I am

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sure, you know, Babbitt. I have helped solicit funds for Babbitt.

Q. We will get to that. I want to talk to you about this McCain fund-raiser. Do you remember if that occurred in April of 1986? Would that sound right to you?

A. Do you know it did? That would help me if you did.

Q. I have information that it did.

A. Fine, okay. That helps recollect my memory, then.

Q. And what did you do in connection with that fund raiser?

A. We provided our house for an event and helped organize that with 10 or 12 other people and held a function for McCain.

Q. Were you on a McCain finance committee?

A. I am sure I would have been on that one, yes.

Q. Did you solicit contributions from people for the McCain campaign?

A. I would have, yes.

Q. And how many contributions -- this is for the McCain Senate campaign?

A. Yes.

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Q. How many contributions did you solicit?

A. I don't recall.

Q. Do you have a vague idea?

A. No, not really. We all went out and sold tables or tried to sell tables for the event. So there were, like I said, 12 or 13 on the committee, maybe 20 on the committee, and I think we sold -- I was trying to think what we charged, I think $500 a head. We had a little over 200 people, I believe.

Q. When you solicited contributions from people, did you instruct them about limits on contributions or what you couldn't contribute, such as corporate funds?

A. You know, I can't honestly say yes, I did, or no, I didn't. I was somewhat aware of, you know, what the maximum limits were, but I can't --

Q. Before you went to solicit these contributions, did someone from the McCain campaign talk to you about what the rules were as far as contributions?

A. I know it was, you know, 1,000 per person or 2,000, whatever the amount was. I don't recall what it was, exactly, but I am sure someone would have told us, you know, what the limit was.

Q. Did anybody talk about loans as

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contributions? Did anyone suggest that?

A. Not that I recall.

Q. What did you know about contributions at the time, their limitations and what was not permitted?

A. Very little.

Q. What, specifically, was in that very little other than you said the $1,000 limit?

MR. WOODS: Why don't we go ahead and stop there, and do you want to go ahead and -- we are going to go on what he knew in April of '86 regarding the campaign laws. I think that would also be setting the stage for September of '86.

MR. LEVIN: We will take a break for counsel and witness to confer.

(Short recess.)

MR. LEVIN: Back on the record. If you want to, you can read back the last question.

(The last question was read back by the court reporter.)

THE WITNESS: I don't even know if it was a $1,000 limit, but that would have been the only conversation I would have had with someone is what the maximum limit, you know, one individual person could give.

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Q. BY MR. LEVIN: Do you know who told you that?

A. No, I don't.

Q. Who else was on the McCain finance committee with you?

A. I don't recall specifically, you know. I can get you a list of who that is.

Q. I'd like that list, yes.

A. I can get that for you.

Can I use your pen there?

Q. Sure. Mr. Wolfswinkel, I can give you a piece of paper.

A. No, that is okay.

Q. Was there ever any meeting of the finance committee where the limits or prohibitions were discussed?

A. I don't specifically recall one, but I am sure there were meetings on, you know, putting the event together.

Q. You attended those meetings?

A. I don't know. Usually, I have some of my gals that put the event together attend those, coordinate them. We do what we need to do.

Q. Do you recall attending any of those meetings?

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A. Not specifically.

Q. Did any of your employees who attended those meetings inform you of what went on there?

A. They would have been there just to coordinate the event. They wouldn't have been there for any other reason than that.

Q. Now, you said that this is the only fund raiser that you have held or organized for political campaigns?

A. Yes.

Q. Did you participate in the organization of any other fund raisers for political campaigns?

A. I cannot recall any specifically. I know that, you know, I have been involved in ones with Babbitt and our famous ex-governor, but I cannot -- I actively was not involved in any of them that I can recall.

Q. I am going to ask the reporter to mark this document as FEC Exhibit No. 1, and I am showing a copy to witness and counsel. It is a five-page document with the last two pages being a repeat. And I will give the witness and counsel time to look through it.

(Deposition Exhibit No. 1 was marked for identification.)

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THE WITNESS: Okay.

Q. BY MR. LEVIN: Mr. Wolfswinkel, have you seen this document before?

A. I believe I have.

Q. When did you see this document, do you recall?

A. Probably after my office would have prepared it.

Q. Now, I know this may seem tedious, but I would like to go through the names to help you recollect what you may have done in the past. And so let's start on what is marked at the bottom as Page 116, the second page of this document, the Schulz for Arizona Committee. Did you participate in any fund raisers for this committee?

A. I know that Schulz had a cocktail hour or something like that at our office building. I don't recall if I was the one that, you know, helped put that together or someone -- I think someone called and said -- in fact, I think that is what happened; "We're going to have an east valley get-together for Schulz. Could we use your office building to lobby?"

Q. These were your offices?

A. This was a building that I built, a

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16-story building, and it was held in the bottom floor, as I recall. It was a cocktail hour or something like that when Schulz was going to run for governor again.

Q. Is that the building where Wolfswinkel Group, Inc. is located?

A. Was located.

Q. Was located until the recent move. Did you solicit contributions for this fund raiser?

A. Probably.

Q. How much, do you remember?

A. I don't recall.

Q. Approximately?

A. Maybe $5,000.

Q. Did you serve on a finance committee for Mr. Schulz's campaign?

A. They might have used my name. As far as attending any meeting or be involved, no.

Q. Do you recall discussing contribution limits in connection with this campaign?

A. Not really.

(A conference was held off the record between the witness and his counsel.)

Q. BY MR. LEVIN: Did you participate in any other activity in connection with the Schulz for

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Arizona campaign?

A. I don't believe so. You know, it is mainly a friend that calls, someone calls and says, you know, "We would like to raise, you know, $5,000 for Schulz. The limit is $500", you know, "Will you go raise $5,000?" And that is about the only extent of my involvement.

Q. Let's go on to the Mayor Terry Goddard campaign.

Were you going to say something else?

A. No.

Q. Let's go on to the Mayor Terry Goddard campaign. Did you participate in any fund raisers for that? And when I say participate, I don't necessarily mean you have to be the organizer, but somehow attend.

A. I might have gone for a dinner, to a dinner for Terry. I recall going to one dinner. I don't know if it was before or after he was mayor. I believe that was for the democratic party. They asked me to buy a table. So that was after he was mayor. He was Master of Ceremonies, so I do recall going to one event with Terry. That is the only one I can specifically recall right now.

Q. Did you help set up that fund raiser?

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A. No.

Q. Did you do any fund raising for Mayor Goddard?

A. I don't believe so.

Q. You never solicited any contributions?

A. I might have, but I don't specifically recall, you know, raising any money for him.

Q. Do you recall discussing the contribution limits with anyone in connection with the Goddard campaign?

A. No. Usually, you know, like I said, when they call, they say the maximum you can give is $500 or $1,000 for the race, and that would have been the only conversation I would have had.

Q. Let's go down to the Good Government Committee. Do you recall whose committee that was?

A. That, I believe, was Bruce Babbitt. This was before he had announced running for president.

Q. Might have been Burton Barr?

A. Could have been.

Q. I noted that on what is marked as Page 117 after I asked the question.

Did you participate in any fund raising for the Good Government Committee or the Burton Barr campaign?

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A. I know we were active in raising funds for Burton Barr, yes.

Q. What did that entail?

A. Whatever the maximum limit would have been; might have been three people, five people. We were thinking Burton would be a good governor. We were very supportive of seeing him in there.

Q. How many people did you go to?

A. I don't recall; five, ten maybe.

Q. Did you inform people as to what kind of contribution they could make legally?

A. I am sure we would have.

Q. Where did you receive information as to what contribution they could make to the Barr campaign?

A. I assume someone told us.

Q. A lawyer for the campaign?

A. Probably just a person working for the campaign.

Q. Let me ask you: In this sort of situation, would someone call you up and say, "Look, Mr. Wolfswinkel, could you have some friends contribute to our campaign? And let me remind you that this is the kind that we can't take corporate funds, a loan as a contribution, that sort of

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thing"?

A. No one has ever told me you couldn't do a loan as a contribution. I had to find that out the hard way.

Q. Now, but regardless of that, is it generally that that would be the kinds of instructions where they would say, "Remember, this is what you can get. Don't get these contributions outside these limits"?

A. It would usually be very -- "Would you raise $5,000 for Schulz; $1,000 per person; husbands and wives can each give $1,000; and no corporate, you know, gifts." That would be the extent of the conversation.

Q. The American for National Interest, was that a Babbitt committee?

A. I believe it was a Babbitt committee.

Q. What did you do for them?

A. Just they called and asked if we would help raise X amount of dollars, and Bruce -- I like Bruce. He's a good person. And we helped him raise some money I know.

Q. What did that entail? How many people did you call?

A. Could have been eight, ten.

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Q. Were you given instructions from the Americans for National Interest as to what you could accept?

A. I believe so. I think, you know, some of these committees were, you know, prior to any rules and regulations. So before he made the official announcement -- or I don't know what it was -- but it was a gentleman with Babbitt who would call and say, you know, "Here's what we need done." And I was trying to think of his name. I will think of it later.

Q. I am not clear on that, then. Did he tell you about what you could accept or not accept for American?

A. Right. And I think there was some at this time that didn't have any limits at all. I may be wrong on that.

Q. Why would you think that? Did someone say that to you?

A. I believe so. They were, you know, pre-announcement or exploratory. I don't know how they set them up or what it was.

Q. Could it have been that the $1000 limit didn't apply because this wasn't really his presidential committee?

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A. That could have been.

Q. That a $5,000 limit would apply instead?

A. Could be. I don't know.

Q. Were there any events in connection with this Americans for National Interest?

A. I don't believe so.

Q. Were there any other activities that you participated in on behalf of American for National Interest?

A. I don't believe so.

Q. Now, the Babbitt for Arizona Committee, is that his gubernatorial campaign committee?

A. I don't honestly know.

Q. Did you do anything for that committee?

A. Not besides helping raise money or give money personally, no.

Q. Well, helping to raise money, what did you do for that committee?

A. I don't recall a distinction between Americans for National Interest or Babbitt for Arizona Committee and Babbitt for President. And they had one -- what is the guy's name that is a pain in the ass, excuse me. This guy calls and rattles your chains, obnoxious.

Don't put this on the record.

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Q. It has got to go on the record, unless you want it off. Right now it is on.

A. He has led Babbitt's fund raising for a long time, and he would call and say, "Conley, we need some help raising money in the east valley for this committee. Here's the details.".

MR. WOODS: Bob Wolfe?

THE WITNESS: Bob Wolfe. He would be the gentleman to contact that would call.

Q. BY MR. LEVIN: What did Bob Wolfe say to you?

A. He would say, "We are raising X number of dollars, and this is the committee," or, "Here's what you can do. You can, you know, give up X number of dollars and, you know, go ask whoever you can ask to help us on what we're trying to do."

Q. Were you always able to raise those funds when someone would say something like that?

A. Not necessarily.

Q. Well, in the case of the campaigns listed on Page 116, were you able to meet your commitments in terms of raising funds other than funds from yourself?

A. I don't know.

Q. What would you do if you didn't reach

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your commitment?

A. If you didn't reach it, you didn't reach it.

Q. Have we missed anything, Mr. Wolfswinkel? I don't want to belabor you with the same kind of question again, but in terms of participation, did you participate in any campaign strategy for any of these campaigns listed on Page 116?

A. None whatsoever.

Q. Did we miss any other fund-raising activities that you have participated in? Take a careful look.

MR. WOODS: Political?

Q. BY MR. LEVIN: Political fund-raising, correct, for the ones on Page 116, because those are all political.

A. I don't believe so.

Q. Let's go on to Page 117, and I guess everything there was covered on Page 116. Page 118, what did you do for the Willie Wong for City Council campaign?

A. We would have, if they called and asked if we could raise $500 or $1,000, you know -- Willie, I went to school with him. I have known him 20 years, and he's a good guy. I thought he would make

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a good councilman. Same with Mayor Harry Mitchell. He's been a good mayor.

Q. Did anyone from the Wong campaign give you any instructions on what the limits were?

A. I don't recall. I think we were aware of what the limits on the city council were.

Q. Were you aware of any other restrictions on the city council races?

A. Not really. That was the main thing that they would advise us of; you can give -- each person can give 200 or $500.

Q. Did you participate in any organized fund raisers for the Wong for City Council campaign?

A. No.

Q. You just called people up at the direction of the campaign?

A. Yes.

Q. How about Mitchell for Mayor? What did you do for them?

A. Same thing. I think we were going to do a function at the house for Mitchell, but I don't think we ever did that.

Q. What did you end up doing for him?

A. Just gave him a donation.

Q. You didn't solicit contributions for him?

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A. We would have possibly solicited contributions also, yes.

Q. Same deal where they would tell you the limits?

A. Yes.

Q. You would go out and do that.

Sam Lena, what did you do for them?

A. That would have just been a contribution. I don't even know who Sam Lena is. Someone must have called me and -- who is Sam Lena?

MR. WOODS: I don't know.

Q. BY MR. LEVIN: Do you recall organizing any fund raising for him?

A. No.

Q. The House Victory Fund, what is that?

A. I don't know.

Q. Do you recall doing any fund raising for that?

A. I wish I knew what it was. Then I could answer that better. But I don't recall specifically anything. It's not good to have friends that can call you and ask you. See, I am too easy. I say yes. I should say no, and life would be much simpler.

Q. The Deukmejian Committee, I assume it was the gubernatorial campaign in California?

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A. Yes.

Q. Did you help organize any fund raising for the Deukmejian Committee?

A. No.

Q. How did you come to give $10,000 to them?

A. We're very active in a group over there of people.

Q. In California?

A. In California. And we were building a house over there, and it is very heavily involved with a lot of the top businessmen in California. And someone called and asked us if we would donate to the Deukmejian Committee.

Q. But that is the extent of your contact with them?

A. Yes.

Q. No fund raising?

A. No.

Q. Did they talk to you about the limits?

A. I believe they informed us that the limit was $10,000, probably for -- I don't know if that was for myself or Bernadette.

Q. Do you know who spoke to you?

A. No, I don't.

Q. Let's go on to Brooks for Mayor. Did you

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participate in any fund raising for them?

A. I do not believe so.

Q. Did you participate in their campaign at all?

A. I don't believe so.

Q. Did you go to any fund raisers for them?

A. I don't think so.

Q. You just gave this $100?

A. Yes.

Q. Mr. L. Harold Wright, did you participate in any fund raisers for them?

A. That would be the same answer as the last one.

Q. Mr. Keno Hawker?

A. Same answer.

Q. Miss Pat Blake?

A. Same answer.

Q. Miss Phyllis Ropacki?

A. Same answer.

Q. Mr. Gordon W. Driggs.

A. Cordon. That would be the same answer.

Q. In other words, for the ones we have listed since Brooks for Mayor -- well, actually also Deukmejian, you have only given money; you did not participate in any fund-raising activity?

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A. That's correct.

Q. Did you speak to anyone about limits of contributions for these campaigns, or did anyone speak to you?

A. I don't recall. Willie Wong was running for the same thing as these other ones were. But I think we were just trying to, you know, show our interests. They were running.

Q. The Re-elect Paula Hawkins Committee, did you participate in any fund raising for her campaign? It is the senate campaign in Florida in '86?

A. A friend would have just called me and asked me to -- said this was a good person, send $500.

Q. Do you know who that was that called you?

A. I don't know specifically who it would have been.

Q. Did you talk about the limits with that person?

A. They possibly would have said, you know, send 500 if you would. Usually we don't question if someone says send 500, or in the past and during this period we are much more careful now to make sure we know exactly what the situation is.

Q. Lela Steffey?

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A. Her husband might have called for that donation. She's -- I have known him for many years. But I don't think -- I think we just sent them a donation and didn't do anything to raise money.

Q. John Kyl?

A. I don't know who would have called me, but just a friend called and said Kyl was a good guy, and they would like us to give $1,000. That is what we did.

Q. Did that person talk to you about limits or prohibition?

A. I don't recall.

Q. George Smith?

A. I don't know why I gave to George. I don't know if he would have called or someone else called. We have been involved in Mesa in the school board for a long time. What was he running for, Grant?

MR. WOODS: School superintendent.

Q. BY MR. LEVIN: Were you involved in his campaign?

A. No.

Q. No participation in fund raising?

A. No.

Q. Did you do anything for Bob Dole's

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campaign for President?

A. I believe I did, yes.

Q. What did you do there?

A. Someone in town called here. I might have been on -- they might have listed me on the committee on that and asked if we could raise 15, $20,000 for Dole, dinner or an event that was happening here.

Q. What did you do?

A. I believe we raised 10, $15,000 for that event. I believe I was mentioned on that committee.

Q. Did someone talk to you about what limits and what kinds of contributions you could accept?

A. I think they would have told us, you know, what we could do.

Q. What did they tell you?

A. Just said what the maximum limit that one person could give.

Q. Would they tell you about corporate contributions?

A. They probably would have just said there are no corporate contributions.

Q. Have you ever looked at a federal or state statute involving election laws?

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A. I don't believe so, but prior to writing any of these checks, I know I never did.

Q. When did you?

A. It would have been after, you know, the Rhodes. I think I looked at it with an attorney. I don't know exactly how it read, the statute.

Q. Had you seen a federal or state statute before or during the time of the contribution that we have just listed?

A. No.

Q. When was the Bob Dole event?

A. Just to clarify that last answer, the only time I ever did look at that statute was after I became aware that, you know, one had a problem with, you know, the event, whatever you want to call this gathering here.

Q. You are referring to the $30,000 contribution?

A. Yes, that's correct.

Q. That was made to the Rhodes campaign?

A. It wasn't a contribution, but the $30,000 whatever.

Q. $30,000 check?

A. Yes.

Q. Do you remember when the Dole fund raiser

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was?

A. No, I don't.

Q. Does October '86 sound correct?

A. Possibly.

Q. Were you aware of the limits at that time?

A. I couldn't tell you today what the limits are, but I am sure someone said the maximum one person can give is 5,000.

Q. Mr. Wolfswinkel, there are some more names. Did you ever participate in any activities for Jim Mack for Congress Committee?

A. Yes, but I don't remember what we did for him beyond, you know, a donation or maybe soliciting some funds for him.

Q. When you say we --

A. I am talking Bernadette and myself if they come and say, "Can we have a dinner, can we have a luncheon, a cocktail party." And Jim Mack and his wife are friends with my wife and I. So I don't think we ever did anything for him, you know, beyond giving him money for his campaign.

Q. You did not help do any fund raising for him?

A. I don't believe so, but that is a long time ago. And we are constantly -- when people call

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and lean on us to, you know, do an event, we usually are pretty accommodating on opening our house, you know, whether it be charity or whatever.

Q. Mr. Wolfswinkel, what is the East Valley Steering Committee?

A. I was hoping you could help me.

Q. Is that the Dole fund-raising committee that we were talking about?

A. I have no idea. Do you want me to check on that?

Q. Sure.

A. I can find out.

Q. If you could, I would appreciate that.

Other than speaking to counsel in connection with this matter, have you ever spoken to a lawyer about the limits in prohibition in either the state or federal election statute?

A. Other than speaking to this counsel here?

Q. To Mr. Woods?

A. Yeah. I have talked to another attorney of mine that -- a couple attorneys that we have discussed it.

Q. Is this since the controversy over the $30,000 check began?

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A. Yes.

Q. Prior to that?

A. Never have.

Q. Have you ever attended meetings that were not related to a particular campaign at which the statute or limits were discussed?

A. No.

Q. Were you ever concerned during the activities that we have discussed -- in other words prior to September '86 -- as to whether or not you were staying within the law?

A. Would you ask that again, please?

Q. Other than -- in other words, pertaining to what we have discussed on the pages of Exhibit 1, were you ever concerned that you might be going outside the law on those contributions?

A. Up to right now I felt I have never gone outside the law on any contribution or any activities that I have had.

Q. Didn't Tom Rawles ask you to help him with his campaign?

A. I never visited with Tom Rawles on the Rhodes campaign, if that is what you are talking about.

Q. No, I mean Tom Rawles's short

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congressional campaign before he joined the Rhodes campaign.

A. I don't recall. He might have.

Q. Do you get approached by a lot of people to -- forget a lot of people -- do you get approached by a considerable number of people to help out with campaigns?

A. We probably have eight to ten requests a day on campaigns, charities, and we try to be as responsive to all of them as possible. And after you get this gratuity of appreciation, you get pretty hard core. But, you know, we have been a major contributor more so to charity than we have -- I have nothing to gain by helping any of these politicians. The city council people, you know, those people have a lot to do with my financial environment. The governor, the representatives, the senators can't do anything to help me. But I do think it's important that we have quality people, you know, in government. So we try and be a responsible citizen. But I do not remember Rawles, you know, calling on me. He may have.

Q. Now, we discussed the McCain campaign before, and you discussed helping out in a fund raiser and being on a finance committee; is that

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correct?

A. I believe so.

Q. Were there any other fund raisers that you participated in for McCain?

A. I don't believe so.

Q. How about for his house campaign in '84?

A. We may have given a donation then, but it just would have been a donation. We didn't raise any money, I don't believe.

Q. Is your wife also as active as you are?

A. No.

Q. What is the extent of her participation?

A. She is a housewife, mother, you know, knows a lot of the same people I know. If we put on an event in the house, she's very active in organizing that event.

Q. Did you participate in fund-raising activities for the Rhodes campaign in 1986, his congressional campaign?

A. Did I, you say?

Q. Yes.

A. I had committed early on to Annie Rhodes that I would help raise 40 or $50,000 for his campaign by holding an event at our house. I liked Ann Rhodes, and, you know, for her sake I was hoping

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they might end up in Washington.

Q. What is the Wolfswinkel Foundation?

A. It is just a foundation that we established to do different charitable --

Q. Did they participate in a fund-raiser for the Jay Rhodes campaign in '86?

A. I don't believe so.

Q. Do you recall them being paid $300 by the Rhodes campaign in early February '86?

A. The Wolfswinkel Foundation paid $300?

Q. No, being paid by the Rhodes campaign.

A. Who was paying who?

Q. The Rhodes committee paying the Wolfswinkel Foundation in early February '86.

A. I have no idea what that would be for. I have never been on the receiving end, you know.

Q. Maybe just to remind you, but I don't want you to be overly speculative, would it have been an advance on such a fund raiser that Ann Rhodes would have proposed to you, in other words, that you discussed with Mrs. Rhodes?

A. I don't know. I don't know what it would be.

Q. Was there another event other than the one you were planning on that the Wolfswinkel

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Foundation participated in?

A. Ann Rhodes was raising funds, you know. The way I really got to know Ann was she was working for a hospital that I was on the board of, and she was involved in fund-raisers. And why there would have been a $300 check to the Wolfswinkel Foundation, I don't know.

Q. Would there have been any payment to any Wolfswinkel organization in early '86 of about that amount for any reason?

A. I don't know.

Q. Were you on a finance committee for the Rhodes campaign?

A. I don't think so.

Q. What do you mean by that, I don't think so?

A. I don't think I was on a finance committee. I had committed up front to do an event for proceeds.

Q. What date are we talking about, that commitment?

A. It was when we had made the commitment to Ann.

Q. That means you and Bernadette?

A. Right. That was in the wintertime,

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sometime about the time Jay was announcing he was running. He had a party back in Washington, D.C. that we went to, and I think Dole or some of the Congressmen were throwing that party for him, and we went back. And I then told Ann, I said, "Ann, I will help you raise 30, 40, $50,000 by holding an event.

Just to give you a little history on that, about five, six years ago, a friend came to me and said that they needed to raise $10,0000 for a house of multi-handicapped kids in south Phoenix. He knew that a good friend of mine was very good friends with the Beach Boys, and he said, "Would you throw an event at your house?" And we had never done anything like this before, so Bernadette and I said sure. We raised about $120,000 at $100 a head for this house that handles the multi-handicapped kids. And nothing had really been done like that in Phoenix before.

So that is kind of how we got started, you know. We have since done events with Paul Anka at our house; different entertainers. It is a very easy way for me to raise a big amount of money, because, you know, the people -- you give them quality entertainment, a quality event to come to. They pay $50 or they pay $100.

So we have probably had 15 different

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functions like this anywhere from $15 up to, you know, the $500 McCain event. So it's a way that I can go raise money. The people get a good value; meanwhile, it helps someone.

So that was my intent when I said I will help you raise the money, was to go raise it with an event like that.

Q. This would be late '85 or early '86 --

A. Yeah. Yes.

Q. -- that you made the commitment?

A. Yes.

Q. Did anyone else know about your commitment?

A. I don't know if Bernadette was standing there or not when, you know, Annie was crying and gave me a big hug. Like I said, I had a lot of affection, you know, for Annie, and the same as my wife.

Q. After that, did you go to any fund-raisers for the Rhodes campaign?

A. I don't recall if I did or not besides the one in Washington.

Q. Did you talk to any of the -- well, now, you said you don't know whether you were on some finance committee, at least?

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A. I don't know.

Q. One you told me you were; is that correct?

A. I don't recall if I was or wasn't.

Q. You don't. Do you recall talking to people on Rhodes' finance committee?

A. John O'Neill, you know, was aware that I had committed to raise the money for the finance committee. I had told, you know, because they were short of funds, I had told O'Neill, I said that I would sign a note, you know; "Go to the bank, see if you can borrow that money, $50,000. I will personally sign a note. I will pay those funds back through one of these functions." I said I'd cosign a note. I would do whatever I could do to help, you know, Rhodes, to fulfill my commitment. And as long as it was aboveboard, I was not sitting there looking at the technicalities or the legalities. I had made a commitment to go raise the money. I was willing to stand behind that commitment. But I had to go put that event together when it fit my schedule or fit an entertainer's schedule if we brought an entertainer in. So my commitment was there. I was willing to honor that commitment however I had to, as long as it was aboveboard.

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Q. When did you have this conversation with Mr. O'Neill?

A. You know, I don't know if it was six months, nine months prior to -- I am just trying to think. Time-wise, I would guess three to four months before the $30,000 situation.

Q. How did the topic come up?

A. Just because John, whether he was saying, you know, he was having trouble raising money or whatever, I don't know how it came up. But John knows if I make a commitment that I stand behind my commitment. And I was a little shocked or stunned John went to one of the banks, I know, and asked -- now I know what it was. He called Jay's father and asked him if he would cosign a note for Jay Rhodes, and -- because I said I'd sign with Jay; I'd sign separate, I'd do whatever I had to do. And I said, "Go check it out. See if it can be done." And I was shocked when John called me once. He said, "I can't believe it. Jay's own dad won't cosign a note at the bank for Jay."

I am thinking, "What am I doing helping this guy when his own father, you know, won't get involved in the thing. And the idea just went past me.

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Q. Did he tell you why --

A. He didn't know.

Q. -- Jay Rhodes' father would not sign a note?

A. And John didn't know, either.

Q. John O'Neill?

A. John O'Neill did not know why the father wouldn't take that position.

Q. Was this around the time, you say, three or four months before the $30,000 check?

A. Couple months, because I still said that, you know, I would loan the $50,000 -- not loan the 50,000 -- but at that time I said, you know, I'd cosign. I would do whatever needed to be done to help relieve the financial pressure of the campaign, as long as I could pay it back, you know. I knew we had an individual limit problem, and I knew what I was going to do.

I knew that, you know, we were going to do a fund raiser for DeConcini this last election, and we didn't do it. He didn't need the help. And then we decided with all this hassle with the Rhodes situation, I said, "Look, I don't want to do it as a political fund-raiser and have that scrutiny." I said, "Let's do it for charity. You pick the

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charities." And, you know, I got a problem with all the dollars that are, you know, picked away with, you know, on these political races. I think they can go to help someone a lot more than -- you know, there is a lot of hungry kids that need the money more than raising an extra 100,000 for a political campaign.

Q. So they weren't going to DeConcini, they were going to charity instead?

A. Right, let him have the credit or benefit that he was putting that together. I thought it would be a nice thing for a politician to do; say, "Hey, we're raising money for someone else instead of helping me get elected."

Q. Did that ever come about, that fund raiser?

A. We haven't totally put it off the back burner. We are still talking about doing that.

Q. That never occurred?

A. No, it never did.

Q. Let me get the sequence down as far as the O'Neill conversation with you, now. Let me try my hands at this, and you correct me.

Approximately four months before the $30,000 check, probably about April or May, John O'Neill reminded you, he said, "Well, where is your

fund raiser," or he reminded you of your commitment, at any rate. And then you tell him -- is that when you told him, "I will sign a note"?

A. There was more than one conversation on me signing the note. I told him to go to the present chairman of the bank.

Q. Who was?

A. Jim Simmons, because I think John went and sat and talked to Simmons about the campaign and possibly borrowing some money. And I am just speculating on this, but I just recall a little bit.

And that is when I would have volunteered and said, "John, if I can cosign or if I can help, you know, I will do whatever I can do." Because they knew that I was going to do this fund raiser, and I knew that the guy could pay that back, you know, whatever one helped him with.

So I was standing ready, willing, and able to, you know, loan the dollars to cosign, to do whatever. I had no idea until after this whole thing hit that it was illegal to, you know, loan campaign money, and John O'Neill didn't know.

Q. Then when did you find out that Jay Rhodes' father would not cosign the note?

A. That was prior, sometime between

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Washington, when we are in Washington and the $30,000. Let's just say that is an eight-month period.

Q. When you say, "When we were in Washington," when you made the commitment to Ann Rhodes?

A. That's correct. Three months after that I found out -- two to three months after that I said I would cosign the note.

Q. Fine.

A. A month or two later, I found out that Rhodes wouldn't do it. Meanwhile, it didn't alter my position. I was still willing to cosign or loan the money, whatever.

Q. Did you ask why Jay Rhodes' father would not cosign the note?

A. No, I didn't. There was some speculation that he didn't even have faith in his son, so I was flabbergasted and shocked that, you know, the father wouldn't help. But I know there is an unusual situation. They are father and son. So I wasn't asking questions, speculating what that was all about. And I have my own opinion on Jay Rhodes. I have my own opinion on Annie Rhodes. I like Annie Rhodes.

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Q. Who else besides John O'Neill knew about this commitment?

A. You would have to ask him. I don't know at my office, you know, if any of my people would have known about that.

Q. People at your office would have known about that?

A. I am just saying I don't.

Q. You don't know if they would?

A. I might have told them. It wasn't a secret. It was no big thing. I mean, you know, when I make a commitment, it is, you know -- a guy wouldn't try and do anything underhanded or anything else. I was trying to help a guy that I was hoping he would get a good paying job in Washington.

Q. I am handing the reporter an exhibit to be marked as FEC Exhibit 2, and I am handing a copy to witness and a copy to counsel.

(Deposition Exhibit No. 2 was marked for identification.)

Q. BY MR. LEVIN: Mr. Wolfswinkel, can you identify this check?

A. Yes.

Q. And what is it?

A. It was a check that was written for

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$5,000 for the Rhodes for Congress campaign.

Q. Did someone from the Rhodes for Congress campaign request that you make this contribution?

A. I believe John O'Neill did, yes.

Q. And you knew that the limit was $1,000?

A. Yes.

Q. And John O'Neill told you to make a check for $5,000?

A. Someone told us it was okay for the kids to each give $1,000, too.

Q. And how were you going to carry that out with the $5,000 check?

A. Bernadette, myself, I believe Dustin, Ashton, and Brandon.

Q. How was it going to be attributed to the kids, then? How would a $5,000 check do that?

A. We just account for it that way. That is -- you are asking embarrassing questions now, so don't be too hard on me.

Q. Was there an accompanying memorandum to this?

A. No. I don't know how the thing was handled. I don't know if on the bottom of the check -- you don't have the bottom?

Q. No. This was supplied by you.

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A. I would like to see what was on the bottom, if it did spell it out there. I can get that shortly.

Q. You mean the bottom of Exhibit 2?

A. Yes. There is something that spells out.

Q. Equivalent to the other document?

A. Like a memorandum.

Q. Right, a document?

A. It should show -- there should be something at the bottom.

Q. You are referring to the bottom of the other document presented to us today, the $30,000 check made out to the United Bank of Arizona?

A. That's correct. Somewhere I know that this $5,000 was earmarked for three of the kids, Bernadette, and myself.

Q. And was that notation given to the campaign?

A. I would assume it was, yes.

Q. Did you give it to John O'Neill?

A. I don't -- you know, someone called, you know, if we were aware of the $5,000 limit, said you can give 1,000 for each of the kids. Now, I'd like to know if it is spelled out on the check, you know. I didn't find out till later that was improper, you

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know, for the kids to do something like that, too.

Q. What went on? What were the set of circumstances?

A. Let me just kind of tell you the relationship that I have had with John O'Neill, and I will get to you a little prematurely on the $30,000. I am sure you'll have lots of questions on that.

John O'Neill has been my banker for 10, 12, 14 years, okay. If John calls and says, "I need a check for $5,000, this is what it is for", you know, my bookkeeper automatically cuts a check. And just like this one, I didn't even think I had signed that $30,000 check. When John called on that, he said, "The campaign needs some money." I knew I had committed. I didn't have a conversation what it was for, what are we doing. He says, "I need $30,000 for the campaign." I said, "John, go pick the check up at the office."

He went and picked a check up at the office that had been filled out. We keep signed checks in the office by me for when they need a check in an emergency.

So the same way here, if someone called and said, "Here we need $5,000," I don't sit and argue what do you need the $5,000 for. I am relying

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a little bit -- when we were back in Washington, John was there, and John went to the two-hour duties of a campaign manager. I haven't -- and, you know, ignorance probably isn't a proper defense. I realize that. But, you know, I haven't followed what the limits are; if kids can give it, if you can loan money, if you can't loan money. I wasn't too concerned back then, you know. Now I am damn concerned.

Q. Did you have a conversation with John O'Neill before making out this check?

A. The $5,000? We would have talked about how that was being handled; okay, you can give, Bernadette can give $1,000, and the kids can give $1,000.

Q. O'Neill said this to you?

A. I believe he did, yes, because we wouldn't have done it. There was conversation about the kids, and it had to have been with John. I had it with someone. John is the only one I had contact with at the office.

Q. On the Rhodes campaign?

A. Rhodes campaign, yes.

Q. What did you say to him when he said, "I want $5,000"?

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A. It wasn't a problem with me.

Q. This Exhibit 2 is also a pre-signed check, in other words?

A. I doubt if that was.

Q. Why do you doubt that?

A. Because we don't -- I specifically remember that one, and when it happened, I was not at the office. John called me, or I was talking to him on the phone, and, you know, he said, "I need $30,000 for the Rhodes campaign." And I had 10 other crises I was worrying about, and I said, "Fine. Go pick the check up."

Q. So let me get this clear. I am not getting it clear. But you specifically remember signing the $5,000 check as opposed to the $30,000?

A. I don't remember signing this check. I absolutely know that I didn't sign that check prior to or that -- pardon me, I did not sign that check at the time of the request. That was one that was in the safe.

To clarify, the $30,000 check is the check I am talking about. I apologize.

Jonathan, off the record a little bit.

Q. Well, let's not go off the record. What

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did you want to show me?

A. I was just going to show you, I have got -- they are delivering some things later that are more -- let's go into them after lunch. I want to show you the pamphlets, the brochures we do on these different events for the Beach Boys, just so you get a better feel for these fund raisers that we do.

Q. Why don't you present them to me now, and I can take a break and review them quickly.

A. Why don't rather we wait till we have got them all, then you have got them all.

Q. Well, there was a subpoena for documents. If this is responsive --

MR. WOODS: It is not responsive. It is volunteered.

THE WITNESS: Those don't have anything to do with the documents. I am bringing them for your benefit.

Q. BY MR. LEVIN: Okay. We can look at them later, then.

Looking at Exhibit 2, who filled this check out?

A. I don't know whose writing that is.

Q. It is not yours?

A. It is not my writing.

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Q. How about where it says the sum is 5,000? Is that from your office?

A. Yes.

Q. You have a marker or stamp?

A. Many.

Q. Can you do that? Would Bill Eilek have done that?

A. It is not his writing.

Q. Leslie Peterson? Elizabeth Hence?

A. I could -- you know, it would be better off if I showed the office and said, "Whose handwriting is this?" It could have been someone from Rhodes' campaign. I don't know.

Q. In other words, if your office, Wolfswinkel Group, would have given them a check that was blank on the top line, Pay to the Order of?

A. Absolutely.

Q. How about blank on the sum 5,000?

A. No.

Q. That was your office's printing?

A. Right. Do you want me to find out if any of our people recognize that writing at the office?

Q. Yes, I would like that. Did anyone other than O'Neill at the Rhodes campaign know about this $5,000 contribution?

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A. I have no idea.

Q. Was this in response to Ann Rhodes' general request for funds, this Exhibit 2?

A. The $5,000?

Q. Yes, or was that a separate promise entirely?

A. No. My commitment was X amount of dollars, and if I could do, you know, $2,000, 5,000 through a donation and make up the balance, I had committed to raise the money. So, you know, I would assume it was part of the responsibility.

Q. When you were asked for this money, were you asked to raise it or to give it?

A. I said I would raise it.

Q. I am talking about the money in Exhibit 2.

A. That was whatever one could do legally. That is what one assumed we were doing, giving them $5,000, you know, under the rules and regulations.

Q. So when O'Neill called and he said to you, "I need $5,000," he said give it?

A. That was intended to be a gift from myself, from Bernadette, and from three of the kids.

Q. At O'Neill's request?

A. Yes.

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Q. Speaking directly to you and not someone at Wolfswinkel Group?

A. I believe that is correct, yes.

Q. Did you ask your wife if you could have a check made out in her name?

A. I didn't ask, no.

Q. When did she find out about this?

A. I can't answer that.

Q. Did you ask your children if you could use their names?

A. They listen to what their dad says, you know. As they get older, they're not doing a very good job of that.

Q. Did O'Neill tell you what he would do with the money after he got it?

A. No.

Q. Let me ask this specifically: Did he tell you that he would make out a cashier's check for the $5,000 contribution?

A. No.

Q. Have you ever seen those cashier's checks?

A. I have seen some cashier's checks. I don't know how I would have.

Q. Would you have seen them in connection

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with being questioned by the Federal Bureau of Investigation?

A. I think so. I saw, you know, I forget what I saw. Somehow I saw that, you know. I knew Ashton, Dustin, and I don't know -- is it Brandon?

Q. Okay. I am handing the reporter an exhibit to be marked as FEC Exhibit No. 3, and I am showing a copy to witness and counsel. I am sorry, I have only one for witness and counsel and one for Colleen and me.

(Deposition Exhibit No. 3 was marked for identification.)

Q. BY MR. LEVIN: Just tell me when you have had a chance to review that, Mr. Wolfswinkel.

Have you seen these checks before?

A. I don't believe so.

Q. You did not see these checks?

A. I may have. I don't, you know, I don't recall seeing them.

Q. But you say you may have. Did you say you may have or you have seen these cashier's checks from the $5,000?

A. I don't think so.

Q. Do you know why John O'Neill would have had cashier's checks made out from your check?

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A. I have no idea.

Q. He did not tell you?

A. No.

Q. Mr. Wolfswinkel, do you notice that the total on these checks adds up to $5,900?

A. Is each one of these a separate check?

Q. No, that is the same check.

A. Page 44 and 45 is one check?

Q. 44 and 45.

A. 4,900.

Q. So 4,900, right. Okay. These add up to 4,900; is that correct? Do you know of a contribution from Ashton and Damian, though, at the same time on June 30th '86?

A. Do I, you say?

Q. Yes.

A. I thought there were three. I thought that $5,000 check was Bernadette, myself, Dustin, Ashton -- I just remember seeing something in Fisher's report -- and Damian. Now, I have no idea.

Q. Does this have the same thing to do with the $5,000?

A. Yes.

Q. Now, is your contribution included in this $5,000? Was the contribution meant to be

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attributed to Conley Wolfswinkel out of this $5,000?

A. I am the wrong guy to ask. I don't know. Someone calls and says, you know, you have given so much to the campaign; we need a check for this much. And this became this, right, same date?

Q. Same date, both June 30th. Did you make out any separate checks for $1,900?

A. I don't believe so. I don't know, you know. I hate to say, I mean, we do thousands of checks and without checking.

Q. But if Ashton and Dustin are also involved, this just doesn't add up, does it?

A. To me it doesn't. I thought they were involved. There is one here for Dustin, so it is Damian and Ashton.

Q. I am sorry if I get the names confused. I apologize.

A. I am confused, too, so don't worry about it.

Q. Did you receive an acknowledgment from the committee for contributions in connection with this check?

A. I don't know. I could have, but I don't know if I did specifically or not.

Q. When you make contributions to

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committees, do you usually receive acknowledgment?

A. Sometimes they go in the garbage can. They don't concern me much.

Q. Did anyone from the committee speak to you about this contribution, these $5,000 or possibly $6,900 total after June 30th, after the contribution was made?

A. I don't believe so, but I don't know.

Q. Why didn't you just decide to make out individual $1,000 checks for these family members?

A. One could have. I guess it was more a matter of someone telling us how to handle the thing. Like I said, no one at that office questions, you know, if John calls. If he says he needs $3,000 for an interest check, you know, no one is ever questioned.

Q. So this is what I am curious about. I was trying to say this before. I thought you said no one at that office, meaning --

A. Wolfswinkel Group.

Q. But John O'Neill spoke to you, correct?

A. He would get the approval and say, "We're going to do $1000 on Ashton.

Q. Get the approval from whom?

A. Me. I am just saying --

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Q. He would get the approval from you?

A. He would call Wolfswinkel Group and say, "We need a check for $5,000," or, "We need five $1,000 checks from, you know, Bernadette, from Conley.

Q. In all of your fund-raising activities for campaigns, have you ever requested a contribution like this where you would have a check that would be attributed to more than one person?

(A discussion was held off the record between the witness and his counsel.)

MR. LEVIN: Counsel and witness have been conferring for a number of seconds on this before the response is coming.

THE WITNESS: You talk about all my experience, you know, fund raising. I have never been concerned with the rules or the regulations. I have never concerned myself much beyond $500, you know. I couldn't give someone advice, you know, "You can give a check for you and your wife for $1,000," or you can't, because I didn't know the technicalities of that. I am not tuned in enough to give advice to someone else on that.

Meanwhile, you know, I don't know what happened there. But I am assuming that, you know,

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John said, "We need the $5,000." And whether it was done as one check or five, there wasn't a lot of, you know, questions raised on that. I mean, they are my kids, and, you know, one way or the other it comes out of the same pot.

Q. BY MR. LEVIN: The question is: Do you ever recall in your fund raising having received a check in this form, in other words, attributed to more than one person?

A. I don't know. Someone might have sent a check for him and his wife. I can't say no to that.

Q. Other than him and his wife?

A. Or kids. I don't know if someone has done that. I would say probably no.

Q. Probably?

A. It hasn't happened.

Q. It has not happened in your experience.

(A discussion was held off the record.)

While the reporter was changing the paper, we agreed to take a five-minute break.

(Short recess.)

MR. LEVIN: Back on the record. I am handing the reporter a piece of paper to be marked as FEC Exhibit No. 4, and I am handing copies to the witness and counsel.

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(Deposition Exhibit No. 4 was marked for identification.)

Q. BY MR. LEVIN: Mr. Wolfswinkel, have you seen FEC Exhibit No. 4?

A. Yes.

Q. When did you first see this exhibit? What is on this piece of paper?

A. Possibly 18 months or so ago when I asked him to pull it and see whose signature was on the check.

Q. Was this after the controversy broke?

A. Yes.

Q. So this was a pre-signed check?

A. Yes.

Q. I am going to ask you to look at the document on the bottom part below the statement, "Detach and retain this statement." There in the broad middle section under the title, "Description," there is three lines of short script. It is difficult for us to make it out, but perhaps you might be able to.

A. Looks like maybe "Per CDW."

Q. And then to --

A. RW or BW.

Q. CDW would be Conley D. Wolfswinkel?

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A. Right.

Q. And who would --

A. To -- I am just trying to think; maybe Bill Eilek. We have to find out whose initials those are and find out what that says.

Q. I'd like that, thank you.

And then it says below that, "Suspense per Judy.".

A. Judy Windisch. She doesn't know what it is. They put it in suspense.

Q. When did that occur?

A. I have no idea.

Q. Why would this have been put in suspense?

A. Until they ask me what it is. You would have to ask -- Judy Windisch would answer that.

Q. That is an account, suspense account?

A. Accounting-wise, anything they don't know what it is specifically they put it in suspense.

Q. What does #1195 mean?

A. I don't know. Looks like that is also Judy's writing.

Q. Now, you said that the commitment to raise the funds that this check represents was made to Ann Rhodes. You said that was in Washington?

A. Yes.

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Q. You said that was a fund raiser in Washington. Where was that fund raiser?

A. It was at a hotel just south of the White House, an old -- give me some names.

Q. The Hotel Washington?

A. Might have been. It was south of the White House on the right side.

Q. The Willard?

A. No, it wasn't the Willard. It is the back door. I don't even know if it is south of the White House.

Q. It is the Hotel Washington.

A. And we walked over to the Hilton right next door to that. Is the Hilton to the south of that or across the street?

Q. Well, we won't speculate on hotels. It's not important.

A. Whatever, it was downstairs I told Annie. She started crying and hugging me. I think Bernadette was with me at the time. And I made the commitment to -- like I said, Ann and I had been very involved in a lot of fund-raisers in the east valley we had been tuned into. So she knew we had the ability to raise the money through a fund-raiser.

Q. Did anybody say anything about what

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people could give at that fund-raiser?

A. No, but we were going to do it for 100, 150 bucks; might have been $50.

Q. Were there any kind of forms you were given which would have printed on what you could give?

A. No.

Q. In your experience in giving money to campaigns, have you ever seen such forms attached to, let's say, a solicitation for money?

A. I believe I have, but it is not very common, you know, not very often. I have seen it maybe once out of 20 times.

Q. And you have noticed no forms for this fund-raiser?

A. No.

Q. Had you already been participating in the campaign at the time?

A. Not really. We were invited to go back to Washington, and there was a fund-raiser put on.

Q. Did you attend any other political functions in Washington at the time?

A. We went to a luncheon that Rhodes threw at the -- where the representatives have lunch.

Q. Jay Rhodes threw, or the father?

A. The father threw at the Republican Club or something like that.

Q. Did anybody talk about contribution limits there?

A. No, it was all social.

Q. Were there any other political events that you went to in Washington at that time?

A. Political events?

Q. Related to a campaign or related, let's say, for example, to the National Republican Congressional Committee or some Republican committee?

A. No.

Q. What were the other events you went to in Washington?

A. Lunch, dinner. I am just saying just private friends.

Q. No organized functions other than the ones you have just mentioned?

A. No.

Q. Now, between the time of your pledge to Mrs. Rhodes and the time when the controversy emerged, you have talked about conversation with John O'Neill. What other contact did you have with the Rhodes campaign? Now, I know we're talking about an eight-month period, so take your time.

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A. I think most of the conversation would have been through John. I don't recall specifically.

Q. And pertaining to the raising of funds?

A. Yes.

Q. Pertaining to the raising of funds other than the ones you have committed for?

A. That would have been the only ones that I can recall.

Q. What I am trying to clarify is, he didn't discuss other fund-raising activities outside of what he wanted to get from you?

A. I don't believe so.

Q. Did you ever speak to Tom Rawles about the Rhodes campaign?

A. I don't believe so.

Q. Did you ever speak to Ann Lorenzo about the Rhodes campaign during that time?

A. I don't believe so.

Q. Do you know who Ann Lorenzo is?

A. Yes.

Q. Did you ever speak to Jim Simmons at the bank about the Rhodes campaign?

A. I don't believe so.

Q. Was Jim Simmons involved in the Rhodes campaign?

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A. I went to an event that Simmons and Keith Turley, I think, held, when Jay either announced he was running or one of the first parties.

Q. Is that Keith Turley or Mulkey?

A. Turley. And they had an event at the Phoenix Country Club.

Q. Was Simmons very active in the Rhodes campaign?

A. That was just cocktails that they held at the Phoenix Country Club, and I just recall -- I don't know if it was when they announced that he was going to run or their support or what it was.

Q. Do you know of anything else that Simmons did for the Rhodes campaign?

A. That is all I am aware of.

Q. Now, because this money was to be raised at a party or a fund-raiser that you would hold, it is safe to say that none of this commitment aside from your $5,000 in late June, none of this commitment had been met yet, the 30 to $50,000?

A. That's correct.

Q. Well, explain to me, then, what happened in early August when you did make out a $30,000 check. What was the sequence there?

A. Just there was a conversation, "I need

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$30,000 for the campaign." My mind was on 15 other things. I said, "John, you know, go pick the check up at the office." So there was no other conversation besides that.

Q. O'Neill called you up on the phone?

A. We were on the phone talking, yes.

Q. Were you talking specifically about the Rhodes campaign at the time?

A. Other things or whatever, business, and, you know, that came up at the end. He said, "Hey, I'm in a real bind." I need some money for the campaign," you know. I said, "What do you need?" "I need $30,000."

I had agreed to cosign, you know. We don't always sit with a lot of excess cash, so it wasn't my intent -- I would have gladly loaned the money if I had the money rather than do that. I was willing to cosign at the bank to help the campaign. And, you know, I told John that repeatedly, you know, I would cosign if he got a loan set up somewhere, you know. It wasn't one conversation; it was three or four. Because he knew my interests or my commitment was there. It just so happened he was in a bind and needed 30,000. So I figured I was now going from cosigning to loaning the money myself.

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Q. Did you suggest that papers be drawn up for that loan?

A. No. We deal a lot as a trust, you know, if we know who we're dealing with.

Q. You said you were involved in about 15 other things at the time?

A. I am just saying, we constantly have a lot of things going on business-wise.

Q. A lot of fund-raising projects?

A. I am not talking about fund-raising projects. I am talking about day-to-day business.

Q. Busy at work, then?

A. Right.

Q. What kind of hours are you putting in?

A. I work 24 hours a day, you know. I catnap a little bit.

Q. So how are you proposing you would be paid back for this?

A. When we did the fund-raiser, then those funds would come back to us, or else the campaign would owe us the money back.

Q. When were you going to put on the fund-raiser?

A. Hadn't decided, specifically. I could do that any time.

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Q. Why hadn't you done it thus far?

A. Just because you get busy and keep pushing the date forward. I had to sit down and say, okay, here's what we're going to do, here's when we're going to do it.

Q. When do you think you were going to do it?

A. I could have done it before the campaign, after the campaign. I put these together as short as 30 days, 40 days. I just had other priorities I was worried about working on. Meanwhile, I hadn't forgotten my commitment.

Q. Did you know what O'Neill was going to do with the money? Did he say what he was going to do with it?

A. No.

Q. Did he tell you why he needed the money?

A. No.

Q. His word was as good as that?

A. Yep. Now, I know there had been some conversation. He had some advertising bills or something, but that was, you know, that might have not been that conversation. But I know they were out spending dollars.

Q. Did he say the campaign was short of

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money?

A. I don't remember those specific conversations.

Q. Let's look at this check again, this $30,000 check. Now, who did O'Neill say to make this check out to?

A. I have no idea what O'Neill told Bill Eilek. I didn't tell anyone how to make the check out. I didn't know how it was being made out. I only found out later how it was being made out.

Q. When did you find out it was made out to the United Bank of Arizona?

A. After this whole thing blew up.

Q. Had you ever made out checks before to the United Bank of Arizona when you wanted to make payment to someone else?

A. I don't believe so.

Q. Did you ever make out checks to United Bank of Arizona in anticipation of having cashier's checks cut or made out?

A. Wouldn't be a common practice or one that I recall.

Q. Did you ever notice anybody doing this sort of thing for a campaign contribution where someone would just make out a check to the bank?

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A. No.

Q. Did you ask Bill Eilek why he made this out to the United Bank of Arizona?

A. He would have never ever questioned anybody if John O'Neill -- he just does what he's told to do.

Q. Does John O'Neill control this company?

A. John O'Neill has the ability to pick up the phone and say. If we need an interest check or anything else, he has that type of relationship.

Q. Where did this relationship stem from?

A. Over 14 years of trust.

Q. Would you consider him the financial manager of Wolfswinkel Group?

A. No.

Q. I am still very puzzled as to the idea that John O'Neill could tell an employee of yours that, "We need this," and he would go out and make that check.

A. You need to talk to the top five employees in the accounting department and ask if that was the situation, okay? It may sound very unusual to you that that was the type of relationship we had with the bank. If O'Neill had an interest payment that came due, you know, those people never

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questioned him once.

Q. Do you get monthly balance statements with copies of the checks from United Bank? Does Wolfswinkel Group get a statement?

A. I think it's all computer. You don't see the checks. They keep the checks or destroy the checks. It comes out line by line.

Q. Does it show the payee?

A. That computer? It should.

Q. When do you get those?

A. I haven't looked at those in five years, you know, what we get.

Q. So you didn't see that on any kind of statement from United Bank?

A. No.

Q. Let me get this straight. After you spoke to O'Neill, you told O'Neill to talk to Eilek?

A. Yes.

Q. It was definitely Eilek?

A. Could have been Judy Windisch. I think it was Eilek, though.

Q. How many bank accounts do you have personally?

A. I don't know.

Q. Could it be 20 or 30?

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A. Could be 10 personally.

Q. How about including the Wolfswinkel Group bank accounts?

A. You have different shopping centers that each have their own bank accounts, different project there. Could be 25 accounts total.

Q. I am talking about ones you have signature rights on.

A. I probably have signature rights on all 25.

Q. Was there a reason that this account was used, this 1150201072?

A. No. Might have been the account that had, you know, X amount of dollars in it that day. Could have been a different account.

Q. Was this normally a contribution account?

A. No.

Q. By that, I mean for both charitable and political?

A. No.

Q. But do you have other accounts -- let me lay a premise here, to be fair.

You have stated to us -- we have reason to believe from your Interrogatories that there were other people who had signature rights on this

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account. Do you use other accounts for personal payments?

A. Possibly.

Q. You don't know, though?

A. Well, I don't know how many personal accounts that I have. We may have one set up at a certain bank because of a relationship there or request from them when we do a loan or a deal. This was probably my primary personal account, though.

Q. Did the Rhodes campaign acknowledge the receipt of this $30,000?

A. I have no idea what they did.

Q. Now, we have already established that Mr. O'Neill has some persuasive powers as to what people in your business have to do, business related, to the business in terms of the checks. Would you say he knew a lot about your business?

A. Absolutely.

Q. Does he know a lot about your family?

A. Yes.

Q. You are close personal friends. Are you still close personal friends?

A. I believe so.

Q. And you were at the time?

A. Yes.

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Q. Does he know a Cindy Miller?
A. Does he or do I?
Q. Does he?
A. I don't know if he does or not. I don't.
Q. You do not know a Cindy Miller?
A. No.
Q. Do you know a K. Williams or a K.A. Williams?
A. I don't know if that is --
Q. Lives in Scottsdale, Arizona?
A. I don't know a K.
Q. Kathy Williams?
A. I know a Kathy Williams.
Q. How do you know her?
A. She's just a friend that I met through a friend that I introduced O'Neill to that became a customer of O'Neill's.
Q. Is she a closer friend of O'Neill's or yours?
A. Toss up, probably.
Q. Are you close friends with her?
A. She works for a friend of mine. I know her well.
Q. For whom does she work?
A. Jay Bernstein.

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Q. Now, this Cindy Miller is also a realtor. Does that remind you of who she is?

A. No.

Q. She lives in Phoenix at North 44th Street, 3609 North 44th Street?

A. No.

Q. Okay. Do you know a Stephanie Pooler?

A. She was my receptionist at the time.

Q. Does John O'Neill know her?

A. Yes.

Q. Know her well?

A. Pretty well. I think he banked her and her husband.

Q. What do you mean by banked her?

A. He builds custom homes. O'Neill was her banker. They met there through her being my secretary, later secretary.

Q. So he knows Randy Pooler as well?

A. Yes.

Q. And you know Randy Pooler?

A. Yes, not real well. Stephanie has worked for me six, seven years.

Q. Do you know a K.A. Pratto or Pratte?

A. Karen Pratte.

Q. Karen Pratte?

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A. Yes. She was also a customer that I introduced to John.

Q. So he knows her?

A. Yes.

Q. John O'Neill knows her. So outside of Miller, you both know all the names I have mentioned so far?

A. Yes.

Q. And to your knowledge, O'Neill knows them fairly well?

A. Yes.

Q. And is there anyone in this group you do not know fairly well?

A. I don't know who that Miller is.

Q. Other than Miller; Williams and the two Poolers and Pratte?

A. Yes, I know them.

Q. Do you know Clifford Chappell?

A. No.

Q. Concrete construction; he lives in Mesa, Arizona -- either lives there or does business there. He's on Third Avenue in Mesa?

A. No.

Q. Let me clarify. These are people either you know now or you knew in '86?

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A. I don't know now and I didn't know in '86. I have never heard of him.

Q. Edwin T. Smigel, Sr.?

A. He's a close friend of O'Neill's.

Q. You know him?

A. I know who he is.

Q. You don't know him very well?

A. No. He has worked for me 10 years ago, done some work. But I maybe see him twice a year in the bar to say hello.

Q. Victoria Roberts?

A. That is my ex-wife, who is a customer of O'Neill's.

Q. O'Neill knows her?

A. Yes.

Q. Doris Roberts?

A. My ex-mother-in-law. She was a customer of O'Neill's.

Q. Grace Gillespie?

A. My current mother-in-law.

Q. Does O'Neill know her?

A. Yes.

Q. So far O'Neill knows all these people?

A. Yes.

Q. Peggy Ann Sale?

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A. One of O'Neill's -- I don't know if that is the daughter's name or the mother. That is one of O'Neill's best friends.

Q. Do you know her?

A. To say hello. I don't even know if that is -- I can't tell you what her real name is.

What is Paul's wife's name?

I don't see her. But I maybe spoke 100 words to her in my lifetime.

Q. Mrs. Clifford Chappell?

A. No.

Q. But O'Neill knows her?

A. I have no idea. I would assume.

Q. You had never heard of Clifford -- Mr. Clifford Chappell. Barry Schmitz?

A. There is a Smets that is an engineer.

Q. That is Jim Smets.

A. Okay. But I don't know Barry Schmitz.

Q. Do you know Jim Smets?

A. A little bit. He has done a little work for us in the past. He's been in Mesa a long time.

Q. Is he active in politics?

A. I have no idea. I know he has been a customer of John's.

Q. Edwin T. Smigel?

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A. Never met him.
Q. Do you know who he is?
A. No.
Q. Does O'Neill know him?
A. I would assume so. Smigel is one of his best friends, I think.
Q. But you have never even met him?
A. No.
Q. Michael Smigel?
A. No.
Q. You don't know him?
A. No.
Q. Do you know if O'Neill knows him?
A. Is that the son of Edwin?
Q. This I do not know.
A. I don't know.
Q. James Cramer? He's a dentist.
A. That is -- I know a Dr. Cramer. I know he's a good friend of O'Neill's. But, you know, I don't know him that well. I have maybe said 50 words to him in my life.
Q. Carol Maes, M-a-e-s?
A. That is the wife of a gentleman who worked for me for 14 years.
Q. That is Richard Maes that you know?

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A. Right.

Q. Does O'Neill know the Maeses; Carol or Richard?

A. Yeah. They banked with O'Neill for quite a while.

Q. I have just named a lot of people. Did any of them contact you after this controversy broke?

A. No. Stephanie, somehow -- I don't even know how she was aware that her name was used. There was a little conversation with her. I think the FBI agent might have come and talked to her.

Q. What did she say to you?

A. Just she knew nothing about it.

Q. What did you say to her?

A. I knew nothing about it.

Q. Did O'Neill ever mention to you a desire to help out Jay Rhodes in general, apart from the campaign?

A. How do you mean?

Q. Well, financially?

A. There was one conversation that John had with me that, you know, Jay needed some money, you know, legally, and wanted me to write him, you know, a check for legal fees. Jay had represented me in the past; was absolutely incompetent as an attorney.

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And, you know, it just kind of went in one ear and out the other. I figured, what the hell was this bull shit? And this had happened after. Whatever I did, I did for Jay's wife. I did not do it for him.

Q. Okay. But let's go back to the first part. You said that that last reference was to the idea that you subsequently found out that some of that money went to Jay Rhodes?

A. Yes.

Q. Going back to the first part, you said that John O'Neill wanted you to write a check?

A. Jay was having trouble making his house payments or something like that, and John talked to me about paying him some legal fees which I had no interest in doing whatsoever.

Q. Why couldn't John pay them?

A. Don't ask me. Why couldn't John go to each of these people he knew and get money from them? These are close, personal friends of his. I am shocked they didn't donate.

Q. You are referring to the names we have just gone through?

A. The Cramers, the Smigels, the Schmitzes, I mean those are all very capable, worthwhile customers; Sale. You know, they are some of the

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wealthier people in Mesa.

Q. When John suggested this -- well, first, when did John O'Neill suggest that you pay his legal bill, John O'Neill's legal business for Jay Rhodes?

A. No, it wasn't that. I think -- I don't know if it was his bill. Jay needed some money in the firm.

Q. We're talking just about a loan?

A. Loan to do work or something like that, you know. He needed $3,500. I didn't want to have a thing to do with Jay Rhodes as an attorney. So I thought we were safe when we sent him to Washington; get him the hell out of Arizona, you know. Hopefully this doesn't go beyond here. But I had no interest whatsoever in that, and I just dropped it or John just dropped it.

Q. When did he suggest this?

A. It was prior to this $30,000 event.

Q. How much prior?

A. A month, two months.

Q. A month or two months?

A. It was something -- Jay couldn't make his house payment. I thought, what the hell is that my problem? I have problems making my own house payment. I don't worry -- I don't ask someone else,

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you know, to help make it.

Q. When John O'Neill called you and said he needed $30,000, in that conversation did he refer to Jay Rhodes' financial needs?

A. No. I had no idea that, you know -- later I heard that, you know, some of the dollars I guess were paid to Jay, $3,000, 4,000, something like that. I have not -- till you asked me today, you know, when I saw that list, I saw a couple names on there, and I saw also some of them that I didn't know. And I didn't want to know, you know, because I didn't even want to know who the hell was on that list when I knew there was a list and my ex-wife, mother-in-law was on there.

And, you know, John just is a hell of a good guy. He's a great guy. And I have gotten to know John better, you know, in the last two, three years after this. I didn't realize that before. I thought, you know -- John has been involved in United Way and fund-raisers. And, you know, John committed a lot of my dollars to other charities. They call me and say, "Where is your $10,000 pledge?" I said, "Who the hell authorized a $10,000 pledge to United Way?" "Well, John O'Neill did." And, you know, John wants to be accepted, you know. He wants to be

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popular. And, you know, he's quick to spend someone else's money if it is, you know, not his money. And I didn't realize that he had that reputation, you know, rather than being a real hustler and a fund raiser. If you are going to be a fund raiser, you better go hustle and do your job. I mean, someone took the lazy man's way, here. There was no problem going to each one of those people and saying give me a thousand bucks, $500.

Q. You mean no problem for O'Neill to donate?

A. Saying he had relationships with their customers. Whenever my banker calls and says, "Will you donate $1,000," you don't sit and think about it, you try and accommodate them if the guy is a half-way decent guy.

Q. So in your mind, was all of the $30,000 supposed to go to the Rhodes committee?

A. It was a loan to do whatever. I didn't know where. I didn't ask. I didn't care.

Q. Did you know to whom it was to go to?

A. I had no idea where it was going. There was a panic call, and I, you know, thought I met the panic need.

(A discussion was held off the record

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between the witness and his counsel.)

THE WITNESS: He was just saying it was supposed to go to the committee. I wasn't giving $2,000 to Joe Blow and $2,000 to Sam Dokes. I was giving a $30,000 loan to, I guess, to the committee, like he asked.

Q. It was not supposed to go to John O'Neill?

A. No. Meanwhile, if John would have called me and said, "I need 500 or 5,000," personally, I would have given it to him, too. So my generosity got me in a hell of a lot of trouble. That is why I am sitting here today -- or stupidity, one or the other.

Q. Did other campaign personnel know at the time, August 12th, that you had made this $30,000 commitment?

A. I have no idea.

Q. Now, let me clarify this. You assume it was Mr. Eilek that -- E-i-l-e-k?

A. E-i-l-e-k, yes.

Q. Who made out this check to United Bank for the $30,000? I'd like to refresh myself. He has never told you why he did that?

A. Bill?

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Q. Yes.

A. I had asked Bill after this happened. I said, "Bill, was that a pre-signed check?" You know, I asked him just to get his recollection of it. And, you know, this guy has been with me for a long time. He's a very steadfast worker, just a quality guy. But he would not have questioned -- I mean, this didn't happen once or twice. If you asked him or if you asked Judy Windisch, it probably happened 30 to 50 times. If we had an interest payment that was due at the bank or if we had to make another paydown, O'Neill would always call Bill and say, "I need a check for this amount made out to this." And that you would have to ask them. But I would guess they will say a minimum of 20 times and possibly 50 times that has happened. That was a very common occurrence.

Q. Did Eilek ever have to make out checks for campaigns before?

A. He would have made out the -- basically. Lately, he has done mainly payroll. But at this time, he would have been handling the payables also.

Q. Did you ask him whether he had ever made one out to a bank before as opposed to a campaign?

A. He would have no idea. He does -- I

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mean, Bill is the type you say do A through Z and it gets done. He's not the type -- this could say per CDW to review. Now, it looks like a B. I will find out what this is.

Q. You are referring to the bottom part?

A. Right, on the $30,000 check. I am sorry.

Q. What was that you were saying? I am sorry.

A. I was saying, "Per CDW to review." But it looks like a B. It doesn't look -- I have got to find out who wrote that.

Q. Yeah, please do.

A. But Bill absolutely -- that is not his job to distinguish what that check was for. He doesn't sit and argue with me or anyone else. He just does what he is told to do. And then Judy, who is the chief accountant, would pick this up and say, "Why doesn't it say what this is for?" So we put it in suspense till someone tells her. So it would come to me.

Q. Let me get this straight, then. After it was put in suspense, how long after it was put in suspense did you see that?

A. I have no idea. The only time I ever called for this check, I thought Eilek or someone

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else would have signed that, because I remember the conversation when I called and said, "John is going to be calling. He needs $30,000. Get him a check."

Q. Did you explain to Eilek this should not have been made out to United Bank?

A. No.

Q. Why not?

A. I am just saying for after the fact. I didn't even look at who the hell it should have been made out to or why it should have been made out to Rhodes for Congress or, you know, that wasn't my call. That was O'Neill's call how that check got made out. Am I confusing you more than helping you?

Q. No, that is fine.

A. I am trying to be helpful.

Q. That is fine. When were funds returned to you from this $30,000 check?

A. I don't recall, you know, what the time frame on that was.

Q. Would it have been sometime in October? Would that remind you?

A. Possibly.

Q. Do you know in what form it came to you, this refund?

A. I don't recall.

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Q. Would it have been by mail?

A. I think -- I know Rawles, I met him, you know. I think he might have delivered them out, or I remember, you know, him coming by the office. I don't know if he brought them back, dropped them to O'Neill. I don't recall.

Q. Did you talk to someone when you got this money back?

A. I don't believe so. I know I met Rawles. I don't think there was any lengthy conversation.

Q. Was anything said about the fact you were getting not the full 30 but 27,000 back?

A. No.

Q. Why not?

A. I don't know. Others handle my affairs. I don't get that involved.

Q. Someone from WGI would have gotten the check back from the campaign?

A. Right.

Q. So you recall no discussion ensuing from that return?

A. No. We run a little haphazard, but I like to think we accomplish lots of good things.

Q. You mean your company?

A. I am just saying, details like this,

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sooner or later it would have shown up $3,000 short.

Q. I am handing the reporter an exhibit to be marked as FEC Exhibit 5, and I am handing a copy to the witness and counsel. And I think we have two copies here. I am going to give you a little time to read the article.

(Deposition Exhibit No. 5 was marked for identification.)

Q. BY MR. LEVIN: Mr. Wolfswinkel, have you seen this newspaper article shown on Exhibit 5 before?

A. Yes.

Q. And when did you see it, do you recall?

A. I assume when it came out.

Q. Okay. I am going to ask counsel if we can sort of stipulate an approximate time. Just to see if you are agreeable to this, under the byline it says Arizona Republic 1987, and then next to the article on the first page there is an article about Gary Hart, and it appears he is having trouble, and then there is an ad on the second page that says, "Mother's Day is May 10th." So if we can stipulate this was on or about the beginning of May, late April, early May?

MR. WOODS: That is fine.

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Q. BY MR. LEVIN: Do you recall that being the time, or independent of what I have said, do you recall?

A. I don't recall.

Q. Do you remember being interviewed or called by someone at the Arizona Republic?

A. Yes.

Q. For this article?

A. I just recall the call.

Q. I am going to call your attention to the first full paragraph on the second page of the document. Would you read that paragraph for the record?

A. On the second paragraph?

Q. Second page, top left-hand corner.

A. "Wolfswinkel would not explain why he felt it necessary to use other people's names to make contributions to Rhodes."

Q. Do you recall what you said when you were called by the reporter or the interviewer from the Arizona Republic?

A. No, I don't.

Q. Does this accurately reflect what went on in that interview?

A. I don't recall. Lots of times when you

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do interviews it comes out much different than what you ever said. But, you know, I can't shed much more light on it than that. I wasn't going to get into an argument. It looks like they asked the question. Whether a guy didn't comment, there is lots of things you could take from that.

Q. Are there any details you recall from this interview?

A. No.

Q. Do you recall whether it was a long interview?

A. I don't believe so.

Q. What was the time on it?

A. I have no idea. I get interviewed often.

Q. Do you appear in the paper often?

A. Unfortunately.

Q. That is a yes?

A. Yes.

Q. Mr. Wolfswinkel, how long have you known John O'Neill?

A. 1972 or 1973. He started doing business in '74, I believe.

Q. Under what circumstances did you meet in '72 or '73?

A. He was a banker, and I tried doing some

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business with him then. It took a while to get the relationship established.

Q. Trying to get a loan?

A. Yes.

Q. To develop a project?

A. To buy real estate, to finance the operation.

Q. And how did that relationship develop over the years?

A. John represented some of the wealthier people. In fact, John really represented the who's who in Mesa. He ran, I think, the second largest branch in the Valley Bank system and represented, you know, lots of substantial people.

And I bought a piece of property in Mesa from a client that was a customer of John's. And they kind of laughed and poked fun at me that I had put up $50,000 to buy this property for a couple million dollars that the doctor had bought for like $20,000 many years ago. And they thought that I wasn't going to be able to perform on putting the deal together. And so John readily tells the story that they were, you know, questioning my abilities. And that normally performed and closed on that deal. It gathered a little extra respect. And he

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represented another family that we sold a piece to, and they put up about three million dollars on the purchase.

And so I was on the other side with them many times in representing the people I was doing business with. And after a while, he got more in tune with what we were doing, and we started a banking relationship, business relationship.

Q. Let me ask you: Do you still maintain contact with him?

A. Talk to him socially and still friends, and I see him probably once a week.

Q. Does he work for you?

A. No.

Q. Did he work for you?

A. Yes.

Q. When?

A. I gave him notice about a year ago, and then I think we kept him on the payroll through June of last year.

Q. Why did you give him notice?

A. Just it wasn't -- things have been tough in the real estate market. John was handling financing on different deals. We weren't putting a lot of new deals together, financing wise. He also

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wanted to pursue putting a new bank together. So it was an amicable parting.

Q. It was not related to this controversy?

A. No.

Q. Have you ever discussed this controversy with him since he emerged?

A. We have had some discussions. I have not specifically wanted to ask John, you know, too much. And, you know, there has been bits and pieces of conversation; for example, I was talking to him the other day, and he said he had just been subpoenaed to testify. But beyond that, there wasn't, you know, much conversation.

Q. What specifically did you talk about with him pertaining to this controversy?

A. He had a little conversation or kind of started something about, you know, what happened or so, and I didn't even want to get into it. Because, you know, John -- it was almost like I felt like he was trying to lead me into making a commitment, you know, to say something. And know what happened on this thing, and I don't want to be discussing it, you know, with anyone.

And I was thinking last night -- I don't know if I was dreaming this or not, because I know

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that John had mentioned to me Cort Silver was upset with O'Neill and very upset that, you know, what had happened. So John had made the comment to me that Cort and him -- and maybe I was dreaming this, sometimes my head gets a little foggy -- we had to sit down and discuss it. I don't want to discuss this with anyone, you know. What happened happened. If I was in the wrong on some of these things, I will take my lumps, you know. This thing with the kids, it was a little stupid, as I look back, giving a $1,000 donation for my six, seven-year-old son at the time.

But I let the chips fall the way the chips are, and I don't want to be discussing this and speculating and, you know, things have been very painful just what one has gone through on it. And, you know, I feel pretty comfortable about my innocent stupid involvement.

Q. You were referring to the $5,000 check before that issue was embarrassing. What did you mean by that?

A. Just that if I would have sat and thought it through -- just because someone said, you know, you can give $1,000; you, your wife, and your kids, it is a little tough for a six-year-old to decide he

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is going to support Rhodes for Congress. And, you know, if everyone ever asks that question as you asked today, "Did you consult with your son if it was all right to take his $2,000 in savings or 12 or 900," I probably wouldn't be the most popular father in the world.

So, you know, we are much more careful today as to what the rules and regulations are. And number one, I'd like to say to everyone, "No donation. Everyone is on their own." But, you know, because I wasn't aware of a lot of the implications, the loan thing, I was sitting in my attorney's office when he read and said, "You can't do a loan." And, you know, that was shocking to me. There I was blatently saying, "I will cosign." I mean, I didn't make the reputation once. Every time O'Neill bitched about being short of funds or having to pay, I would say, "John, go borrow the dough. Here I am. I stand ready, willing, and able to help," but never with the intention if there was a problem that I wanted to be involved. And John had no idea that that was a problem. I mean, he wasn't tuned into it.

Q. How do you know that?

A. Just because he went, I think, and borrowed money at one of the banks, and he cosigned

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as the chairman. And he later told me that that was improper, too. I think that is when Rhodes went back and paid that loan back and took it out in his own name.

Q. Do you know John O'Neill to have a regard for the law in general?

A. John O'Neill is a very, I think, good person, honest person, you know. Whatever he did, he had nothing to gain whatsoever by this whole thing. Jay Rhodes was supposedly a close, close friend of his. They spent a lot of time. And, you know, John was just trying to help him. He had nothing else besides that as far as disregarding the law.

I think John is sloppy and lazy in a lot of things, you know. I have gotten to know him a little better since he has been around. I still like the hell out of the guy, but he has got some traits that, you know, like I said, this would have never been a problem if he would have went to the people in the first place and said, "I need some help." He didn't have the guts to do that. It was easier for him to do it another way.

Q. Did John O'Neill work on any of the same campaigns you worked on or participated in?

A. No, I don't think so. You know, John was

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a very respected east valley banker. So if Schulz said, "We're going to raise 100,000 in the east valley, you know, O'Neill would have been there. And as far as knowing O'Neill's ability for what he raised, I don't know. I just heard tidbits. He never contributed much. How they ever picked him, you know, I think it was a favor that Rhodes was trying to pay him back to have the honorary distinction of being finance manager, you know.

Q. Did John O'Neill work -- now, I asked about the same campaign you worked on. Did he work on any other campaigns that you know of?

A. I don't know.

Q. For instance, did he work on the Willie Wong campaign?

A. I don't think so. Although Willie Wong was a customer of John, I know. So I am just saying, you know, John is one of the first people if you are running for office you think about who can help in the east valley. John O'Neill would be on that list. It's very possible he was involved somehow.

Q. On that list to raise funds?

A. Right.

Q. What was your perception of Mr. O'Neill's role in the Rhodes campaign?

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A. Just the finance -- what do they call it. I is a finite manager.

Q. Chairman?

A. Chairman.

Q. Was he near the top in the campaign?

A. I would assume he was.

Q. He was an important fund raiser for the campaign?

A. I would think so, or they wouldn't have put him in the position they put him.

Q. Is he finance strategies for the campaign?

A. I have no idea. I assume he would have been.

Q. Did you ever visit John O'Neill at the bank, the Mesa branch of the United Bank?

A. I have gone there, yes. He has probably been to my office three times for every time I have been at the bank.

Q. So in 1986, how often would that be that you visited O'Neill at the United branch.

A. Once a month, maybe once every two months.

Q. Did you ever notice him on the phone on campaign business at the bank?

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A. Not that I recall.

Q. Did you ever notice him working on campaign business, let's say, at his desk he has got checks for the campaign there or a ledger for the campaign?

A. Not really.

Q. No literature for the campaign?

A. Might have. I don't recall.

Q. Did O'Neill have people under him?

A. I would assume he did. I don't know who it would have been.

Q. Do you know Ben Dobson?

A. No.

Q. Do you know Kent Mulkey?

A. No.

Q. Do you know anybody else on the Rhodes campaign besides Jay and Ann?

A. Tom Rawles, I met him, I know, once. If you read some more names to me I might.

Q. When I said Ann, I meant Ann Rhodes.

A. Right.

Q. What do you know as to why John O'Neill was dismissed from the United Bank?

A. I think this and just some other things that came up, you know, caused that dismissal.

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Q. Did any of that involve you?

A. Yes.

Q. In what way?

MR. WOODS: Now that -- we are not going to answer anything that has to do with any other investigation, anything else involving that. I will instruct the witness not to answer.

Q. BY MR. LEVIN: Do you refuse to answer on the advice of counsel?

A. Yes.

Q. On what basis?

MR. WOODS: Well, the basis is that it is irrelevant to start out with. I will leave it at that. If you want me to invoke the Fifth, we will. We are trying to be cooperative. My advice was to take the Fifth throughout this. He has chosen not to do so. We will take the Fifth from here on out if you feel it is important to go into that area.

MR. LEVIN: Just to note for the record, relevance would not be an objection. That would be applicable right now, but I will go on in a different area.

Q. BY MR. LEVIN: What did Mr. O'Neill do for you when he went to work for you?

A. He was just in charge of helping us raise

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different, you know, we borrowed lots of funds annually, and he was assisting financial people with the contacts that he had with other bankers, other financial people that he met and knew in his business life.

Q. Do you know Ann Lorenzo?

A. Yes.

Q. And who is she?

A. She was John O'Neill's girlfriend and later became his wife.

Q. Was she involved in the Rhodes campaign?

A. I don't think so, but I don't know. She might have been.

Q. Do you recall whether she was a co-chairman of finance with O'Neill of the Rhodes campaign?

A. I don't think so, but I am just not aware.

Q. Has she been involved in other campaigns to your awareness or recollection?

A. I think Ann is a very active person, you know, with the banks she works for, and that is her job, I think, to be involved. But I don't --

Q. What do you mean?

A. Just inovolved in the east valley. She

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has a very important position in, I know, United Way and hospital funds.

Q. How about political campaigns?

A. I do not know.

Q. You have spoken a bit about your relationship with Jay Rhodes. How long have you known Jay Rhodes?

A. About the same time I have known O'Neill.

Q. Are the two related in that sense that your knowing O'Neill at the same time your knowing Rhodes?

A. They were, Jay and John, one of the first guys I told you laughed at me when he laughed at O'Neill.

Q. Wait, who laughed at you?

A. O'Neill and --

Q. Jay Rhodes.

A. And one of his best friends, which was also one of Jay Rhodes' friends; sit around on Friday nights and have drinks at O'Neill's and Jay Rhodes' office at the top of O'Neill's building he was in, and that was a very close friendship between those three. Wayne Brown is his name. He was who I did one of my first deals with that O'Neill worked with him as a banker and Jay Rhodes and John O'Neill.

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Q. What is your knowledge as to his financial circumstances, Jay Rhodes' financial circumstances in '86?

A. Just whatever I heard secondhand from others.

Q. Which was that they were not good?

A. Yes.

Q. Is that his personal finances or his law firm finances?

A. I believe him as an attorney.

Q. So his law firm finances?

A. You can't say that. He might have had partners. I don't know when he was by himself, or like I said, I know he was by himself, I think, when I had him do somewhat of a simple transaction, I thought. And, you know, once was enough.

Q. Now, I know you referred to before as to why you should help out Jay Rhodes financially, "Why doesn't, you know, someone else help him out." Have you ever helped out Jay Rhodes financially?

A. No.

Q. Do you know Cortland Silver?

A. I know Cortland, and I have sold him one piece of property. But, you know, to see him at lunch time and say hello and how is business; I never

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socialize with him, never. I am trying to think if I have ever gone to lunch with him. It is more or less, I think, run into him at one of the restaurants in Mesa. He does business with a lot of banks we do business with.

Q. Do you know O'Neill's relationship with Cortland Silver?

A. No. I think they were -- you know, Cortland was a big customer. And beyond that, I really don't know.

Q. How about Rhodes' relationship with Cortland Silver?

A. I don't know if there is any or not.

Q. How about Rhodes' relationship with O'Neill? What do you know about that?

A. It was extremely close. And, you know, I think after this erupted, I think, since then, you know, any respect that I had left for Jay Rhodes, it is totally gone. Those two were like brothers almost, and I don't think Jay Rhodes has ever called John O'Neill once and said, "Hey, how are you doing? What is going on?" Or, you know, Jay, once he received the position that he is in, he kind of forgot someone pretty important to him.

Like I said, O'Neill, whatever he did was

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done with good intentions and with no harm, you know, to anyone. And I think it is pretty chicken that O'Neill and Rhodes having been supposedly the best of friends for as many years as they were and Rhodes to be leaning on O'Neill for help and then to, you know, dump and desert O'Neill the way he did. Maybe that is the way things happen in Washington.

Q. Now, we asked before if you had spoken to O'Neill about this case. Other than your attorney, have you spoken to anyone else about this case?

A. Not really, you know. It is common knowledge, or I might, you know, make a comment to someone, "I am going to a Rhodes deposition," or something. I will shut my mouth without going forward on that. It has been no secret around my office when you send a subpoena and say, "Give us this." But any extra unusual conversation, no, you know. A lot of people are aware when they see the article in the paper and call and say, "What is going on." And we have had the attorneys be responsive to that. But conversation beyond that, there hasn't been any.

Q. Have you ever spoken to your attorney in the presence of a third person who was not in your attorney's firm.

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A. Ask that again?

Q. Have you spoken to an attorney in this case in the presence of someone who is not in your attorney's firm? In other words, non-confidential communication with your attorney about this case?

A. I can't think of an instance.

Q. Do you recall anything you may have said to Rhodes about this case?

A. Rhodes, you know, talked to me after this whole thing blew up, and he said, "Were you aware, you know, of the names or what was done?" And I said, you know, "I am now aware of it." I said, I can't tell you if I became aware two hours ago, you know, two days ago, you know. This would have been, like you said, September or October when the thing erupted. The check was written in August. I became aware of it, you know, at some point in time.

And that was the question Rhodes asked me. He said, "Were you aware." I said, "Jay, I now know something like that happened." I said, "Any of the details, I don't know the details." That was about the only conversation I had with him.

Q. In this conversation, you are saying that you know now after the controversy emerged, not before?

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A. Yes. This was when Rhodes -- I don't know if it was September or October -- it just blew up. And Jay called me, and I think I met him for a drink. And that was his question to me.

Q. Wait a minute, now. He asked you that question, how had you found out before?

A. Because I just found out a day or two before the fireworks were flying.

Q. Who told you?

A. I don't even recall what happened or the bank or, you know, how we found out. Fisher maybe showed up on the doorstep.

Q. Fisher from the FBI?

A. Right. I guess that was the first contact that he came in and presented himself, and then the conversation with Rhodes happened after that.

Q. Were you expecting someone from the FBI?

A. It was Fisher that showed up, I think.

Q. But were you expecting someone from the FBI?

A. No, that is what I am saying. All of the sudden, he showed up and flashed his credentials. It scared the hell out of everyone in the office. And then the fireworks kind of started.

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Q. Have you spoken to Bernadette Wolfswinkel, your wife, about this?

A. Hopefully, you know, we have had -- she knows Jay and she knows Annie. There has been -- she doesn't know. It is limited conversation. I try not to bring many problems home from the office.

Q. What have you said to her?

A. I cannot recall specifically.

Q. Anything of substance on the case?

A. No.

Q. Did you speak to anyone from the Rhodes committee about this?

A. I don't believe so.

Q. Did you speak to Ann Brown about this?

A. Who is Ann Brown?

Q. Okay. She's the campaign manager.

A. Don't know her. Now, you have got to remember, lots of people say they are good friends with Conley that I have never met before. So I am just saying, Ann Brown might be an exception. I am sure I said hi. I cannot tell you who Ann Brown is.

Q. Let's take a three-minute break.

(Short recess.)

Q. BY MR. LEVIN: Mr. Wolfswinkel, I want to go back to the point where you described the

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situation where O'Neill asked Jay Rhodes' father, the former minority leader, to cosign a note for the campaign and Jay's father wouldn't do it but you said that you would; and then is it correct you said to O'Neill, "Go check it out, see if it can be done"?

A. Yeah. I was dumbfounded that Rhodes' father would not do it; meanwhile, my credibility was still on the hook that I committed to do this. So I now couldn't say to my banker and to Annie Rhodes, "Hey, what am I doing agreeing to cosign on this thing when Jay's father won't even do it?" And I was very perplexed why Jay's dad wouldn't do it, but I still, you know, was willing to do it. And I might have faltered a little bit and had some questions in my mind. I was still willing to back my commitment on securing the note.

Q. What questions in your mind did you have?

A. Why your own father wouldn't help your son. That is a pretty good question.

Q. What did you mean by, "To see if it can be done"?

A. As far as when I talk about doing the loan, I had assumed that legally there was no problem doing that. So I didn't want to be offering to do something, you know, "Go see if the bank would loan

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the Rhodes campaign $50,000 with my signature." They might say, "Go to hell," you know. I told John at United Bank whatever he could do that my guarantee was available.

Q. Did O'Neill find out if it could be done?

A. You have to ask him.

Q. Did he ever communicate with you again on that issue?

A. We talked about it three, four, five different times on my guarantee being available.

Q. On whether you could do it?

A. Not whether we could do it or not. I know if he ever investigated that -- we assumed one could. Like I said, John found out later he couldn't even go to the bank as finance chairman to borrow funds, because he went and did that. They had to go reverse that activity.

Q. Did you ever ask him the same question; did you ever ask him, "Did you find out if I can do this?"

A. No.

Q. Did you ask him, "Could you find out if I could do this?"

A. No.

Q. Why didn't it come up again?

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A. Because I don't think anyone was sitting there, you know -- we were sitting there assuming something we shouldn't have been assuming, or we should have been asking some proper legal counsel. Hey, you know, we were both novices. And like I said, it proved, you know, how novice he was that he wouldn't do exactly what we thought.

Q. Did O'Neill indicate a reluctance to find out if he could do it?

A. I don't think so. I think it was more a matter of fact of just not doing it. I mean, if a guy would have said, "Hey, that is illegal," a guy would never be in the predicament a guy is in now.

Q. How many times did the discussion whether you could do it legally come up?

A. Never. We just assumed that a guy could loan money, you know. We never even thought about the legalities.

Q. Had you ever seen that done in any of the campaigns you worked on?

A. No.

Q. You had never seen a loan?

A. I didn't, you know, you read the paper. And you raise $100,000 in a campaign and you spend 300,000. Where does that money come from? I never

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sat and said, "Wait a minute." I haven't been that damn curious.

Q. You haven't known of or seen any or known of any specific loans?

A. No.

Q. Let's take another short break. Let's go off the record.

(Short recess.)

MR. LEVIN: Back on the record. I have no further questions at this time. Do you?

MR. WOODS: I don't have any questions.

MR. LEVIN: Okay. This deposition is continued. We continue this deposition, perhaps, for a later date. We may never call you back. We don't know.

Your check for your witness fee and mileage will be sent to you in the mail.

THE WITNESS: Can I donate it to someone?

MR. LEVIN: Don't ask me.

THE WITNESS: I can trust you guys that it will get there, huh?

MR. LEVIN: Your witness fee and check will get to you.

THE WITNESS: Now, you are not calling back to someone at your office telling them to do that, they

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UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:

NO: MUR 2602

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition of Conley Wolfswinkel was taken before me, Laurie Adams a Notary Public in and for the County of Maricopa, State of Arizona, on February 8, 1989; that the witness elected to sign the deposition before filing with the taking attorney; that the witness was requested by mail on February 20, 1989 to come to the offices of Thacker & Associates, Inc., 2700 N. Central Avenue, Suite 1201, Phoenix, Arizona, within 30 days to read and sign said deposition.

SINCE SAID LETTER has not been returned and the witness has not contacted our offices for an extension of time, and being charged with the responsibility for filing the original with the taking attorney, I herewith file said deposition.

DATED at Phoenix, Arizona, this 5th day of April, 1989.

SUBSCRIBED AND SWORN to before me this 5th day of April, 1989.

Laurie Adams
Court Reporter

My Commission Expires Feb. 1, 1992

My Commission expires

Debra L. Zent
Notary Public

just send it out?

MR. LEVIN: We have to go through a long requisition process.

That is it.

(1:40 p.m.)

CONLEY D. WOLFSWINKEL

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STATE OF ARIZONA)
: ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition was taken by me; that I was then and there a Notary Public in and for the County of Maricopa, State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the whole truth and nothing but the truth; that said deposition was reduced to writing by me, and that the foregoing 122 pages constitute a full, true, and accurate transcript of the testimony of said witness to the best of my skill and ability.

I FURTHER CERTIFY that I am not related to nor employed by any of the parties hereto and have no interest in the outcome thereof.

DATED at Phoenix, Arizona, this 17th day of February, 1989.

Laurie A. Adams
Laurie A. Adams
Court Reporter

My commission expires April 20, 1990.

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Wolfswinkel
EXH. NO. 1 DATE 2-23-89
LAURIE ADAMS

HAND DELIVERED

October 27, 1986

Mr. Jack Fisher
Special Agent
Federal Bureau of Investigation
201 E. Indianola, Suite 400
Phoenix, Arizona 85001

Dear Mr. Fisher:

Attorney Barry Tarlow requested that I forward the attached to you. Please direct any questions to him at (213) 278-2111.

Very truly yours,

Judy D. Windisch

Judy D. Windisch

JDW:sp
enclosure

cc: Mr. Barry Tarlow
Attorney at Law
9119 Sunset Blvd.
Los Angeles, CA. 90069

CDW

CONLEY D. WOLFSWINKEL 6101 South Rural Road, Suite 123 Tempe, Arizona 85283 (602) 831-2000

1985 POLITICAL CONTRIBUTIONS BY DATE

PAYEE	DATE	CHECK #	AMOUNT
Schulz for Arizona	4/22/85	7231	$ 500.00
Schulz for Arizona	5/20/85	7510	500.00
Schulz for Arizona	7/17/85	8004	1,500.00
Rhodes to Congress	10/1/85	8651	100.00
Mayor Terry Goddard	10/21/85	8812	250.00
Bill Schulz-return of funds when he pulled out of race	10/85	85-195	(2,500.00)
Good Government Committee	11/18/85	9079	5,000.00
John McCain Senate	12/4/85	9198	1,000.00
Americans for National Interest	12/18/85	9297	5,000.00
Babbitt for Arizona Committee	12/18/85	9298	5,000.00
			$16,350.00

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1985 POLITICAL CONTRIBUTIONS BY RACE

PAYEE	DATE	CHECK #	AMOUNT
City Races:			
Mayor Terry Goddard (Phoenix)	10/21/85	8812	$ 250.00
Arizona Governor:			
Good Government Committee (Burton Barr)	11/18/85	9079	$5,000.00
Congress:			
Rhodes to Congress	10/1/85	8651	$ 100.00
John McCain for Senate	12/4/85	9198	1,000.00
			$1,100.00
Presidential:			
Americans for National Interest (Bruce Babbitt)	12/18/85	9297	$5,000.00
Babbitt for Arizona Committee	12/18/85	9298	5,000.00
			$10,000.00
		Total	$16,350.00

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POLITICAL CONTRIBUTIONS
SEPTEMBER 1986 BY DATE

PAYEE	DATE	CHECK #	AMOUNT
Willie Wong for City Council	1/31/86	9736	$ 250.00
Mitchell for Mayor	2/21/86	9914	400.00
Sam Lena	2/24/86	9922	500.00
House Victory Fund	2/24/86	9931	1,350.00
Deukmejian Committee	2/26/86	9963	10,000.00
Brooks for Mayor	3/19/86	10148	100.00
Mr. L. Harold Wright	3/26/86	10238	100.00
Mr. Keno Hawker	3/26/86	10239	100.00
Ms. Pat Blake	3/26/86	10240	100.00
Ms. Phyllis Ropacki	3/26/86	10241	100.00
Mr. Cordon W. Driggs	3/26/86	10242	100.00
Burton Barr for Governor	4/11/86	10382	5,000.00
Rhodes for Congress	7/1/86	10999	5,000.00
Re-elect Paula Hawkins	7/2/86	11027	500.00
Lela Steffey	7/14/86	11093	200.00
John Kyl	8/22/86	11319	1,000.00
Deukmejian Campaign	9/8/86	11401	10,000.00
Barr for Governor	9/12/86	11427	1,250.00
Babbitt for Arizona	9/16/86	11452	20,000.00
George Smith	9/26/86	11494	250.00
		Total	$56,300.00

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POLITICAL CONTRIBUTIONS
SEPTEMBER 1986 BY DATE

PAYEE	DATE	CHECK #	AMOUNT
Willie Wong for City Council	1/31/86	9736	$ 250.00
Mitchell for Mayor	2/21/86	9914	400.00
Sam Lena	2/24/86	9922	500.00
House Victory Fund	2/24/86	9931	1,350.00
Deukmejian Committee	2/26/86	9963	10,000.00
Brooks for Mayor	3/19/86	10148	100.00
Mr. L. Harold Wright	3/26/86	10238	100.00
Mr. Keno Hawker	3/26/86	10239	100.00
Ms. Pat Blake	3/26/86	10240	100.00
Ms. Phyllis Ropacki	3/26/86	10241	100.00
Mr. Cordon W. Driggs	3/26/86	10242	100.00
Burton Barr for Governor	4/11/86	10382	5,000.00
Rhodes for Congress	7/1/86	10999	5,000.00
Re-elect Paula Hawkins	7/2/86	11027	500.00
Lela Steffey	7/14/86	11093	200.00
John Kyl	8/22/86	11319	1,000.00
Deukmejian Campaign	9/8/86	11401	10,000.00
Barr for Governor	9/12/86	11427	1,250.00
Babbitt for Arizona	9/16/86	11452	20,000.00
George Smith	9/26/86	11494	250.00
		Total	$56,300.00

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CONLEY D. WOLFSWINKEL
1005 WEST SOUTHERN PH. 831-2000
MESA, AZ 85202

Wolfswinkel
EXH. NO. 2 DATE 2-5-89
LAURIE ADAMS

№ 10999

91-263/1221

June 30 19 86

PAY TO THE ORDER OF RHODES FOR CONGRESS $ 5,000.00

THE SUM 5000 00 DOLLARS

Mesa Main Office
UNITED BANK
OF ARIZONA
222 E. Main Street, Mesa, AZ 85201

[redacted]

"0000500000"

⑆40436007511

Wolfswinkel

EXH. NO. 3 DATE 2-8-89
LAURIE ADAMS

MESA REGIONAL HOME OFFICE

Conley D. Wolfswinkel

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100568
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTRA 11502-01-072
91-283

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ..... $ *1900.00

UNITED BANK 1,900dls00cts DOLLARS

PURCHASER'S SIGNATURE

EXCH. FEE. ☐ COLLECTED ☑ WAIVED

INITIALS AUTH. SIGNATURE

ADDRESS

grb
⑈100568⑈ ⑆122102831⑆ ⑈214104007⑈ ? ⑈0000190000⑈

MESA REGIONAL HOME OFFICE

Conley D. Wolfswinkel

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100568

91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ..... $ *1900.00

UNITED BANK 1,900dls00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

grb
⑈100568⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000190000⑈

EXHIBIT #7

JY '86 01
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

Credited to the account of the within named payee in accordance with payee's instructions. Absence of endorsement guaranteed.
The United Bank of Arizona
122102851

2043600754

Bernadette Wolfswinkel

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100567

91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ *2,000.00

UNITED BANK 2,000dols00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

grb

⑈100567⑈ ⑆122102831⑆ ⑈2141004070⑈ ⑈0000200000⑈

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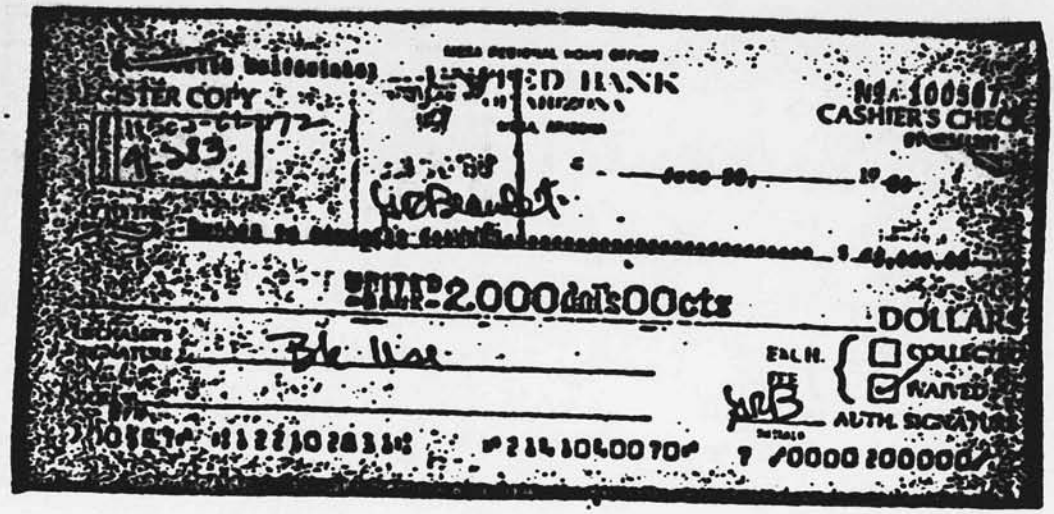

100-4 R. 4/73

Dustin Wolfswinkel

REGISTER COPY 072

CONTRA 11502-01 91-283

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

JUN 30 '86

COMM'L LOANS

No 100566
CASHIER'S CHECK
91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK 1000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

EXCH. FEE ☐ COLLECTED ☑ WAIVED

INITIALS AUTH. SIGNATURE

⑈100566⑈ ⑆122102831⑆ ⑈214104007⑈ ? ⑈0000100000⑈

7560243600

100-4 R. 4/73

Dustin Wolfswinkel

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

No 100566

91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK 1000dol's00cts DOLLARS

CASHIER'S CHECK

grb

AUTHORIZED SIGNATURE

⑈100566⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

UNITED BANK OF ARIZONA
PAY TO THE ORDER OF
FOR DEPOSIT ONLY
Rhodes for Congress Committee
6032198782

JY 86 01
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

1'000'000'00

PAY TO THE ORDER OF [redacted] Arizona $ [redacted]

[redacted] DOLLARS

UNITED BANK OF ARIZONA

NOT NEGOTIABLE

⑈011273⑈ ⑆122102831⑆ ⑈1150201072⑈

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DATE	DESCRIPTION	AMOUNT
8/12/86	suspense per Judge # 1195	30,000.00

COURTESY D. WOLFSWINKEL

Wolfswinkel
EXH. NO. 4 DATE 2-2-87
LAURIE ADAMS

...ONES
...ona Republic

A 15-year-old Alhambra High School freshman was detained Tuesday morning for investigation of murder in connection with two bodies found buried in the back yard of his west Phoenix home.

John Edward Lofton Jr. was detained at his home at about [illegible] a.m. after police found traces of blood throughout the house at 2838 W. Glenrosa Ave., said Sgt. Brad Thiss, a police spokesman.

The bodies found in a shallow grave had not been positively identified as of late Tuesday, but Thiss said the boy's parents, John [illegible] stance S. Lofton, 36, had not been [illegible] since they left work Friday.

Three other people, identified by neighbors as [illegible] Bennett, John Magnus and [illegible] Young, all 18, were in the home Tuesday morning and were taken into custody with Lofton. All three were released [illegible]

This said police confiscated several guns and at least one chainsaw from the home. Investigators late Tuesday had not established a cause of death.

As police investigators prepared

— *Bodies, A2*

Developer masked $27,000 given to Rhodes

By JOHN WINTERS
and ANDY HALL
The Arizona Republic
Copyright, The Arizona Republic, 1987

Jay Rhodes returned the money Sept. 30, five days after Rhodes said he had become aware the contributions might be illegal, forms filed with the Federal Election Commission show.

"To who? Never heard of him."

Barry Schmitz was genuinely surprised. He was listed as a contributor of $2,000 to Jay Rhodes' successful campaign for Congress last fall. Now, a reporter was asking him whether he actually made the contribution.

He did not, Schmitz said. In fact, he said, he doesn't even know who Rhodes is.

Edwin Smiegel Jr. was equally surprised when asked about the $1,000 he was listed in campaign documents as having contributed to Rhodes.

He knows who Rhodes is, he said. But he did not contribute to the congressman's campaign, either.

Schmitz and Smiegel are among 19 people whose names are listed in Federal Election Commission records as having contributed a total of $27,000 to Rhodes' campaign, but who did not, *The Arizona Republic* has found.

The money came instead from Mesa developer Conley Wolfswinkel and was funneled into Rhodes' campaign using other people's names.

Wolfswinkel has refused to offer any explanations to *The Republic* other than to say he is "110 percent in the right."

It is unclear where the names for donors were obtained or what role former United Bank Vice President John O'Neill played in the handling of the contributions. O'Neill was in charge of finances for Rhodes' campaign while employed at the bank, but he recently resigned to work full time for Wolfswinkel.

United Bank security officials were the first to

— *Developer, A15*

The 50-year-old Demo... from ...nner lashed out ...stor... ...blished in the ... *Herald* on Sunday as "...s... ing and false," saying it hurt him and his family, left him struggling "to r... tain my integrity and honor."

A determined Hart sai... made a mistake but will ...tinue his bid for the Democratic nomination.

"Let me assure you tha... campaign has just begun,' former Colorado senator ... "As I've said, I don't inte... give up because the cau... more important than the ...didate.

"Did I make a ...stak... putting myself in circ... stances that could be mis... strued? Of course, I did. ... goes without saying. Did ... anything immoral? I ... did not."

Wolfswinkel
ORIG NO 5 DATE 2-2-89

Developer

Continued from A1

alert federal authorities to the irregular contributions.

Wolfswinkel would not explain why he felt it necessary to use other people's names to make contributions to Rhodes.

Federal election laws set the maximum contribution from an individual at $1,000 in each of the primary- and general-election campaigns.

Although Wolfswinkel's contribution seems in direct violation of campaign laws, federal prosecutors say they will not seek charges pending a review by the Federal Election Commission.

"Even though it appears that an improper contribution was made to the campaign, we deferred the determination of whether election laws had been violated to the Federal Election Commission," said Stephen McNamee, U.S. attorney for Arizona. He said the commission ordinarily makes the initial determination.

McNamee said he decided not to file charges after reviewing results of an FBI investigation with Craig Donsanto, a senior trial attorney with the Justice Department in Washington. McNamee said he and Donsanto, a national expert on election laws, decided to defer any prosecution, believing that the facts in the case dictated that it should be referred to the Federal Election Commission.

Criminal prosecution in such cases generally is undertaken only when it can be demonstrated that improper donations were made in an effort to influence the candidate, McNamee said.

"Although they (the donations) were made improperly, it was not with the intent of influencing the candidate," McNamee said.

The Federal Election Commission is reviewing the case for possible civil sanctions, McNamee said.

McNamee refused to discuss any details of the case with *The Republic*, and Donsanto could not be reached for comment.

A spokeswoman for the commission declined to confirm the investigation. Commission spokeswoman Carol Finucan said the FEC does not confirm whether it is investigating complaints referred to it by the Justice Department.

Finucan said federal elections laws provide that "no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by a person in the name of another person."

Finucan said the election laws enforced by the commission provide civil, not criminal, sanctions. The penalty is a maximum of $5,000 or an amount equal to any contribution or expenditure involved in the violation, Finucan said. If the violation was "knowing and willful," the penalty could be doubled, she said.

McNamee said that all the people involved, including Rhodes, acknowledge that the donations were improper.

Rhodes returned the money to Wolfswinkel on Sept. 30, five days after Rhodes said he had become aware the contributions might be illegal, according to amended financial-disclosure forms filed with the FEC shortly after the money was returned.

"Once we were advised by an official of the United Bank of an indiscretion, I went immediately to the U.S. attorney, Mr. McNamee, and informed him of all the information at my disposal," Rhodes said Monday in a statement released through his Arizona chief of staff, Tom Rawles. "The money was returned immediately."

The role played by the bank in the misrepresentations has not been fully explained.

Robert Randolph, head of security for United Bank, will say only that he came across certain information in the course of his duties that he felt obliged to report to the U.S. Justice Department. He said he cannot comment further because of the right of privacy of depositors.

Anne Brown, Rhodes' campaign manager, described O'Neill's role in the campaign as a one-man operation, responsible for the campaign's finances.

"O'Neill was the only one," Brown said. "He didn't have an assistant, even."

O'Neill has refused to comment but said his decision to leave the bank and work for Wolfswinkel had nothing to do with the contributions.

Asked whether the fact that O'Neill is working for him had anything to do with the contributions, Wolfswinkel replied, "I don't think so."

Airlift

ORIGINAL

TRANSCRIPT OF PROCEEDINGS

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

- -x
:
IN RE: :
:
M U R 2602 :
:
- -x

DEPOSITION OF GEORGEANN BEAUDET

Phoenix, Arizona

Thursday, February 9, 1989

ACE-FEDERAL REPORTERS, INC.
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CORRECTIONS TO DEPOSITION

Page	Line	Correction:
		No Changes.
		Georgann Besudet

2404360:27662

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UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:) MUR 2602

Phoenix, Arizona
February 9, 1989

DEPOSITION OF GEORGEANN BEAUDET

THACKER & ASSOCIATES, INC.
Court Reporters
2700 North Central Avenue
Suite 1201
Phoenix, Arizona 85004
(602) 279-4711

Prepared For:
Ms. V. Colleen Miller
Attorney at Law
(Copy)

By: Laurie A. Adams
Court Reporter

2404360716 3

The deposition of GEORGEANN BEAUDET, a witness herein, was taken upon oral examination by the parties through their respective attorneys before LAURIE A. ADAMS, a Notary Public in and for the County of Maricopa, State of Arizona, at the Federal Building, 230 North First Avenue, Suite 4000, Phoenix, Arizona on the 9th day of February, 1989, commencing at 1:35 p.m. of said day. Further, that these proceedings were taken pursuant to the Rules of Federal Procedure.

COUNSEL APPEARING:

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Mr. Jonathan M. Levin
OFFICE OF GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
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Washington, D.C. 20463
Attorneys for Defendants

Mr. Jerome B. Shultz
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Two North Central Avenue
Suite 2200
Phoenix, Arizona 85004-2390
Attorneys for Deponent

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GEORGEANN BEAUDET,

a witness herein, having been first duly sworn by the Notary Public to speak the truth and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MS. MILLER:

Q. We are here today for a deposition in the matter and review of 2602, part of an investigation being conducted pursuant to section 437-G of Title 2 of the United States Code.

The parties present today are reminded that these proceedings and any proceedings related to this investigation are governed by the confidentiality requirements of Section 437-G, Subsection A.

My name is Colleen Miller. This is Jonathan Levin. We are attorneys with the Federal Election Commission. The parties have stipulated to reserve all objections except as to form and foundation until the time of trial, if any.

The deponent has been sworn. Would you state your name for the record, please?

A. My name is Georgeann Beaudet.

Q. You are represented by counsel?

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A. Yes, ma'am.

Q. Would you tell us your counsel's name?

A. Yes, Mr. Gerald Shultz.

A. Have you ever been deposed before?

A. No, I have not.

Q. Okay. Let me give you some basic instructions. I am going to be asking a series of questions. If you don't hear any question or don't understand any question, just say so and I will repeat it or try to rephrase it for you. If you answer the question, I am going to assume that you have heard it and you understand it.

A. Fine?

Q. If you don't know the answer to any question that I ask or you can't recall, just say so. It's necessary for you to answer out loud, because a written transcript is being taken. If you shake your head or shrug your shoulders or make a gesture of any sort, that will not show up in a transcript, so you need to answer verbally.

If you would like a break or become confused or just want to stretch your legs, just say so and we'll do that. Do you understand those instructions?

A. Yes.

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Q. Great. Are there any additional documents to be produced?

MR. SHULTZ: Not today. We have just located some additional materials, and in accordance with our discussion, we will mail those to you.

MS. MILLER: Okay, thank you.

Q. BY MS. MILLER: Ms. Beaudet, where are you employed?

A. I'm employed at the Citibank office formally known as United Bank at 305 East Main Street in Mesa.

Q. In Mesa. How long have you been employed there?

A. March 8 of this year it will be 10 years.

Q. What job do you hold for Citibank?

A. Loan Support Specialist III.

Q. How long have you been at that position?

A. They had a name change. It was, when I started in '79, called a branch secretary III. Probably five years ago they changed the title on it. So it is pretty much the same procedure.

Q. You were a loan support specialist then in 1986?

A. I believe so, yes.

Q. Would you describe the duties that this

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job entails?

A. Yes. Primarily, we are involved with handling loan documents, the preparation, the necessary filing of documents, setting up filing systems, tickler files, this type of procedure on all of your loan customers in the commercial loan department. Also involved are receptionists' handling of customer service, new accounts, transfer calls, transfer of funds, that type of procedure on a daily basis.

Q. Would you be responsible for interviewing customers that are applying for loans?

A. Very little in that respect. Normally, it's done on a one-on-one basis with the commercial loan officer.

Q. Would you have any authority to recommend the approval of loans?

A. No.

Q. Would you do credit checks?

A. Mostly that is done in our credit department. If it is a business customer, we go through central credit. They do have a credit bureau machine in our note department, which the gals in the note department run credit checks on a personal basis.

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Q. Would you have any responsibility or any authority to check an applicant's other accounts with other banks?

A. With other banks?

Q. Within the same bank. We, as normal procedure, we will look on our microfiche that we have listing all the different related accounts that we are aware of. And we use a work up where we put average balances, profitability, this type of thing. This is one of the considerations we give to the loan officer.

(A discussion was held off the record between the witness and her counsel.)

MS. MILLER: We will note for the record that a short conference was held between the deponent and her counsel.

Q. BY MS. MILLER: Would this type of check be something that you would perform, or would that be somebody else within the loan department that would do that?

A. I would perform that duty.

Q. Was it part of your job responsibilities in 1986 to accept deposits that are made to accounts?

A. On occasion, yes, we do.

Q. Would you accept payments that are made

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towards loan balances?

A. Yes.

Q. Would you handle cashier's checks?

A. Yes.

Q. How does the process of issuing a cashier's check work? How did it work in 1986?

A. We would be given an item to process to purchase a cashier's check or would debit an account upon instruction for the offset to the cashier's check.

Q. Would it be part of your responsibility to type in the information on a cashier's check?

A. Yes.

Q. Would you have responsibility for processing a cashier's check after it was cashed?

A. After it was issued, yes. We would put it through our work for the day.

Q. Okay. Is issued different from cashed?

A. Yes. We do not handle any cash upstairs on the second floor. It has to be totally an offset item. No cash is handled upstairs.

Q. By cash, do you mean --

A. Actual currency.

Q. Does that mean currency?

A. Correct.

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Q. Would it be part of your responsibilities to issue certified checks?

A. United Bank and now Citibank refer to them as cashier's checks, not certified checks.

Q. They are the same thing?

A. Same thing.

Q. Would you have responsibility for supervising any loan accounts?

A. How do you mean supervise, now?

Q. Well, would it be part of your responsibilities to notify someone if a payment was late?

A. No. That is handled by the loan officer.

Q. Would it be part of your responsibilities in '86 to review the exception report?

A. Yes.

Q. What is an exception report?

A. It was a list of daily items back in '86 that are rejected because there are no funds when the check is presented. A list is issued and given to the officers the following morning.

Q. Is that the only type of thing that appeared on an exception report?

A. Yes.

Q. It is basically bounced checks?

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A. Checks that there is non-sufficient funds to cover.

Q. What action is required by the exception report?

A. The officer makes a decision whether to pay on the check or to return.

Q. That decision would not be yours?

A. In '86 I had a limit of $25,000 that they had approved with the bank. Anything under, that amount or under, I was able to make a decision on.

Q. By a limit of $25,000 you mean that if the insufficient fund amount on a particular item was $25,000 or less, then you would have the discretion?

A. I would make a decision in the absence of an officer in that amount at that time.

Q. Would you notify an account holder that his name was on the exception report?

A. Yes. We would call, as a courtesy, and let them know that a check had been presented and was there being a deposit made or a transfer.

Q. Would that influence your decision on whether or not to fund the check?

A. Yes.

Q. What is the general ledger?

A. The general ledger would be the list of

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accounts available to the bank; your asset and liability accounts as well as your income and expense accounts.

Q. What are general ledger tickets?

A. General ledger tickets are the means we use to process our work, either charging an expense or liability, assets, depending on what you were doing.

Q. Would you have responsibility for billing out general ledger tickets?

A. Yes.

Q. In '86?

A. Yes.

Q. You have worked at Citibank or United Bank for 10 years. Have you worked with any bank prior to that?

A. I worked with United Bank even from '64 to '67 when it was Saguaro Bank, previous to the merger, and then again in '70 to '72, I believe, when it was already United Bank.

Q. From '64 to '67, what did you do?

A. Same, branch secretary they called it at that time.

Q. And from '70 to '72 the same?

A. Yes.

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Q. In 1986, were you at the Mesa branch?

A. Yes.

Q. Who was your supervisor there?

A. '86 it would have been John O'Neill.

Q. I am trying to understand the structure of supervision at the bank there. So let me ask you some names, and if you can, tell me what their jobs were and how they related to you whether; they were your supervisor or who their supervisor was so I can understand how the structure worked. Who was Ray Bissa?

A. Ray Bissa was our regional operations officer.

Q. Who would his supervisor have been?

A. He was the head of our region, so it would have been the Phoenix home office. I don't know the individual.

Q. Would he be the supervisor of everybody at your branch?

A. As far as operations, yes.

Q. What do you mean by operations?

A. Operations meaning anything related to the bank with the exception of the loan field. They have the operations people for your deposits, this type of thing, and then loans is a separate function.

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Q. He wouldn't have any authority over the loans division?

MR. SHULTZ: Let me object to the question on foundation.

Q. BY MS. MILLER: Do you know whether he had any authority over the loan division?

A. I don't know of any authority.

Q. Do you know Maria Evans?

A. She was a loan officer, commercial loan officer.

Q. Would she have been your supervisor?

A. Not directly.

Q. Who would be her supervisor then?

A. Her direct supervisor would have been John O'Neill.

Q. Do you know an Anni Unsicker?

A. Yes. Anni was our note -- head note specialist.

Q. Did you supervise her?

A. No.

Q. She didn't supervise you, did she?

A. No.

Q. Steve Todd?

A. At that time, Steve Todd was the regional credit administrator.

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Q. Would he have been your supervisor?

A. No.

Q. Would he have been Mr. O'Neill's supervisor?

A. He would have been under John O'Neill.

Q. James Simmons?

A. Mr. Simmons was the President and CEO of United bank.

Q. Would he have been Mr. O'Neill's supervisor?

A. Not immediate.

MR. SHULTZ: Directly?

Q. BY MS. MILLER: But he would have been above him in the hierarchy? Do you know who Mr. O'Neill's direct supervisor would have been?

A. I believe that would be George Tyson, who was the head of the northern branch administration.

Q. So in a loan office in a region branch such as Mesa, you would have loan officers, note specialists -- I have forgotten what your title is.

A. Loan Support Specialist.

Q. And all of these positions would report to Mr. O'Neill?

A. Yes.

Q. None of those that I named would have

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supervisory responsibilities over each other?

MR. SHULTZ: If you know.

THE WITNESS: It is separate, the loan supports are. Directly over them would be the commercial loan officers; the commercial officers to the regional credit administration and then up to the manager, John O'Neill, who was the regional V.P.

Q. Is that different than the manager?

A. They now call it manager. Before it was regional V.P.

Q. Okay. I am going to hand you a document which I will ask the reporter to mark as FEC Exhibit No. 1, if you will take a moment and look at that.

(Deposition Exhibit No. 1 was marked for identification.)

Q. BY MS. MILLER: Can you identify the document?

A. Yes. It is a cashier's check that I was asked to issue on March 5th of '86.

Q. Is that your signature on the block marked authorized signature?

A. Yes, it is.

Q. What does it mean to be an authorized signature? How does that work in the process?

A. It is set up in the audit department that

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certain people have certain limits that they can sign GL tickets or cashier's checks and have up to that much lending authority -- not actually lending authority, but approving authority.

Q. Would the name that appears on the authorized signature be the person who actually dealt with the client or the customer in issuing the check?

MR. SHULTZ: Object; lack of foundation.

Q. BY MS. MILLER: Can you answer the question?

MR. SHULTZ: Are you talking about every situation that has ever been presented to the bank?

Q. BY MS. MILLER: Typically.

A. Authorized person being myself here, are you saying did I have contact with Kimberly Simons? Is that what you are saying?

Q. No. My question is a much more general one. When I see a name on any cashier's check issued out of that branch, may I assume that the authorized signature was the person who dealt with the customer? Is that the way it works?

A. In this case it would not be. It's very possible that you may be instructed by your supervisor to issue a cashier's check with my not having contact with Kimberly Simons.

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Q. So the authorized signature wouldn't necessarily have to see the person who purchased the check?

A. That's right.

Q. Okay. Is there any indication on the check of the person who did see the purchaser?

A. Nothing on the check that would indicate that, no.

Q. In the upper copy of the check, which I believe is the tissue copy; is that correct?

A. Yes.

Q. In the right-hand side, there is a block marked exchange fee, and then there is a line for initials. Are those yours, your initials?

A. Yes, they are.

Q. What does that mean? What does that signify?

A. It means that the fee is waived on this check for the purchase.

Q. And the person whose initials are there is the one that approved the waiving of the fee?

A. Yes.

Q. Also in the tissue copy there in the upper center portion, there is a square stamp that has a date stamped in it. It looks like it has some

2043607 80

initials. Are those also your initials?

A. Yes, they are.

Q. What does that mean?

A. This is kind of a stamp that we use to identify who has issued the cashier's check; in this case, being commercial loan department with my initials.

Q. Would the authorized signature usually be the same person who has issued the check whose initials appear in that block?

MR. SHULTZ: Object; lack of foundation.

THE WITNESS: In this case, if it was under my authority of the $25,000, most cases it would be not, you know. If it is over that amount it would be the officer of the account, and then mine would go here for preparation.

Q. BY MS. MILLER: For the record, you are indicating the officer would sign where it is marked authorized signature?

A. Yes.

Q. And then it would be the issuing person, you indicated, in the block on the tissue copy?

A. Correct.

Q. On the line in the tissue copy marked purchaser's signature, there is something written.

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Can you read that?

A. Yes. That is "Bank use."

Q. What does that mean?

A. If it is internally requested to be prepared by an officer and the customer does not actually come in, we will use that terminology.

Q. Is that your handwriting?

A. Yes.

Q. Does a person typically, a person who authorizes the cashier check, is that the same person who fills out the information on the check?

MR. SHULTZ: Object; lack of foundation.

THE WITNESS: In this case, I was instructed to type the cashier's check.

Q. BY MS. MILLER: So you were instructed to type in the information on "Pay to the order of"?

A. Yes.

Q. And were you instructed to type the name on the upper left-hand corner of the check?

A. Yes.

Q. What does that name in the upper left-hand corner mean?

A. That is who the remitter is on the check.

Q. Is that the same thing as purchaser

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usually?

A. Yes.

Q. Who instructed you to fill this out, do you recall?

A. Mr. John O'Neill.

Q. Do you recall anything about the circumstances when he instructed you to fill this out?

A. Just a check was rendered for the payment and just to issue the cashier's check with the following remitter.

Q. Did he tell you that?

A. Yes.

Q. Did he tell you the name or give you a piece of paper with a name written on it?

A. His normal procedure would be to give a slip of paper with the amount of the cashier's check and who it was payable to and who the remitter was.

Q. Do you remember specifically if he did that in this case?

A. Not specifically.

Q. I don't want to be redundant here, but there are initials typed in the lower left-hand corner of each check copy. Are those your initials?

A. Yes, they are.

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Q. At what point in the process are they typed on there?

A. The very last item I type on the cashier's check is always the initials of the preparer.

Q. Okay. I will hand you an exhibit that I will ask the reporter to mark as FEC Exhibit No. 2.

(Deposition Exhibit No. 2 was marked for identification.)

THE WITNESS: Okay.

Q. BY MS. MILLER: Okay, thank you. There are some markings across it. Can you tell whether that is your signature on the line marked authorized signature?

A. That is my signature.

Q. Is it also your handwriting on the tissue copy where it is marked purchaser's signature?

A. No, it is not.

Q. Do you recognize the handwriting?

A. No, I don't.

Q. On the tissue copy in the left-hand corner, upper left-hand corner, there is a box that has the word contra written alongside it. What does that box mean?

A. That would tell the funds that were used

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to purchase the cashier's check.

Q. What is written in that block?

A. It is the word cash.

Q. There seems to be a period beside the word cash. Could that also be an abbreviation for cashier's check?

MR. SHULTZ: Object; lack of foundation. Don't guess, just if you know.

THE WITNESS: I don't know.

Q. BY MS. MILLER: What does cash typically mean?

A. Currency.

Q. Does it ever mean a personal check?

A. No.

Q. Does it ever mean a certified check?

A. No.

Q. Is that your handwriting in the box marked contra?

A. No, it is not.

Q. I will hand you a document which I will ask the reporter to mark FEC Exhibit No. 3.

(Deposition Exhibit No. 3 was marked for identification.)

Q. BY MS. MILLER: Is that your name in the stamp on the upper copy, the tissue copy?

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A. Yes, it is.

Q. But that is not your name on the line marked authorized signature, is it?

A. No, it is not.

Q. Have you ever seen this check before?

A. Looks like I typed and prepared the check, yes.

Q. And how can you tell that you typed it?

A. By the initials down in the corner. Those, GRB, are my initials on there.

Q. Would you look at the second page which would be the back of that check? There is a notation typed along the right-hand side of that. Can you read that?

A. "Not used for intended purpose."

Q. What does that mean?

A. When a check is issued, perhaps for a closing on an escrow, and it is not used, the customer will type that on usually and redeposit it to their account.

Q. Is that always typed on by a customer, or could it be added on by the bank?

A. Could be added on by the bank also.

Q. Would you look for a moment at the first checks that I showed you? Let me ask you, first of

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all, in the box on the tissue copy marked contra, there are some numbers written. What do those numbers signify?

A. That would be an account number for United Bank.

Q. Would the person who processed the check typically run any check on the account or somehow ascertain whether there are funds in that account?

A. That would be a normal procedure, yes.

Q. In that situation where your supervisor has given you the information to fill in, would he also have given you the account number?

MR. SHULTZ: Object; lack of foundation.

THE WITNESS: In this case, that would have been the offset that would have been used to purchase the cashier's check.

Q. BY MS. MILLER: If the account number were provided by your supervisor, would you also check to be certain that there were funds in that account?

A. As a normal procedure, yes.

Q. Do you notice who the check is made out to?

A. Yes.

Q. Pay to the order of?

A. Rhodes to Congress.

Q. Do you recall in 1986 making out other cashier's checks to Rhodes to Congress?

A. Yes.

Q. Would it describe it as --

MR. SHULTZ: Object to the form of the question. Can you define that? What is many; a dozen, two dozen, 100?

MS. MILLER: I am going to ask her to define that.

MR. SHULTZ: You need to give her some definition; your question is so vague and ambiguous.

Don't guess.

Q. BY MS. MILLER: Could you describe how many checks you made out? I am not looking for an exact number; just an estimate.

A. I would estimate maybe 10.

Q. Over the course of a year?

A. Yes.

Q. Can you recall the circumstances under which any of these checks were made out?

A. I remember having a list of names to be for the remitter to the campaign to be made payable, checks to be made payable to Rhodes for Congress.

Q. Would this list have been given to you by

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Mr. O'Neill?

A. Yes.

Q. So when you are thinking that there may have been 10 checks made out, was this all just at one time or were there several occasions?

A. As I recall, there were three or four different occasions.

Q. Do you recall anyone from the committee asking you to make out a cashier's check to Rhodes for Congress?

MR. SHULTZ: Talking about Rhodes for Congress committee?

MS. MILLER: Yes.

THE WITNESS: No.

Q. BY MS. MILLER: Do you recall any customers asking to you make out a check for a cashier's check for Rhodes to Congress?

A. Not that I recall.

Q. Did you have any responsibilities with regard to any accounts for the Rhodes to Congress committee?

A. I was authorized at times to make transfers between a money market and a checking account.

Q. Did you have any responsibilities as to

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loans held by Rhodes to Congress?

A. No.

MR. SHULTZ: What do you mean held by? Let me object to the form of the question.

MS. MILLER: It has been answered.

Q. BY MS. MILLER: Was John O'Neill involved with the Rhodes to Congress committee?

A. Yes.

Q. Do you know as what?

A. Finance manager.

Q. How do you know that?

A. He told me.

Q. Did you see him carrying out activities for Rhodes to Congress ever?

MR. SHULTZ: Object to the form of the question; vague, ambiguous.

Q. BY MS. MILLER: Can you answer the question?

A. I need clarification.

Q. Did you ever see him hold meetings at the bank with people from Rhodes to Congress?

A. No, I did not.

Q. Did you ever see him or overhear him making phone calls for Rhodes to Congress?

A. No.

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Q. Did you ever see him or overhear him asking people for contributions to Rhodes to Congress?

A. No.

Q. Did you ever see him doing any bookkeeping for Rhodes to Congress?

A. Just transfers that he had requested, you know, between the accounts. That is all that I am aware of.

Q. Would that also be part of his job as a bank officer?

A. Yes; to handle for a customer, yes.

Q. Did you ever overhear Mr. O'Neill talking to employees about Rhodes to Congress?

A. Never.

Q. Did you ever see him work on any reports for the committee?

A. No.

Q. Did he ever hand out bumper stickers, buttons, pamphlets?

A. No, not that I can recall.

Q. Did he discuss the committee with you at all?

A. No.

Q. Make a remark in passing? Did you ever

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say, "Hi, John, how is the campaign going"?

A. No. Ours was pretty much bank business.

Q. Was there anyone else at the branch that you were working at that was involved with the Rhodes to Congress campaign?

A. Not to my knowledge.

Q. Other than business activities, other than handling their accounts?

A. Not to my knowledge.

Q. What is CTR?

A. I believe that term refers to a large cash transaction form.

Q. In your job at the bank, did you have anything to do with CTRs?

A. No.

Q. I am going to hand the reporter a document and I will ask her to mark it as FEC Exhibit No. 4. Would you take a moment and review that, please, or read that, actually?

(Deposition Exhibit No. 4 was marked for identification.)

Q. BY MS. MILLER: Do you recall being interviewed by investigators for the bank in 1986?

A. Yes.

Q. Do you recall how many times you were

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interviewed?

A. Two.

Q. Do you recall who was at those interviews?

A. Bank security department was present.

Q. At the first one, do you remember how many bank security personnel were there?

A. To the best of my recollection, two.

Q. Do you recall at the second one how many were present?

A. I believe one at the second.

Q. Have you ever seen the document that I handed you which we have marked Exhibit No. 4, this top one?

A. This one here? I do not recollect having seen this.

Q. I note that it describes a second interview that was conducted with you. Was that the one where you recall only one person from the security?

A. I believe there was just one at the second interview, yes.

Q. From what you recall of that interview, does this appear to be an accurate summary of it?

MR. SHULTZ: Let me object to the form of the

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question; foundation. Also, the question is totally improper. You have given her a document, and she had a total of less than 60 seconds to read it. Now you are asking if it is a fair summary. If you want to question her line by line or section by section, then fine. But it is improper to ask her whether the document she has seen for the first time and read for 60 seconds is a fair summary of the meeting. I will instruct the witness not to answer the question in that mode.

Q. BY MS. MILLER: If you would like to take some more time to read that, please do so. When you read this, is there anything there that you believe is inaccurate?

MR. SHULTZ: Colleen, let me suggest this. Let me suggest if you want to take a portion at a time rather than hit her all of the sudden with the document.

Q. BY MS. MILLER: Would you like to take a short break?

MR. SHULTZ: We are not asking for a break. I am saying, ask her to read the first paragraph and then the next or two lines of the second; take it part by part rather than just a shotgun approach.

Q. BY MS. MILLER: All right. Will you take

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a moment and look at the first paragraph of the summary, the one that begins with, "Beaudet." Take a moment and look at that. Just look at me when you have completed reviewing it.

A. All right.

Q. Is there anything in that paragraph that you believe inaccurately describes the situation as you recall it?

A. I feel an exaggeration has been made here where it states, "several trips." I was aware of the two that it cited. I am not aware of several.

Q. The two trips being the one to California and the one to Las Vegas?

A. Yes.

Q. Is there anything else from that meeting that is exaggerated or inaccurate in that paragraph?

A. The rest seems as stated.

Q. Okay. Could you take a moment and look at the second paragraph?

A. Second paragraph seems correct as stated.

Q. Okay. I have a couple questions about this paragraph. There is a statement made towards the end there that the writer attributes to you that somebody said something like, "There has got to be a way around the filing." Would you look at that and

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tell me if you recall who the he in that sentence refers to; whether that refers to Peters or O'Neill?

A. It refers to Peters.

Q. Peters said, "There has got to be a way around the filing"?

A. Yes.

Q. Do you recall why he said that?

A. No, I do not.

Q. Do you recall the example that is listed in that paragraph about Mr. Peters and the filing of the CTR report?

A. I don't understand your question.

Q. I don't think it is important. We will go on.

Would you look at the next paragraph?

A. I think this paragraph is quite exaggerated from my recollection of the conversation thus far.

Q. What would be more accurate?

A. I never remember stating, "lots of money on trips."

Q. You really wouldn't have any way of knowing how much he spent on trips, would you?

A. No.

Q. Anything else that might be exaggerated

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in that paragraph?

A. The rest looks current, correct.

Q. And the last one?

A. I don't recollect in the last paragraph my making a statement about, "Were not handled as well." I don't know what they meant by that.

Q. Do you recall knowing at that time that Mr. O'Neill had worked on a previous campaign?

A. Yes.

Q. Do you recall making any comment to the interviewers about the way the finances were held or handled for the Rhodes to Congress campaign?

A. No, I don't.

Q. Do you recall making any comment about the way the finances were held for the Willie Wong campaign?

A. They asked a question if there were other campaigns that I was aware of that Mr. O'Neill had worked with, and I believe I mentioned this one. That is all I recollect about the interview.

Q. Okay, thank you.

Are you aware of any other campaigns that Mr. O'Neill worked on?

A. Just the Willie Wong campaign.

Q. Would that be the only one you told the

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interviewers about at that time?

A. Yes.

Q. Did Mr. O'Neill discuss his campaign responsibilities with you?

A. No.

Q. Did he ever complain, "What a pain, I have got to go to this rally"?

A. Never.

Q. Nothing like that?

Did he ever explain about reports that he had to file or complain about them or anything like that?

A. No. I do not recollect any reports on that campaign.

Q. Did you have the kind of working relationship where he would have talked to you about this kind of thing?

A. No. It was pretty much bank business rather than outside activities.

Q. Did you ever hear him discussing the campaign with other people?

A. No.

Q. Do you know who John Rhodes is, Jay Rhodes?

A. Yes.

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Q. Would you know him if he came into the bank?

A. Yes.

Q. Would you have known him in '86 if he came into the bank?

A. Yes.

Q. How about Ann Rhodes?

A. Yes.

Q. Do you know Tom Rawles?

A. I have talked to him on the telephone. I don't recollect that he's been into the bank personally.

Q. Would you know him if you saw him?

A. I don't believe so. I take that back. He has been in one time, but I don't know if I would recognize him again.

Q. How about Ann Brown?

A. I have talked with her on a few occasions on the telephone. I have never met her in person.

Q. Wouldn't know her if you saw her?

A. No.

Q. How about Keith Mulkey?

A. I have never met Mr. Mulkey. That is the address that they use for mailing purposes.

Q. Do you ever recall people from the Rhodes

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to Congress committee coming into the bank for bank purposes in '86?

A. No.

Q. Not specifically or generally?

A. No.

Q. Do you remember them coming in for reasons other than bank business?

A. Not to my knowledge.

Q. Did you ever hear about the committee using telephones to conduct a telephone poll?

A. I recollect a bit of conversation, but I'm not aware that that was ever done.

Q. Can you recall anything of the conversation that you heard about that, any details on that?

A. Just the possibility of them being able to use them. But I'm not aware -- I have not been present if such a thing would have occurred.

Q. When did John O'Neill leave the bank?

A. I believe it was the last week of August in '86.

Q. Did you ever hear why?

A. Just that he had made the decision to leave the bank.

Q. Did he tell you that?

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A. Yes.

Q. Did you ever hear anything else from anybody else about why he was leaving?

A. Gossip.

Q. And from your gesture, do I assume that you didn't believe the gossip that you heard?

A. That's correct.

Q. Let's take a little break. We have been at it for about an hour.

(Short recess.)

MS. MILLER: Back on the record.

Q. BY MS. MILLER: I am going to move on to some other things, but I need to ask you a couple questions here to clean up some things I asked before.

When I was asking you about the structure of the bank, you mentioned somebody was a note specialist; is that the term you use for Anni Unsicker? I think you said note specialist.

A. Yes.

Q. How are the duties of a note specialist different from the sorts of things that you do?

A. Note specialist will actually book loans. Rather than the preparation of documents, they book the loans, put them on the computer.

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Q. Is that more of an administrative function?

A. Not really.

Q. I guess I don't know what you mean when you use the word book a loan.

A. Putting the loans on the computer.

Q. Actually just typing them into the computer?

A. They are discussed, and they put them actually onto the computer.

Q. Would that be a position of less responsibility than you had?

A. I would say comparable.

Q. Comparable responsibility?

A. Yes.

Q. Going back to the cashier's checks that Mr. O'Neill asked you to type for Rhodes to Congress, there were a couple different occasions when he gave you a list of names?

A. Yes.

Q. Can you remember anything about the typing, the typing of those lists? Were they all within the same week, several months apart? Can you remember what months they occurred in, anything like that?

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A. No, I don't remember definite dates.

Q. Do you remember whether they were all in the same week or anything?

A. I would say probably within the same week.

Q. Do you remember any other facts around those times? Is there anything else you can recall about the situation when he gave you the lists?

A. No. Nothing stands out in my memory.

Q. Okay. I need you to help me understand what some documents are, and so I will hand the reporter a document that I will ask her to mark FEC Exhibit No. 5.

(Deposition Exhibit No. 5 was marked for identification.)

Q. BY MS. MILLER: Can you identify this document?

A. This is a copy of our revolving line of credit note made to John Rhodes personally.

Q. Would you work with these forms in your job in 1986?

A. Yes.

Q. What is revolving credit?

A. It is a line of credit that you can pay and draw against as it is available. It revolves.

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Q. Is there an indication on this form of the amount of the line of credit?

A. It is cut off here, but the written in amount is $35,000.

Q. What does that amount mean?

A. That means that is the top amount of the loan.

Q. The maximum amount?

A. The maximum amount, right.

Q. Is that the maximum that can be outstanding at any one time?

A. On this particular note, yes.

Q. Does that mean that part of it could be paid back and then more could be borrowed later on?

MR. SHULTZ: Object to the form of the question; calls for a legal conclusion.

Q. BY MS. MILLER: I am not asking you to make any legal conclusion. I am trying to understand how a line of credit works.

When a borrower has a line of credit with the bank, can they pay back part of it and then borrow again up to that maximum amount?

MR. SHULTZ: Are you talking about under this document?

MS. MILLER: No, I am speaking generally. I am

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trying to understand how a line of credit works.

MR. SHULTZ: I am going to object; lack of foundation.

Q. BY MS. MILLER: Can you answer that question?

A. My knowledge of the document is it goes up to the total they can pay against, and then it is usable again, yes.

Q. Is this different from a standard loan?

MR. SHULTZ: Object to the form of the question; lack of foundation.

Q. BY MS. MILLER: Were there different kinds of loans that you could issue at your bank?

A. Yes.

Q. What were the different kinds?

A. Well, the regular promissory note, that is different from the revolving.

Q. How does that differ?

A. Once you draw the amount, whether you pay back against it or not, it is not available again is the main difference.

Q. With the line of credit, is it possible ever to exceed the maximum amount?

MR. SHULTZ: Object to the form of the question; lack of foundation, calls for a legal

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conclusion.

Q. BY MS. MILLER: Is it your understanding that it is possible to exceed --

MR. SHULTZ: Same objection.

Q. BY MS. MILLER: Do you know?

A. You cannot go higher than the amount of the loan.

Q. I am handing the reporter a document that I will ask her to mark FEC Exhibit No. 6.

(Deposition Exhibit No. 6 was marked for identification.)

Q. BY MS. MILLER: Can you identify this document?

A. Yes. This is a copy of a loan history card.

Q. In your job in 1986, did you work with these loan history cards?

A. Yes.

Q. Let me ask you some questions, because it looks like a mass of numbers to me.

A few lines down in the section marked balance information there is a section, two sections over, called original principal. What does that mean?

A. That is the amount of the first advance taken under a line of credit.

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Q. What does the column beside that mean that says advances?

A. That would be total dollar amount of advances which takes into consideration payments made and then, again, availability.

Q. Does that figure under advances include the original advance, or is it in addition to the original advance?

A. I believe that would include the first advance.

Q. The column beside that that says principle adjustment, what does that mean?

A. I am not aware of that interpretation on that one.

Q. Okay. Besides that there is a column marked current balance. What does that mean?

A. This is a closed history card. At that time the balance would have been zero.

Q. So the fact there is zeros under current balance means that it has been satisfied?

A. Yes.

Q. The loan has been satisfied?

A. Yes.

Q. Is there a way to tell from this form what loan document this relates to?

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A. The note number would match up with the note number on the revolving note.

Q. The numbers are real hard to read here, but can you describe where on the form you are pointing to?

A. Very top where it says note number.

Q. I see it now.

A. 24456.

Q. That is a block that is just above where it is marked phone numbers?

A. Yes.

Q. Okay. About half way down the page over on the right-hand side there is a box marked times late. Can you see that?

A. Yes.

Q. What does that mean?

A. The top block would be number of days late, and the bottom row denotes the number of times.

Q. And that means the payments were late?

A. Yes.

Q. So to interpret that information there, it was one day late twice, 16 days late three times, or am I doing it backwards?

A. That's right. That would be correct.

Q. It was 31 days late one time?

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A. Yes.

Q. It was never 61 days late?

A. That's right?

Q. It was never 91 days late?

A. Right.

Q. Beside that there is a block that has some information about due amounts and due dates. What do those mean?

A. Normally, it generates the dates that they were past due. I have never worked with that portion there of it too much to interpret it properly.

Q. Okay. If you could look at the bottom portion there, there is a series of dates and amounts and codes. If we could start with the left-hand side beside the column of dates, there are some initials. Can you tell me what those initials mean?

A. To the left of the dates are tran codes.

Q. To the right of the dates?

A. Those would mean P for principal, I for interest, and RC for rate changes.

Q. Great, thank you. Would you look at the third page? Actually, looking at all three pages, is there any way to tell whether all three of these relate to the same loan or to different loans?

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A. Page 1 and 2 are the same note, and this third page is a separate note.

Q. Okay. And the portion where the note number would be found is not readable, is that true?

A. No. That is true.

Q. Okay. I think that is all the questions I have on that form.

Before we turn from this document, you gave me an answer I wasn't quite clear on, so let me make sure I understand it.

Under the history on the bottom portion of the front page, you said that P stands for principal. What does that mean?

A. Principal of the note amount.

Q. Is that the amount that is outstanding at that date?

A. Depending on the tran code; a 60 means an advance, and if it is a payment, it would be reflected as a '67.

Q. Do you know what 58 stands for?

A. 58 is interest payment.

Q. 23?

A. Is a rate change of prime rate.

Q. 05?

A. That is a renewal.

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Q. Okay. How about 64?

A. That would be in the second column under the tran code. I believe that is an 84, which is an interest adjustment by the computer.

Q. Have I missed any codes on that? How about 59?

A. Interest adjustment of the payment.

Q. All of the tran codes 60 are advances?

A. Yes.

Q. That is helpful. Thank you.

I am handing the reporter a document that I will ask her to mark FEC Exhibit 7.

(Deposition Exhibit No. 7 was marked for identification.)

Q. BY MS. MILLER: I am not going to quiz you on these, so you don't have to review it entirely. I will just ask you if you can identify this document.

A. Looks to be a copy of some of the pages of the commercial loan guide book, guidelines.

Q. Is that what the name of the manual would be, Commercial Loan Guidelines, can you recall?

A. I don't recall the exact name.

Q. Have you seen these guidelines before?

A. They are in the commercial loan officers

books, yes.

Q. Are they the sorts of things you would be expected to know on your job?

A. No.

Q. Would the commercial loan guideline manual, whatever it was called, have information in it that you would be expected to know?

MR. SHULTZ: Object; lack of foundation.

Q. BY MS. MILLER: Would you have occasion to refer to the commercial loan guidelines?

A. On occasion.

Q. Can you tell me what the numbers in the lower left-hand corner mean?

A. These would be revision dates.

Q. And in the center of the page?

A. Be the page number.

Q. This will get a little redundant, but I will do it anyway. I am handing the reporter an exhibit I will ask her to mark FEC Exhibit 8.

(Deposition Exhibit No. 8 was marked for identification.)

THE WITNESS: These also seem to be exhibits from the credit guidelines.

Q. BY MS. MILLER: Would you be expected to know this information in your job?

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MR. SHULTZ: Object; lack of foundation.

Q. BY MS. MILLER: Can you answer that question?

A. It is not our direct responsibility.

Q. I am handing the reporter an exhibit I will ask her to mark as FEC Exhibit No. 9.

(Deposition Exhibit No. 9 was marked for identification.)

THE WITNESS: These all seem to be part of the guidelines for commercial loan officers.

Q. BY MS. MILLER: Okay, thank you.

Let me hand you an exhibit I will ask the reporter to mark FEC Exhibit 10.

(Deposition Exhibit No. 10 was marked for identification.)

THE WITNESS: I have not seen this form before.

Q. BY MS. MILLER: Makes it easy. I have no questions for you on that.

Do you know who Conley Wolfswinkel is?

A. He was a customer of the bank.

Q. Would you know him to see him?

A. Yes.

Q. Was he a customer specifically of Mr. O'Neill's?

A. Yes.

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Q. Did Mr. O'Neill ever discuss Mr. Wolfswinkel with you?

A. Just in a business nature.

Q. How about Wolfswinkel Group Incorporated, do you recognize that name?

A. Yes. That is Mr. Wolfswinkel's business.

Q. Was that also a customer of the bank?

A. Yes.

Q. And by that, by customer of the bank, does that mean Wolfswinkel Group had accounts with the bank?

A. Yes.

Q. Do you know if Wolfswinkel Group, Inc. has had loans with the bank?

A. Yes.

Q. Do you know Cortland Silver?

A. Yes, also a customer.

Q. Would that be Cortland Silver, Sr or Junior?

A. I am not certain of that.

Q. Do you know Deborah Lorshbough?

A. The name is not familiar.

Q. All right. I will hand the reporter an exhibit that I will ask her to mark as FEC Exhibit 11.

2404360814

(Deposition Exhibit No. 11 was marked for identification.)

Q. BY MS. MILLER: Can you identify that document?

A. It is a cashier's check that I was asked to type. I did not recollect the name.

Q. Can you identify from that check who asked you to type it?

A. Nothing here tells me.

Q. Can you tell me again what bank use means under purchaser's signature?

A. Yes, if it is internally prepared, not with customer contact, that is what we would put, bank use.

Q. And in the box marked contra, what is written?

A. There is written cash.

Q. Can you recall making out this check, preparing this check?

A. I don't remember it.

Q. Do you recognize the name Riviera Corporation or Riviera Capital Corporation?

A. Yes, I do.

Q. Do you know what that is?

A. I believe it is a company of Mr. Cortland

2043608815

Silver.

Q. Does Riviera Capital have an account at the bank?

A. I believe at the time that they did have one with the bank.

Q. At the time being 1986?

A. Yes.

Q. Do you know who Ann Lorenzo is?

A. Yes.

Q. Do you know her personally?

A. Yes.

Q. Let's take another short break.

(Short recess.)

MS. MILLER: Let's go back on the record.

Q. BY MS. MILLER: Let me turn your attention to the check made out to Debbie Lorshbough, which is FEC Exhibit No. 11. In the box marked contra is the notation cash, correct?

A. Correct.

Q. Tell me one more time what that means.

A. Just that currency would have been used to purchase the cashier's check.

Q. Is that a permissible way to purchase cashier's checks?

A. Yes.

24043608816

Q. When a check is purchased with cash, is there any way that you can tell from the face of the check whether a personal check is first cashed to pay for it or is there any notation on this check that tells you the source of the cash?

A. No.

Q. There is no back to this copy of the check. Would there be any notation on the back of the check that would tell you any other source of the cash?

A. On the cashier's check?

Q. Yes.

A. No.

Q. Counsel, do you have any questions?

MR. SHULTZ: Nothing at all.

MS. MILLER: This deposition will be ended for today but will be continued in the event the documents the bank produces show us any other questions that we have or if there is any other need to clarify.

You will be sent a check to cover your witness fee and estimated mileage expenses, but I need to get your home address in order to do that.

THE WITNESS: That would be 707 South Sirrine, S-i-r-r-i-n-e, Street, Mesa, Arizona 85210.

2043608817

MS. MILLER: And counselor, I assume you would like your client to read and sign the deposition?

MR. SHULTZ: Yes.

MS. MILLER: That will take place at the reporter's office.

MR. SHULTZ: As we have indicated in previous depositions, we consider this to be a completed rather than continued deposition.

MS. MILLER: So noted.

(3:05 p.m.)

Georgeann Beaudet
GEORGEANN BEAUDET

Subscribed and sworn to before me
this 15th day of March, 1989

Carole J. Doak
Notary Public

My Commission Expires My Commission Expires Aug. 25, 1991

2404360 8818

STATE OF ARIZONA)
: ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition was taken by me; that I was then and there a Notary Public in and for the County of Maricopa, State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the whole truth and nothing but the truth; that said deposition was reduced to writing by me, and that the foregoing 56 pages constitute a full, true, and accurate transcript of the testimony of said witness to the best of my skill and ability.

I FURTHER CERTIFY that I am not related to nor employed by any of the parties hereto and have no interest in the outcome thereof.

DATED at Phoenix, Arizona, this _____ day of _____, 1989.

_____
Laurie A. Adams
Court Reporter

My commission expires April 20, 1990.

2043608819

Beaudet

BNK. NO. 1 DATE 2-9-89

LAURIE ADAMS

> 2 4 0 4 3 6 0 0 8 2 0

Kimberly Simons

REGISTER COPY

CONTRA 17680-95

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA ARIZONA

MAR 05 '86

GRB

No 97689

CASHIER'S CHECK

91-283/1221

March 5, 1986

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $**1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

Bl Use

EXCH. FEE GRB

☐ COLLECTED ☒ WAIVED

AUTH. SIGNATURE

"097689" "122102831" "2141040070" ? "0000100000"

100-4 R. 4/73

MESA REGIONAL HOME OFFICE

Kimberly Simons

UNITED BANK OF ARIZONA

MESA ARIZONA

No 97689

91-283/1221

March 5, 1986

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $**1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

grb

Georgann R. Beaudet

AUTHORIZED SIGNATURE

"122102831" "2141040070" "0000100000"

PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
6032319072

007 3451

PAY ANY BANK, P.E.O.
UNITED
BANK
91-283
ARIZ

MR 86 05
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

007 3276

PAY ANY BANK, P.E.O.
UNITED
BANK
91-283
ARIZ

MR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

100-4 R. 4/73

Riviera Capital Corp. MESA RHO

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100490
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTROL Cash.

MAY 30 '86
91-283 07-09

May 30, 19 86

PAY TO THE ORDER OF JOHN J. O'NEILL ..... $ 4,000.00

UNITED BANK 4,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bank Use.

EXCH. FEE ☐ COLLECTED ☑ WAIVED

ADDRESS grb

INITIALS AUTH. SIGNATURE

⑈100490⑈ ⑆122102831⑆ ⑈214104007⑈ ? ⑈0000400000⑈

100-4 R. 4/73

Riviera Capital Corp.

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100490

91-283/1221

May 30, 19 86

PAY TO THE ORDER OF JOHN J. O'NEILL ..... $ 4,000.00

UNITED BANK 4,000dol's00cts DOLLARS

CASHIER'S CHECK

Georgeann R. Beaudet
AUTHORIZED SIGNATURE

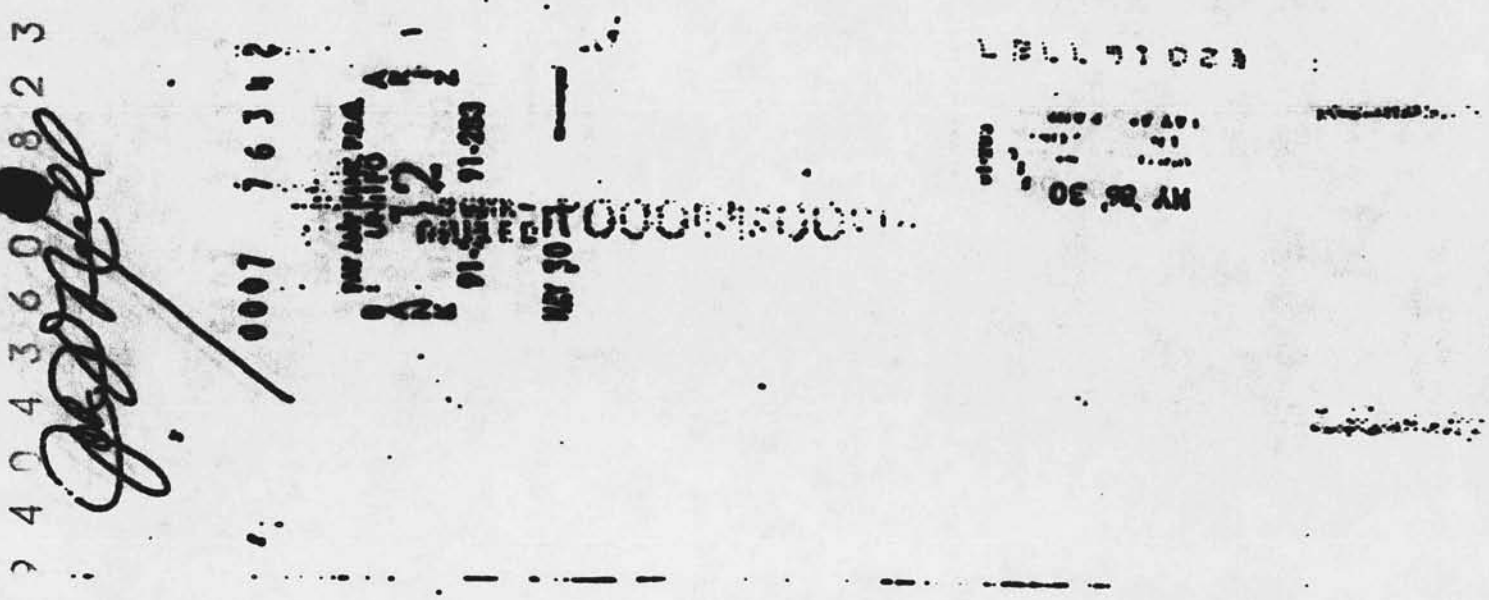
grb

⑈100490⑈ ⑆122102831⑆ MESA RHO ACCT NO 214104007 06-30-86 15:17 C L DEBIT SER# 100490 TELLER 0202 SEQ 0503 ⑈214104007⑈ ⑈0000400000⑈

Beaudet
DOC. NO. 2 DATE 2-9-89
LAURIE ADAMS

- EXHIBIT #8 -

51 of 120



Braudet

EXH. NO. 3 DATE 3-3-89

LAURIE ADAMS

Conley D. Wolfswinkel

REGISTER COPY

CONTRA 11502-07

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

APR 28 '86

No 99117

CASHIER'S CHECK

91-283/1221

April 28, 19 86

PAY TO THE ORDER OF RONALD H. PRATTE $194,502.78

UNITED BANK 194502 dollars 78 cts DOLLARS

PURCHASER'S SIGNATURE Libby Gillespie

EXCH. FEE. ☐ COLLECTED ☒ WAIVED

ADDRESS

AUTH. SIGNATURE

⑈099117⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑆00194502 78⑈

Conley D. Wolfswinkel

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

No 99117

91-283/1221

April 28, 19 86

PAY TO THE ORDER OF RONALD H. PRATTE $194,502.78

UNITED BANK 194502 dollars 78 cts DOLLARS

CASHIER'S CHECK

⑈099117⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑆00194502 78⑈

2404360 8824

2404360 8825

NOT USED FOR INTENDED PURPOSE

FOR DEPOSIT ONLY

COREY D. WOLFSWINKEL
1035 W. SOUTHERN 17052
MESA ARIZ 85202

AP '86 28
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

120151622

Beaudet
EXH. NO. 4 DATE 2-9-89
LAURIE ADAMS

INTERVIEW WITH GEORGEANN BEAUDET - 9/24/86

On 9/24/86 a second interview was conducted with Georgeann BEAUDET, the assistant to John O'NEILL. Following is a summary of that interview:

BEAUDET claimed no recollection of why O'NEILL received $4,000.00 from Riviera Capital Corporation and did not remember signing the check. She claimed no knowledge of ;his relationship with Silver. She stated O'NEILL would normally just give her a handwritten list of names and amounts to prepare Cashier's Checks. She stated that O'NEILL kept very inward and quiet about his personal and business dealings. She knew, however, that he had made several trips with WOLFSWINKLE, including one to California in the spring. She recalled his going to Las Vegas in June with WOLFSWINKLE to a convention.

BEAUDET was shown copies of Cashier's Checks purchased by WOLFSWINKLE, payable to other parties, which were redeposited with the notation "not used for intended purpose". She was not sure why this was done or who made the notations but theorized it might relate to deals not closing on a certain date. BEAUDET insisted she had no involvement with this activity. She was also unaware of O'NEILL's activity relating to CTR violations. BEAUDET did state, however, that one customer, John W. Peters (Western Block, B & B Masonry, Desert Masonry) brought in numerous checks sometime last year and was concerned about filing a CRT. He went to O'NEILL to handle the transaction. According to BEAUDET he said something like, "there has got to be a way around filing". He also called for O'NEILL after he had left the bank and indicated he needed to get hold of him to get some money O'NEILL was holding for him to buy a car.

An inquiry was made about BEAUDET's awareness of O'NEILL's lifestyle. She stated he spent lots of money on trips. He was seeing Ann Lorenzo, an officer at MeraBank and co-chairman of the Rhodes Campaign Committee. She described Lorenzo as divorced with two or three kids. She also knew O'NEILL had two married daughters (Simons and Davis).

In summary BEAUDET stated a willingness to cooperate. She claimed little knowledge of O'NEILL's activities. She believed the Rhodes campaign finances weren't handled as well as a previous campaign O'NEILL worked on (Willie Wong - Councilman).

0 2 4 0 3 6 0 8 2 6

UNITED BANK OF ARIZONA

REVOLVING CREDIT NOTE (VARIABLE RATE)

mum Amount (The "Commitment")

Mesa, Arizona

000.00

June 3, 19 86

For value received, the undersigned ("Borrower"), promises to pay on or before December 1, 1986
to order of United Bank of Arizona ("Bank") at its Mesa Regional office in Mesa,
ma, the aggregate principal amount outstanding on Borrower's revolving line of credit as shown on Bank's records which shall at
nes be conclusive and govern, with interest payable quarterly on the unpaid balance outstanding from time to
computed at an annual rate equal to Two - - - - - percent (--2.00-- %) per annum, more than the "prime rate" of
est charged by United Bank of Arizona. Said annual rate shall be adjusted on a daily basis calculated
f the date of this note. Interest is to be charged on a daily basis for the actual number of days the principal is outstanding,
puted on the basis of a 360 day year, from the date of disbursement to the date of maturity or repayment, whichever comes
If permitted by law the undersigned hereby agrees and contracts to pay all direct costs, fees, taxes and expenses ("Expenses")
red in connection with this loan transaction and authorizes the direct payment of Expenses and agrees that Expenses and any
ensating balance requirements shall be considered, in addition to the interest rate stated in the note, to be interest contracted for
iting. It is expressly agreed by Borrower that the maximum outstanding principal at any one time on this note shall not exceed
mount of Thirty-Five Thousand and no/100----------
rs ($ 35,000.00), and the amount outstanding on this note at any specific time shall be the total amount advanced
under by Bank less the amount of principal payments made hereon from time to time by Borrower. All amounts payable here-
r shall be paid in lawful money of the United States. All past due payments of principal and interest shall bear interest at
ar - - - - - - - - - percent (360 %) per annum, (360 day year) more than the prime rate in effect at the time
efault (as such prime shall change from time to time) until paid.
Advances, hereunder, not to exceed an unpaid balance owing at any one time equal to the maximum amount specified above,
be made by Bank at the oral or written request of either John J. Rhodes III or
who are authorized to request advances and direct the disposition of
such advances, until written notice of the revocation of such authority is received by the Bank at said office. Any such advance
be conclusively presumed to have been made for the benefit of the Borrower when made in accordance with such requests despite
fact that persons other than those authorized hereunder may have authority to draw against such account.
This commitment expires December 1, 1986 at which time the entire unpaid principal balance plus
ld accrued interest shall be due and payable.
This debt may be prepaid without notice or penalty at any time.

DIT COMMENT

See Attached Loan Memo for Remarks

LIABILITY:

UNSEC.

COLL.

END.

R/E

G. ADVANCE NEW $ 35,000.00 RLC RENEWAL $

N
CER'S
IALS

LOAN REVIEW:

TOTAL INSTAL. LOANS

CURRENT A/C BAL.

3 MO. AVERAGE A/C BAL.

12 MO. AVERAGE A/C BAL.

n J. O'Neill
ess 1738 N. Gentry Circle
Mesa, Arizona 85203

JOHN J. Rhodes

mer No. 01100 35 079 Note No. 24456

rity Date 12/1/86 Class C1 (6B)

5

Brandt

EXH. NO. 5 DATE 2-9-87
LAURIE ADAMS

R. 1/84

UNITED BANK OF ARIZONA BRANCH 967 TYPE

[redacted] J HODES III
[redacted] BOX 1351
[redacted]

35201

602-[redacted]-6433

INTEREST RATE	PRIME	TYPE	ADJUSTMENT		METHOD	PRIME DATE
10.50000	01	1	2.0000		01	04/05/88

SHORT NAME	NOTE DATE	MATURITY DATE	LAST RENEWAL		LAST MAINT	LAST PAYMENT		ACCRUAL DATE
HODES JAY	06/03/86	03/30/88	01/25/88	4	11/02/87	04/05/88	78	

BALANCE INFORMATION

PRINCIPAL BALANCE	ORIGINAL PRINCIPAL	ADVANCES	PRINCIPAL ADJUSTMENTS	CURRENT BALANCE
000	11,00000	42,00000	51,00000-	000

NOTE TYPE	PAY METH	
01	02	0

INTEREST BALANCE	INTEREST EARNED	INTEREST ADJ
000	4,92072	001-

FEES DUE	FEES ASSESSED	FEES WAIVED
000	000	000

PAYMENT SCHEDULE

			FREQ INCR	START DATE	AMOUNT	#	# MADE
1	M	1	1	02/29/88	000	1	1
1	M	1	1	03/30/88	000	1	0
0	#	0	0	03/30/88	2,00000	1	0

DISCOUNT NOTE DATA

ORIGINAL NOTE AMOUNT	ORIGINAL FIN CHG.	UNEARNED FIN CHG.
000	000	000

NEXT DUE DATE	NEXT DUE AMOUNT
03/30/88	2,0000[illegible]
PAST DUE DATE	PAST DUE AMOUNT
03/30/88	2,0211[illegible]
BILLED THRU DATE	CURRENT BILLED AMOU[illegible]
03/30/88	2,01750

TIMES LATE				
1	16	31	61	91
2	3	1	0	0

YEAR TO DATE BILLING DATA

PRINCIPAL BILLED	INTEREST BILLED	OTHER FEE BILLED
2,00000	4,92130	

YTD INT COLLECTED
4813

GUARANTORS NO: 0

NUMBER	%	LIABILITY
-		

COLLATERAL INFORMATION

DESCRIPTION	REFERENCE NO	VALUE	PARTICIPANT	%
UNSECURED		000		

AFFILIATED ACCT NO	SYS

CATEGORIES FOR REPORTS

RISK	FOR CODE	PRE BILL	COLL	PURP	ECON TYPE	BUS	SIC			
0	004A	006	C01706	00	50000			0	2	2

TOTAL INS	0.00	ORIGINAL COMM	0.00
LT CHG DUE	0.00	AVAILABLE COMM	0.00
TOT REBATE	0.00		

STAT BEG BAL 2,000.00

TRAN	DATE		AMOUNT	TRAN	DATE		AMOUNT	TRAN	DATE		AMOUNT
60	06/17/86	P	11,50000	60	06/30/86	P	7,00000	60	07/03/86	P	2,50000
60	07/02/86	P	3,00000	64	07/05/86	I	087	23	07/11/86	RC	10.0000
67	08/25/86	P	18,00000	23	08/26/86	RC	9.5000	60	08/27/86	P	2,50000
60	09/29/86	P	15,50000	58	10/06/86	I	71526	58	12/19/86	I	92123
58	12/19/86	I	81963	05	03/31/87		RENEWAL	57	12/22/86	I	81963
23	04/02/87	RC	9.7500	05	09/28/87		RENEWAL	59	04/06/87	I	1,00574
23	05/01/87	RC	10.0000	23	05/15/87	RC	10.2500	59	07/06/87	I	86795
23	09/04/87	RC	10.7500	58	09/29/87	I	92847	67	09/29/87	P	5,00000
23	10/07/87	RC	11.2500	67	10/14/87	P	7,00000	23	10/22/87	RC	11.0000
05	12/31/87		RENEWAL	67	10/28/87	P	5,00000	23	11/05/87	RC	10.7500
67	11/20/87	P	8,00000	67	12/02/87	P	8,00000	59	01/05/88	I	42519
05	03/30/88		RENEWAL	23	02/02/88	RC	10.5000	59	02/29/88	I	3546

Beaudet

EXH. NO. 6 DATE 2-9-89

LAURIE ADAMS

...ITED BANK OF ...IZONA BRANCH ... TYPE 001 04/05/...

ADDRESS

...N J RHODES III

PAGE 2

NOTE NUMBER 30 C24456 1 C1 SEC. PART SDT OFFICER CLOSED

PHONE NUMBERS

INTEREST RATE | ADJUSTMENT % | INT. FROM DATE

SHORT NAME | NOTE DATE | MATURITY DATE | LAST RENEWAL | # OF RENEW. | DATE LAST MAINT. | DATE LAST POSTED | # OF TRAN. | STOP ACCRUAL DATE

NOTE TYPE | PAY METH.

BALANCE INFORMATION

PRINCIPAL BALANCE	ORIGINAL PRINCIPAL	ADVANCES	PRINCIPAL ADJUSTMENTS	CURRENT BALANCE

INTEREST BALANCE	INTEREST EARNED	INTEREST ADJ

FEES DUE	FEES ASSESSED	FEES WAIVED

PAYMENT SCHEDULE

TYPE	FREQ	INCR	START DATE	AMOUNT	#	# PACE

DISCOUNT NOTE DATA

ORIGINAL NOTE AMOUNT	ORIGINAL FIN. CHG.	UNEARNED FIN. CHG.

NEXT DUE DATE	NEXT DUE AMOUNT
PAST DUE DATE	PAST DUE AMOUNT
BILLED THRU DATE	CURRENT BILLED AMOUNT

TIMES LATE

YTD INT. COLLECTED

NOTE TO DATE BILLING DATA

PRINCIPAL BILLED	INTEREST BILLED	OTHER FEE BILLED

GUARANTORS NO:

NUMBER	CD	LIABILITY

COLLATERAL INFORMATION

DESCRIPTION	REFERENCE NO.	VALUE	PARTICIPANT

AFFILIATED ACCT. NO.	SYS.

CATEGORIES FOR REPORTS

CREDIT CALL	SPEC CODE	FHLB AREA	COLL	PURP	BORR TYPE	DUAL	SIC

TRAN.	DATE	AMOUNT		TRAN.	DATE	AMOUNT		TRAN.	DATE	AMOUNT	
S4	04/05/88	I	058-001	79	04/04/88	P	2,00000	78	04/04/88	I	2041
36	04/05/88	I									

UNITED BANK OF ARIZONA BRANCH

STAT CLOSED

J RHODES III
A SENTRY CIRCLE
AZ

INTEREST RATE 12.00000 CO C 02000 C 21 05/02/85 C

SHORT NAME RHODES JAY | NOTE DATE 02/26/85 | MATURITY DATE 02/26/88 | 02/25/87 | 2 | 05/12/87 | 06/02/58 | 75 | J J

BALANCE INFORMATION

PRINCIPAL BALANCE	ORIGINAL PRINCIPAL	ADVANCES	PRINCIPAL ADJUSTMENTS	CURRENT BALANCE	NOTE TYPE	PD METH	INT R
000	5,00000	000	50000-	000	04	03	0

INTEREST BALANCE	INTEREST EARNED	INTEREST ADJ
000	1,21549	000

FEES DUE	FEES ASSESSED	FEES WAIVED
000	000	000

PAYMENT SCHEDULE

TYPE	FREQ	INCR	START DATE	AMOUNT	#	# MADE
C	M	1	02/26/85	5,50000	1	1
O	M	3	05/26/87	50000	4	3

DISCOUNT NOTE DATA

ORIGINAL NOTE AMOUNT	ORIGINAL FIN CHG	UNEARNED FIN CHG
000	000	000

NEXT DUE DATE	NEXT DUE AMOUNT
02/25/88	50000
PAST DUE DATE	PAST DUE AMOUNT
02/25/88	55266
BILLED THRU DATE	CURRENT BILLED AMOUNT
02/26/88	51649

TIMES LATE

1	15	31	61	91
9	2	0	0	1

YTD INT COLLECTED 5255

DATE TO DATE BILLING DATA

PRINCIPAL BILLED	INTEREST BILLED	OTHER FEE BILLED
5,50000	1,21549	

GUARANTORS

NO: 0

NUMBER	CD	LIABILITY

TOT DEC BAL 000.00

COLLATERAL INFORMATION

DESCRIPTION	REFERENCE NO	VALUE	PERF CERT	ES
UNSECURED		000		

AFFILIATED ACCT NO	ISVC

TOTAL INS 0.00
LI CHG DUE 0.00
TOT REBATE 0.00

CATEGORIES FOR REPORTS 00068 0000001602 09 50000 C 2 2

ORIGINAL COLL 0.00
AVAILABLE COLL 0.00

#	DATE		AMOUNT	TRAN	DATE		AMOUNT	TRAN	DATE		AMOUNT
6	03/04/85	I	799	72	05/29/85	L	18199	72	05/29/85	P	50000
2	09/03/85	I	16517	72	09/03/85	P	50000	72	12/02/85	I	15467
2	12/02/85	P	50000	58	03/03/86	I	13900	65	03/03/86	P	50000
5	02/26/87		RENEWAL	72	06/02/86	P	50000	72	06/02/86	I	11950
2	09/05/86	P	50000	72	09/05/86	I	10850	72	12/04/86	P	50000
2	12/04/86	I	9366	05	02/26/88		RENEWAL	58	03/12/87	I	7800
7	03/12/87	P	50000	72	05/29/87	P	50000	72	05/29/87	I	6167
2	09/22/87	P	50000	72	09/22/87	I	4650	84	12/06/87	I	016-
2	12/03/87	P	50000	72	12/03/87	I	3517	78	05/02/88	P	50000
3	06/02/88	I	3266								

Braudet
EXH. NO. 7 DATE 2-9-89
LAURIE ADAMS

LOAN STANDARDS

LOAN STANDARDS

Lending authority carries with it a corresponding responsibility. An understanding of, and adherence to, prudent loan standards is vital to the proper exercise of that authority and concern for that responsibility. United Bank wishes to emphasize those general principles which should guide all loan officers in their activities.

The bank also wishes to identify particular loan types which are desirable and not generally desirable. The discussions of these loan types is by no means complete, but does show the principal characteristics and most common loans in each category.

GENERAL PRINCIPLES

1. All loans must conform, in every respect, to the rules and regulations of all applicable regulatory agencies and the laws of the United States of America and the State of Arizona.

2. All loan officers must have a complete understanding of the loan policy of the United Bank of Arizona.

3. All loan officers should price their loans in a fair and consistent manner, taking into consideration all of the customer's relationships with the United Bank.

4. Release of collateral or substitution of collateral should only be authorized by an officer within whose loan authority the loan could have been made at the time the release or substitution was authorized.

5. If known deficiencies exist, additional advances should not be made until the deficiencies of the loan are corrected unless those advances are in accordance with a specific plan for correction of such deficiencies.

6. All loan requirements should be met prior to the disbursal of funds.

7. All requests for credit should be handled expeditiously.

8. Loans generally should be made only when a specific source of repayment can be identified and agreed upon by the bank and the borrower. Most loans should also have a secondary source of repayment which may frequently be collateral. Where collateral is taken, however, repayment ability rather than security should receive the primary emphasis.

-Continued-

9404360831

9. All data relating to a loan or borrower should be included in the appropriate file. Factors, favorable and unfavorable, known to an officer and not recorded are of no value to the bank in the absence of that officer.

10. All loans should have a reasonably identified and legitimate purpose.

11. Data used to evaluate extensions of credit should be of a current nature.

12. The time to have a complete understanding of the borrower, the loan and the repayment program is before the loan is approved and funds disbursed.

CUSTOMER BORROWERS

It is the stated policy of the United Bank that all extensions of credit to borrowers of any type and for any nature may only be approved where a long-standing relationship exists or may reasonably be developed. Such a relationship includes, but is not limited to, loans and deposits, and refers to the major or substantial portion of the borrower's banking needs. This shall not mean that the borrower must maintain all banking relationships or needs with the United Bank, only that these relationships are desirable.

Split borrowing relationships are not encouraged at the United Bank.

DESIRABLE CREDITS

This section attempts to identify desirable loans that fulfill the legitimate and productive needs of United Bank's marketplace. Each loan must meet the tests for a sound and prudent loan. Loans of the following types would be considered desirable:

1. Short-term loans to business endeavors and individuals for purchase of current assets and/or payment of expenses, with repayment from the conversion of current assets.

2. Loans to business endeavors and individuals for the purchase of equipment and/or other fixed assets, with repayment sufficient to amortize the loan in a period acceptable to both the bank and the borrower.

3. Installment loans, such as home improvement and automobile purchase, for purposes and structures periodically determined by the Senior Credit Officer or his delegates.

-Continued-

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4. Loans collaterally secured by marketable stocks and/or bonds with adequate margin. Margin requirements and collateral must adhere to all federal and state regulations.

5. Loans secured by the cash surrender value of life insurance, the cash value of which should be in an amount equal to or greater than the loan. The insurance company or companies should have a financial condition acceptable to the bank.

6. Loans collaterally secured by funds upon deposit at the United Bank of Arizona.

7. Loans collaterally secured by funds upon deposit at other federally insured financial institutions, which should be in an amount equal to or greater than the loan. Perfection of this type of loan should be in a manner acceptable to the bank and with a financial institution acceptable to the bank.

8. Loan participations from other banks in which the borrower and loan meet the acceptable credit standards of the United Bank.

9. Loans secured by first liens on quality real estate, improved and unimproved, that represent an equity significantly in excess of the loan after giving special consideration to the value of the real estate conservatively indicated by the true selling price or acceptable appraisal. Such loans must meet all other tests for a sound and prudent loan.

10. Loans for the interim construction of buildings secured by first liens on the real estate being improved. Such loans should be made only when there is evidence of a firm takeout commitment in nature and terms acceptable to the bank and from a firm or institution or agency acceptable to the bank.

11. Loans to business endeavors secured by a pledge of accounts and/or inventory that is satisfactorily marketable and liquid. Extensions of this type may take the form of loans, commitments or lines of credit and should not exceed one (1) year in maturity.

12. Loans collaterally secured by assignments of notes, assignments of beneficial interest, assignments of escrow, and their like.

-Continued-

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13. Loans to business endeavors guaranteed by the Small Business Administration or similar agency.

14. Loans to businesses or individuals involved in agricultural endeavors of all types.

15. Single payment loans to business endeavors or individuals where the repayment source is readily identifiable, agreed upon and acceptable to the bank.

CREDITS NOT GENERALLY DESIRABLE

This section attempts to identify those credits not generally desirable or having some characteristics not generally desirable for the purposes of the bank. Such loans should have the concurrence of the Senior Loan Committee or its delegates prior to approval. Loans of the following types would be considered not generally desirable:

1. Capital loans to a business endeavor where the loan cannot be repaid within a reasonable period except by borrowing elsewhere or by liquidation of the business.

2. Loans, of whatever nature, to parties whose integrity, honesty or character is questionable.

3. Loans secured by real estate outside the bank's recognized trade area.

4. Loans secured by real estate for the construction of buildings where no acceptable takeout commitment is in evidence.

5. Loans made for speculation on the future value of real estate where the loan cannot be repaid from other liquid assets of the borrower.

6. Loans secured by stock in closed or closely held corporations, where the stock has no ready market and the financial conditions of the involved individuals do not support the extension of credit.

7. Loans made to poor credit risks solely upon the basis of an endorser or guarantor.

8. Loans for the speculation on the future value of securities or commodities where the loan cannot be paid from other liquid assets of the borrower.

9. Loans to a business endeavor or individual for a venture outside its normal expertise where such an extension of credit is not supported by the financial condition of the borrower.

-Continued-

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10. Loans to a new enterprise, venture or endeavor where the sole repayment is dependent upon the profitable operation of said enterprise, venture or endeavor.

11. Loans secured by an assignment of an undistributed estate where the financial condition of the borrower does not support the extension of credit.

12. Loans not warranted by the financial condition and repayment sources offered.

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EXH. NO. 8 DATE 2-9-89
LAURIE ADAMS

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

The financial statements are perhaps the most important tools for evaluating requests for credit. Some are done well, but many are not. When they are judged to be inadequate, the situation should immediately be discussed with the customer and, if at all possible, the necessary adjustments made and missing information obtained. Customers should be discouraged from preparing statements with figures netted out. Also, current statements that reflect an "up-to-date condition" are a must.

When lending to an individual who is self-employed, or doing business as a DBA, a sincere effort should be made to get both a personal and a business balance sheet as well as operating figures for the business. To simply accept an income figure without some supporting data is inviting problems. Also, the stated income may have been for a prior period or estimated and may not truly reflect an actual situation.

The necessity of doing a financial statement analysis on loans of all sizes cannot be over-emphasized. With good quality balance sheets and operating figures, an in-depth analysis can be performed. This analysis should provide valuable information to both the lending officer and the customer.

Frequency

Financial statements should be obtained in any extension of credit even if the loan is secured and should be updated no less than annually until the credit is retired. The primary exception is a credit secured by a time deposit owned by the borrower and issued by the United Bank. Other exceptions may occur, based upon collateral or other criteria, which should receive the concurrence of Loan Administration or Senior Loan Committee.

As a matter of bank policy, signatures are not required on certified or unqualified financial statements prepared and signed by CPA firms of known reputation and quality. All other statements should always be signed by the borrower. When necessary to write for statements, the request should be for signed statements.

Corporate and other business statements should cover fiscal year-end figures for the last three years, if possible. Current monthly or interim statements are frequently needed or desired for proper evaluation of the request or existing relationship. Frequency of required statements (within the annual parameters) should be based on the loan officer's judgement of the borrower and his circumstances.

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FINANCIAL STATEMENTS

Quality

Quality and detail of the statement are also a judgement of the individual loan officer. Obviously, unqualified audits for every borrower would be impractical. The loan officer must require the proper level and quality of statement based upon his/her assessment of the credit and its intricacy.

Loan officers should be completely familiar with the differences between compilation, review, and audited levels of CPA prepared statements. The various qualifying cover letters should also be analyzed. Where collateral is concerned, the loan officer may wish to have the CPA perform additional tests verifying its existence and value.

The loan officer should determine (to his/her satisfaction) the competency of the CPA to examine the firm in question. Likewise, the loan officer may wish to evaluate the integrity of the CPA and/or his "disinterested third-party" status.

Company prepared or internally prepared financial statements may be satisfactory to the bank depending upon the overall aspects of the credit. Again, the loan officer's judgement is critical to the requirements for financial data.

Loan officers consider income verification of some manner for self-employed individuals. Other methods, as the need is judged by the loan officer, might include CPA prepared statements or deposit histories. The most common of these verifications is the annual income tax return of the borrower.

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EXH. NO. 9 DATE 2-9-89
LAURIE ADAMS

CREDIT CRITERIA

CREDIT CRITERIA

The extension of credit is based upon the loan officer's confidence in the willingness and ability of the borrower to repay the obligation within the terms of the note. The guidelines discussed in this section are for tools used by the loan officer in establishing what degree of confidence is created by the borrower.

A reading of these guidelines will readily show that how they relate to the five Cs of credit - character, capacity, capital, conditions and collateral. These primary factors for the extension of credit remain as important as ever.

Two other factors to bear in mind are management and market. Every business endeavor with whom we deal should have competent and adequate management to strengthen our evaluation of the credit. The product or service they sell should also have a viable market for, at least, the life of our loans.

Each of the guidelines herein discussed are important. Each loan request will vary the emphasis placed on each factor as judged by the loan officer.

FINANCIAL STATEMENTS

The financial statements are perhaps the most important tools we have for evaluating requests for credit. Some are done well, but many are not. When they are judged to be inadequate, the situation should immediately be discussed with the customer and, if at all possible, the necessary adjustments made and missing information obtained. Customers should be discouraged from preparing statements with figures netted out. Also, current statements that reflect an "up-to-date condition" are a must.

The necessity of doing a financial statement analysis on loans of all sizes cannot be over-emphasized. With good quality balance sheets and operating figures, an in-depth analysis can be performed. This analysis should provide valuable information to both the lending officer and the customer.

Frequency

Financial statements should be obtained in any extension of credit even if the loan is secured and should be updated no less than annually until the credit is retired. The primary exception is a credit secured by a time deposit owned by the borrower and issued by the United Bank.

Quality

Quality and detail of the statement are also a judgement of the individual loan officer. Obviously, unqualified audits for every borrower would be impractical. The lender must

-Continued-

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require the level and quality of statement based upon his/her assessment of the credit and its intricacy.

We should strongly consider income verification of some manner for all self-employed individuals or proprietorships. The most common of these verifications is the annual income tax return of the borrower. Other methods of verification may also be applicable.

CREDIT INVESTIGATIONS

"Know your borrower" continues to be the most important factor in approving credit requests and in maintaining a sound loan portfolio. Nothing can substitute for the personal knowledge developed by the loan officer working with the borrower and using his/her abilities to expand the awareness of the borrower's strength and weaknesses.

This knowledge can be augmented by proper credit investigations. Thorough credit investigations may reveal interesting (or disturbing), hitherto unknown facts about the borrower and/or guarantors. Proper use of credit background searches may help us from extending potential losses to borrowers of questionable integrity or limited honesty.

Trade Checks

Trade checks on businesses can take many forms. Reports from Dun & Bradstreet are the most common and well-known form of a trade check. In addition, reports can be received from the National Association of Credit Managers or from local wholesaler groups. These reports are often very timely and revealing.

For information on the Robert Morris Associates guidelines and all other matters discussed above, please refer to our Credit Department or their manual on credit investigations.

It is highly desirable to perform adequate credit investigations on all new borrowers prior to the approval of loans. This background data can provide an excellent base for the loan officer's final decision.

VALIDITY AND SUFFICIENCY OF COLLATERAL

Once a loan officer has determined that a particular loan requires collateral as, in his/her judgement, a needed part of the credit, it is important to consider what collateral is desirable. Following that decision, the lender must insure that the loan is actually secured by the collateral, that the collateral is sufficient to protect the loan, and that the collateral is protected to an adequate degree.

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GENERAL DECISION GUIDELINES

CREDIT CRITERIA

All lending personnel should be completely familiar with the Uniform Commercial Code (UCC) since it bears directly on the security aspect of our loans. It is important not just to secure a loan, but to perfect our lien. Loan officers should remember that perfection varies from state to state as well as the fact that our borrowers may do business in or take collateral to another state. Appropriate advice should be sought from competent individuals when questions arise.

Loan officers should assure themselves that collateral actually exists and that its value is as represented. This assurance can be exceedingly simple or highly complex (i.e. MAI appraisals, etc.). Lenders should feel confident that legal ownership rests with our borrower and that the asset may legally be pledged to secure the debt. When taking tangible collateral, adequate and ongoing insurance should not be overlooked.

All of these aspects of collateral apply to the loan in varying degrees of importance. The individual loan officer must determine the validity and sufficiency of collateral based upon the loan request and borrower. Informed and intelligent judgement of the borrower and collateral offered will be needed.

REPAYMENT SOURCES

Regardless of the type of loan or its unusual characteristics, each is, at least at inception, approved because the loan officer believes it has a reasonable chance of being repaid. Because of the uncertainty which surrounds every business endeavor, plans for repayment will not always work out and other sources of repayment may be needed to liquidate the debt.

Each repayment schedule should be related to the nature of the loan being extended. If the borrower is uncertain how to repay the loan, it may indicate that repayment will be just as uncertain or speculative. With a plan for repayment, the loan officer can consider the source of repayment funds and analyze the credit intelligently. Finally, deviations from the initial payment plan may indicate that something has gone wrong and that the loan may need some attention.

Identified sources of repayment and an organized plan for repayment allows the borrower to know, in advance, what the bank will expect of him and to plan accordingly. Obviously, too strict a repayment plan by the lender should elicit comments from the borrower which will help the decision making process.

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CREDIT CRITERIA

Regardless of secured or unsecured condition, a loan is repaid from: (1) conversion of assets into cash; (2) retained earnings; (3) injection of capital; or (4) borrowing from another lender. In many loans, repayment derives from only one of these types. In any event, the loan officer should identify a principal or "primary" source of repayment which is believed to be sound and reasonable.

In most cases, it is also wise to identify a secondary source of repayment should the primary source be reduced or fail to materialize. A lender who considers conversion of assets as primary repayment may wish to support that source by identifying future earnings as a secondary source.

Documentation to ensure or improve repayment sources should be as carefully prepared and perfected as those documents relating to collateral. When the lender is placing great reliance on those sources, it is important that a degree of comfort be achieved. Again, repayment and its sources are the cornerstone of the credit.

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EXH. NO. 11 DATE 2-9-89
LAURIE ADAMS

Rhodes to Congress
REGISTER COPY

CONTRA cash

MESA BRO 07
MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA
AUG 01 '86
A Beaudet
COMM'L LOANS

No 100678
CASHIER'S CHECK
91-283/1221

August 1, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ 250.00

UNITED BANK 250dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bk Use

EXCH. FEE ☐ COLLECTED ☒ WAIVED

JRB INITIALS AUTH. SIGNATURE

ADDRESS

⑈100678⑈ ⑆122102831⑆ ⑈2141040070⑈ ? ⑈00000250000⑈

Rhodes to Congress

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

No 100678
91-283/1221

August 1, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ 250.00

UNITED BANK 250dol's00cts DOLLARS

CASHIER'S CHECK

SO-DOBSON CASHIER-CHECK
RT/TR # 122102831 ACCT (NO) 2141040070
08-01-86 14:42 TELLER 3726 SEQ 0113

A Beaudet
SIGNATURE

⑈100678⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈00000250000⑈

OGC 1925

TRANSCRIPT OF PROCEEDINGS

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
89 FEB 22 P1:46

IN RE:

M U R 2602

DEPOSITION OF SHEILA KERR

Phoenix, Arizona

Friday, February 10, 1989

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IN THE UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:) NO. MUR 2602

DEPOSITION OF SHEILA KERR

Phoenix, Arizona
February 10, 1989

PREPARED FOR:

FEDERAL ELECTION
COMMISSION
(Original)

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REPORTED BY
PAMELA D. REMUS
Court Reporter

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I N D E X

WITNESS:	Page
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EXHIBITS MARKED

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3.	Ledger card	29

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The deposition of SHEILA KERR, witness herein, was taken upon oral examination by the parties through their respective attorneys before PAMELA D. REMUS, a Notary Public in and for the County of Maricopa, State of Arizona, at 230 North First Avenue, Phoenix, Arizona, on the 10th day of February, 1989, commencing at 9:30 a.m. of said day.

COUNSEL APPEARING:

Mr. Jonathan M. Levin
Ms. V. Colleen Miller
Office of General Counsel
999 East Street, N.W.
Washington, D.C. 20463

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The deposition of SHEILA KERR, witness herein, was taken upon oral examination by the parties through their respective attorneys before PAMELA D. REMUS, a Notary Public in and for the County of Maricopa, State of Arizona, at 230 North First Avenue, Phoenix, Arizona, on the 10th day of February, 1989, commencing at 9:30 a.m. of said day.

COUNSEL APPEARING:

Mr. Jonathan M. Levin
Ms. V. Colleen Miller
Office of General Counsel
999 East Street, N.W.
Washington, D.C. 20463

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SHEILA KERR,

a witness herein, having been first duly sworn by the Notary Public to speak the truth and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MS. MILLER:

Q. Okay. We are here today for a deposition in the matter under review numbered 2602. It is a deposition as a part of an investigation being conducted under section 437 G of Title II of the United States Code.

You are reminded that there is a confidentiality statute governing these proceedings. You are to have no conversations outside of this deposition about the matters that are discussed here.

My name is Colleen Miller and that is Jonathan Levin. We are attorneys from the Federal Election Commission. The deponent has been sworn.

Would you state your name for the record, please?

A. Sheila Kerr.

Q. Miss Kerr, you have a right to be represented by counsel. Are you represented by counsel today?

A. No.

Q. Have you ever been deposed before?

A. No.

Q. Have you ever attended a deposition?

A. No.

Q. Okay. Let me give you a few instructions. I will be asking a series of questions. If you don't hear any question or you don't understand any question, just say so and I will repeat it or try to rephrase it for you. If you answer a question, we will assume that you heard it and you understood it. If you don't know the answer to a question, or you don't remember the answer, just say so.

You need to answer out loud, because a shrug of the shoulders or a gesture of some sort won't show up on a written transcript. If you get groggy or tired and would like to take a break and stretch, say so and we will do that. Do you understand the instruction?

A. Yes.

Q. Before we get started, do you have any questions of us?

A. No.

Q. Okay. Did you produce any documents today?

A. No.

Q. Where are you employed right now, Miss Kerr?

A. At the law office of David Eagle.

Q. How long have you been there?

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A. A little over three months.

Q. So you weren't working with David Eagle in 1986; is that correct?

A. No.

Q. Where were you working in '86?

A. I was with the law firm of Rhodes and Golston.

Q. How long had you been employed with Rhodes and Golston?

A. Well, I don't know now how you want me to answer that because --

Q. When did you start?

A. I started with Jay when he was a sole practitioner.

Q. And Jay is Jay Rhodes?

A. Yes. And that was back in 1982, I believe, and then I was with him for just a few months, and then he merged with Reynolds and Golston.

Q. And when did you stop working for Rhodes and Golston?

A. When he was elected to Congress.

Q. That would be late '86, early '87?

A. Late '86, whenever. What was it, December 31st? And he was no longer in the office beginning January 1 or something like that.

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Q. Okay. What sorts of duties did you have at the law firm in 1986?

A. Just regular legal secretarial routine, pleadings, leases, typing, you know, filing.

Q. Did you do bookkeeping?

A. I did. I did his bookkeeping before we merged, and then the bookkeeping area was taken over with Uta at Joe Reynolds' office, and then that partnership broke up, and then Bonny was Rodger Golston's secretary, started doing the bookkeeping, and I made deposits, but she kept the books. I wrote the checks, and she kept the books.

Q. Did you do billing?

A. Yes.

Q. Did you take dictation?

A. From the dictaphone.

Q. Okay. Did you ever do any research?

A. No.

Q. Did you attend meetings with Mr. Rhodes?

A. No.

Q. If he was having a conference with a client, would you sit in on that and take notes for him?

A. No.

Q. Did you work for any law firm or lawyer prior to your association with Mr. Rhodes?

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A. Yes, but I don't even -- Conway Ryan. See, we came from Michigan, and I think he was the first attorney that I worked for when I was first looking for a job out here.

Q. In Arizona?

A. Yeah.

Q. Had you worked for lawyers in Michigan?

A. Yes.

Q. Could you describe for us your educational background?

A. High school grad, 1969.

Q. Have you received any training to be a legal secretary?

A. No.

Q. Any bookkeeping courses or anything like that?

A. No.

Q. Accounting course?

A. No.

Q. Okay.

A. Well, after I was with Jay, he sent me to his accountant to learn his bookkeeping system, and that's how I managed to keep his books.

Q. Okay.

A. But that, I would guess, is the only

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training that I would have.

Q. When did you keep books for Jay?

A. When I first started working for him in 1982. March 22, 1982, I think, was my employment date with him.

Q. And you were or were not keeping his books in '86?

A. I was not.

Q. Okay. Do you recall during the late summer of 1986, August, early September, in and around there, what sorts of things were going on in the office?

A. That was during his campaign, wasn't it?

Q. Yeah.

A. Well, he was getting into his campaign pretty much so. He had formed his group. Gosh, that's hard to remember. I can't say that I recall everything that's happened in '86. That was a long time ago. But as far as his campaign went, I had little to do with it. I did do thank you letters to various people for him to those who contributed, made contributions to his campaign. I went around with a petition, you know, for his district. And that was just about the the extent of the work that I did for him as far as his campaign went.

Q. Did you accept any contribution checks for his campaign?

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A. Did I accept?

Q. Uh-huh.

A. In what way do you mean?

Q. Well, would people come into the office to make contributions?

A. I took checks and I gave them to him.

Q. In the late summer, early part of August or early part of September in 1986, do you recall whether there was a lot of work in the law firm?

A. There wasn't much. His work slowly got less and less.

Q. Is that because of his work on the campaign?

A. I think so, yes.

Q. Was Mr. Rhodes in the office every day?

A. Sometimes. If every day you mean showing up and being there, the greater share of the day, it started out he was there every day, but then as his campaign progressed, he wasn't there every day. I mean, he might come in for maybe an hour and then he would leave maybe a couple hours, I don't know. But he wasn't -- like I said, as the campaign progressed, he wasn't there all the time.

Q. Would there be several days in a row when he wouldn't come into the office?

A. Oh, no.

Q. He would come in every day?

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A. Every day or every other day he would come in.

Q. Do you recall this being an exciting time for him?

A. Well, yeah.

Q. Was he pretty busy with the campaign?

A. Yeah. As far as making appearances and speeches, he was busy.

Q. Did you ever have television reporters in the office?

A. Yeah.

Q. Newspaper reporters?

A. Yes.

Q. So it was a pretty exciting time for you, too?

A. In a matter of speaking, yes, I guess it would be.

Q. When Mr. Rhodes came into the office during the day, would he speak with you?

A. He would say hello, are there any messages, you know.

Q. Every day?

A. Yeah, whenever he would come in.

Q. Would he tell you how the campaign was going?

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A. No, not really.

Q. You didn't discuss that with him?

A. No.

Q. You mentioned that you did thank you letters and you helped circulate a petition, and that you handled some checks for Mr. Rhodes with relation to the campaign. Was there anything else that you did that you can think of?

A. No. That was just about the extent of my work with the campaign. I wanted to get more involved with it, but the law firm, I guess, that was my first priority.

Q. Did Mr. Rhodes come into the office to get his payroll checks? I guess you call them his draws?

A. Uh-huh.

Q. How would that work? Would someone actually take the checkbook out of the office and rip the check out of the checkbook and hand it to him, or would it be in envelope form? How would that work?

A. Well, he always got paid the same time that Bonny and I and Rodger got paid. I would just -- on the day it was supposed to have been done, payroll, I would just do up the checks and rip it out and give it to him.

Q. You did the checks, right?

A. Uh-huh, yes.

Q. Do you recall when the primary was? The primary election? I don't need a specific date, but --

A. Primary election. Was this the main one where he was --

Q. It would be the first one.

A. The first one, yes, I remember. That was the first time I ever -- that was the first time I ever voted in my life.

Q. Was that around the beginning of September, do you recall?

A. Yes.

Q. Did the excitement slow down a little bit after the primary?

A. Not really because it seemed like he had more interviews or more -- what am I trying to say -- appearances to make, and his schedule was getting pretty heavy.

Q. Was he spending more time in the office right after the primary, did you notice?

A. I don't remember.

Q. Okay. Did Mr. Rhodes discuss the books with you or with Bonny periodically?

A. No.

Q. Would it be a practice to go over the books once on Monday or once a week or anything like that for

him?

A. No. I think every once in awhile he would take the checkbook into his office and just look at what checks had been written.

Q. Do you recall how often he would do that?

A. No.

Q. Okay. Let me hand you an exhibit, then I will ask the reporter to mark this FEC Exhibit No. 1.

(Deposition Exhibit No. 1 was marked for identification.)

Q. BY MS. MILLER: Take a moment and look at that.

A. It looks like his ledger.

Q. By "his ledger," do you mean Mr. Rhodes' ledger for the firm?

A. Ledger for the firm.

Q. Did you work with this ledger ever?

A. No.

Q. You never made any entries in it?

A. Huh-uh.

Q. Okay.

A. I am sorry, no.

Q. Would you look at this ledger periodically in your job to verify the checks or have any function with it at all?

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A. No, not usually.
Q. Who kept this ledger?
A. Bonny.
Q. Bonny. And by "Bonny," you mean Bonny Walker?
A. Yes.
Q. Do you know if Mr. Golston worked with this ledger?
A. No, I don't. I don't think he did, but I don't think he actually worked with it.
Q. Did Mr. Rhodes review it that you know of?
A. I can't say for sure.
Q. Okay. Do you know who John O'Neill is?
A. Yes.
Q. Do you know what his role with the Rhodes campaign was?
A. I think he was his treasurer.
Q. Did you see Mr. O'Neill very often?
A. Occasionally.
Q. Did he come into the office?
A. Yes.
Q. Did he have a lot of business with the firm?
A. He did at first.
Q. At first being when?
A. When he became, I think, the president of

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United Bank or vice president or something like that, United Bank, and we changed -- I think it was from Valley Bank to United Bank for the checking and trust accounts.

Q. Would this be in the early '80s or mid '80s?

A. About -- I would say mid '80s.

Q. Did you see Mr. O'Neill at the bank?

A. At the bank you mean as in United Bank?

Q. Yeah.

A. No.

Q. You wouldn't have any contact with him there?

A. No.

Q. All right. Let me hand you an exhibit, then I will ask the reporter to mark this FEC Exhibit No. 2.

(Deposition Exhibit No. 2 was marked for identification.)

Q. BY MS. MILLER: Can you identify that document?

A. It is another part of the ledger. It was the cash received.

Q. Do you know if this is the way the pages were laid out in the ledger, or would they be side-by-side?

A. What do you mean "side-by-side?"

Q. Well, the exhibit you are holding is one, is

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in the shape of a letter size piece of paper. Was it a larger document than that?

A. Yeah. The ledger was a regular, you know, ledger book. It was about that -- I don't know how long. I don't know how long that is, but it is a regular ledger book.

Q. Okay. And you were indicating a book about maybe 20 inches long?

A. Yeah.

Q. Okay. Did you work with this portion of the ledger?

A. No.

Q. This would be the portion that Bonny Walker worked with?

A. Yes.

Q. Did you ever make any entries into this portion?

A. No. All entries were made by Bonny.

Q. How would that work?

A. Well, whenever we would get payments from clients, when I made the deposits, I would fill out the deposit slip, and I would indicate who the deposits were from, and -- I don't remember. It seems like we made copies of the deposits. No, we didn't either, because we had the carbons, and I would go to the bank and deposit

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them, and I would give the bank -- or the book, the deposit book, eventually to Bonny because she was the one who entered all the deposits and accounts receivables and payables. She typed all this.

Q. When a check came in addressed to Mr. Rhodes, describe that process for me. How would that work?

A. I would stamp "for deposit only" into the checking account or trust account, whichever it was supposed to be deposited, and the checks were put in an envelope until we accumulated enough to go to the bank and to be deposited.

Q. Was there some way that you could note a payment for a specific bill?

A. Whenever we received payment, we would get the ledger card and mark "paid" on it and how much was paid.

Q. What is the ledger card? Can you just describe it for me?

A. It was a card about that tall, maybe seven inches, but it was just a regular narrow ledger card.

Q. And was it kept in a filing cabinet or something?

A. It was kept in a little file.

Q. A file box?

A. Yeah, file box.

Q. There was a separate card for each?

A. Client.

Q. Each client?

A. Yes.

Q. Would there be a separate one for each matter for a specific client, if a client had several transactions going on?

A. Sometimes, yes. We started out putting everything on one card instead of making up a new card, and then we found out that is a little bit complicated, so then we decided to start making new cards for each matter.

Q. Okay. On the top of the exhibit that I just handed you, the cash received, across the top of the page there are the words "deposits, fees and costs." And then there are some numbers written underneath those. Do you know what those numbers are immediately under those words?

A. Deposits would be the total amount of deposit that was made.

Q. There is the No. 1950 under there. Do you know what that signifies?

A. No, I don't remember.

Q. Okay.

A. Fees to be the -- you are talking about the numbers as in 4200 under fees?

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Q. Uh-huh.

A. No. I don't know what 1970 is either.

Q. Okay.

A. We had -- I think we had a board or a piece of paper that had like the account numbers, like maybe fees was the account number for -- I mean 4200 was the account number for fees, and 1970 the account number for costs. Maybe that's what it is; what they signify.

Q. Okay. Was any of this computerized?

A. No.

Q. Would you look at page 3 of this exhibit? About 10 lines from the bottom there is an entry for O'Neill.

A. Uh-huh.

Q. Would that be John O'Neill?

A. Yes.

Q. Did Mr. Rhodes have any other clients with the name O'Neill?

A. No.

Q. Okay. It looks like the entry is for an amount of $270 received?

A. Uh-huh. Yes.

Q. There is a breakdown to the right of the name O'Neill. Can you explain that for me?

A. Well, $250 must have been the actual fee,

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and the $20 was costs. I don't recall what the costs could have been for.

Q. Is there a way that it would be indicated on the book if a bill was paid in full?

A. I don't think so. The only way that I think our bills would indicate that a client paid in full would be marked on the ledger cards, the billing cards.

Q. Okay. Do you recall what the matter was that this payment was received for?

A. Yes, I think I do. It seems like there was only one matter that Jay was involved with John O'Neill that went for a long period of time, and that was over the sale of the house, John O'Neill's house.

Q. What was the issue in that matter, if you recall?

A. I don't recall all the area in which it pertained, except that John O'Neill was getting a divorce, and he was selling his house, and someone had put money in escrow to purchase it, and then I don't know exactly what happened, but it seemed like they backed out and then Jay did an -- he started a lawsuit, and I forget the title of the particular document that we were working with to get the money or to get these people to go ahead and take the house, because they had, I guess, put money into the escrow in good faith that they wanted it, and then they

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backed out, and then I think John O'Neill sold it again. I don't know. It was kind of confusing, but that was -- it was all over the sale of a house.

Q. Do you recall whether Mr. O'Neill was being billed at an hourly rate, or on a retainer, or as a contingency fee?

A. In the very beginning of this particular lawsuit, it seems to me he was being billed hourly, and then as the case progressed, I think it was more on a contingency basis. And then it got to the point where -- I mean, he was being billed every month, I think, and then there would be costs and he would pay -- he would pay the fees and the costs and then, like I said, it came to a contingency basis. I think then I was told just to bill him for the costs and not the fees.

Q. What is a contingency arrangement?

A. Like a lawsuit begins, and if you win, then he pays or the other person pays, and he doesn't have to pay. Our client wouldn't have to pay the fees. The other person would.

Q. What if your client loses?

A. Well, he would have to pay.

Q. Okay. Do you recall whether it was pretty common for Mr. Rhodes to represent a client first on a fee basis and then to change it to a contingency basis?

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A. Well, maybe with John O'Neill it was. I assumed it was because he was a friend. But I think -- normally, I don't think it would be common.

Q. Do you recall when you learned that it had been changed to a contingency arrangement?

A. No, I don't.

Q. Do you recall how you learned it?

A. No, I don't.

Q. Would Mr. Rhodes have told you or Mr. O'Neill?

A. No. I would just see that they would do their time sheets, and I would just do up the bill as if it was hourly and put the time on the bill. And when the bills were finished, I would give them to Jay to review. I only did Jay's clients, and Bonny did Rodger's clients, and Jay would give me back the billings with notes on them "send" or "don't send" or "wait" or "hold," and -- but I always treated the bills as if they were done hourly, because I would always put the time that was spent on them, once we started doing that. We didn't always do that, but --

Q. You didn't always do what?

A. Put the time that was expended on the billing.

Q. How often did you give Mr. Rhodes the bills

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to review?

A. Once a month, when I did them.

Q. Would this be at the same time every month?

A. We tried to keep it at the same time every month, but depending on the workload, we didn't always succeed at that.

Q. Would it be at the end of the month or the beginning of the month?

A. End of the month. We tried to have them out and completed and made up by like the second or the third of the month.

Q. Do you recall in August of '86 whether that was a procedure you used that you gave Mr. Rhodes the bills and he reviewed them?

A. I always gave them to him. I don't have to recall it. That was just the procedure I always did.

Q. By the end of the month, how early in the month could you begin the billing process?

A. Maybe about the last couple days of the month.

Q. Would you have given the bills to Mr. Rhodes as early as the 25th of the month?

A. I could have.

Q. Any earlier than that?

A. No, I don't think so. Not unless I was told

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to go ahead and do up this particular bill, which that was rare.

Q. Do you recall whether he told you to do up a particular bill separately from Mr. O'Neill?

A. No, I don't.

Q. Was it rare enough that you would remember it if he had?

A. Yes.

Q. Would you have followed the same procedure at the end of September, towards the end of the month, give the bills to Mr. Rhodes to review?

A. Yes.

Q. And the same procedure at the end of October?

A. Yes.

Q. What sorts of things would Mr. Rhodes do when he reviewed the checks? I don't mean what would he think or anything like that, but would he make certain notes to you?

A. You mean review the checks?

Q. I am sorry, review the bills.

A. Yes. He would make notes to me on these little stickums, and he would attach it to the bill itself and give it back to me, and I would read what was on the note and do whatever he said to do with it.

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Q. What kind of things would he put on the stickums?

A. Well, like "hold" or "don't bill yet," or "wait."

Q. Would he make a note if he disagreed with the amount that was being billed?

A. Yes. He might say, "Check this amount out," "go through the time sheets," or something like that.

Q. If it looked like it wasn't enough?

A. Yes.

Q. If it looked like it was too much?

A. Too much or too little.

Q. Would he make a note to reduce the amount of the bill?

A. If he did that, he would dictate it, and he would say "give a discount to," and he would tell me how much to discount it.

Q. And by "dictating," what do you mean?

A. Through the dictaphone.

Q. So it wouldn't be on one of the stickums that he puts on the bill?

A. No.

Q. What would you do when you got the dictation?

A. I would do what he told me to do.

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Q. Would you transcribe that memo?

A. Oh, yeah. Well, transcribe it onto the bill.

Q. Just the way he said it, or would you summarize it?

A. No, just the way he said it. He was real good about dictation.

Q. Did he do this dictation at that time he was reviewing the bills?

A. Usually, yes.

Q. How often would you get a dictation from him to reduce a bill?

A. It was rare because most of his work -- it wasn't litigation. It was mostly corporate as in leases and corporations, corporate and new corporations, contracts, things like that. So it was -- it would be rare that a bill would be reduced.

Q. Would it be once a month?

A. I wouldn't even say that.

Q. Do you remember him making a dictation like that regarding Mr. O'Neill's bill?

A. Reducing it?

Q. Well, making the dictation.

A. I remember being told to reduce it, but I don't remember if it was through dictation or through a

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little stickum note.

Q. Do you recall when it was that he told you to reduce it?

A. No. I can't say I recall totally, but I think it was before the primary.

Q. Did you reduce it at that time?

A. Yes.

Q. So you think that it was the early part of September he told you to reduce it?

A. Yes, or it could have been earlier. I don't remember the exact month. I just -- it is just in my mind that he told me to reduce it, and I did, but I don't know. I cannot remember the time.

Q. And you would make a notation of this reduction on the ledger card, I believe you said?

A. Yes. I think reduce so many dollars would be -- it would show up on the ledger card, because I think Jay wanted John O'Neill to know that because he didn't win the case and he lost, that he wanted John O'Neill to know this was a reduction compared to what it would have been.

Q. Did Mr. Rhodes ever make the notations on the ledger cards to reduce the bill?

A. No, he didn't.

Q. That would be a very rare thing or a never thing?

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A. I think it would be a never thing. I mean, he always used the little stickums.

Q. Okay. Let me hand you an exhibit which I will ask the reporter to marked mark as FEC Exhibit No. 3

(Deposition Exhibit No. 3 was marked for identification.)

Q. BY MS. MILLER: Can you identify this document?

A. Yes. It is one of our billing ledgers that was sent to John O'Neill.

Q. Is this a ledger card?

A. Oh, he did. Yes, it is.

Q. What was your statement, "Oh, he did?"

A. He did note it on the card to discount.

Q. You are looking at page 2 of the exhibit?

A. Yes.

Q. What tells you that he did discount it?

A. His handwriting.

Q. Where is that?

A. It is at the bottom of the ledger, and it says discount to $3,000, and it's got his initials. I remember that now.

Q. And by "he," we are talking about Mr. Rhodes?

A. Jay, yes.

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Q. Okay. Can you explain to me just generally what is the information contained in this ledger card?

A. It is just work that was done regarding the sale of the house; the lawsuit that was in progress at the time for John O'Neill.

Q. Okay. There is a column marked "charge." What does that mean?

A. That was what was charged. The client fees.

Q. What was billed to the client?

A. Yes.

Q. And under "items," generally, what did you put in there?

A. The description of the work that was done.

Q. Would this be information that you would put on the ledger card?

A. Yes.

Q. What's under the column marked "payment?"

A. The payment that we received from John O'Neill.

Q. There are several notations that make reference to billing, December billing, February billing?

A. Uh-huh.

Q. Does that mean that an actual bill was mailed at that time?

A. Yes. And that was the work that was done

for that month.

Q. So the February billing item has the date 3/3/86 beside it. Does that mean the bill was mailed on March 3, 1986?

A. No.

Q. What does the date mean?

A. It means that that was the date that I actually typed up the bill.

Q. Okay. How soon after that would the bill be mailed?

A. As soon as Jay had the chance to review them and say mail them.

Q. If he changed the amount on the February bill, where would you note that on the ledger card?

A. On the February bill?

Q. Uh-huh.

A. It would probably be right underneath it, but there is -- no, it doesn't appear to be a change at that time.

Q. Okay. So if he had changed the bill after the August billing entry, where would the entry have been there?

A. I don't know.

Q. Is there an entry after that August billing?

A. No.

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Q. What's the next entry on that card?

A. After the August billing?

Q. Uh-huh.

A. September billing.

Q. Is that for a cost in September, a charge of some sort in September?

A. Under the charge there is a $30.

Q. And what is the description in the items category?

A. For September?

Q. Yeah.

A. Dictation regarding dismissal as to Fickes.

Q. What is the description under "items" for the August billing?

A. Argue motion for summary judgment.

Q. It has the initials M.S.J.

A. Yes.

Q. Thank you. Do you recall whether the charge for August was for costs incurred or for fees?

A. I would think for the August billing, that would have been for fees, because argue for motion for summary judgment -- it seems to me, he had to appear in court for that, and he charged for that, and that's what the $150 was for.

Q. Now, August of '86 he was pretty involved

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with the campaign?

A. Yes.

Q. Do you recall his argument for the motion for summary judgment?

A. No.

Q. Do you recall whether it was one of many things he was doing for the firm that month or one of a few things he was doing?

A. It probably was one of the few things he was doing for the firm. And I don't remember when it was when he had to go to court. I don't know if it was for this motion for summary judgment or if it was for some other work that was being done on this particular case, but I do remember him going to court.

Q. In August?

A. Well, you know, I don't remember the month.

Q. Okay.

A. But I know he was a bit disappointed, and I am sure, I believe, John O'Neill, I recall him being disappointed too, because Jay lost the case. But I don't remember if this was at that time or if it was farther down the road.

Q. Meaning later?

A. Later, yeah.

Q. Now, you said the handwriting at the bottom

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of the card is Jay Rhodes'?

A. Yes.

Q. Is there any notation as to the date that that was written?

A. No. But I would think it would be sometime in September because it was written on this particular bill.

Q. Do you recall seeing him make that notation?

A. No.

Q. Where were the ledger cards kept?

A. They were kept in the file room. Well, no. They were kept on a lateral file behind Bonny's desk.

Q. Behind Bonny's desk. How close was your desk to that?

A. It was several feet. I am terrible at footage.

Q. But it was in the same room as your desk was in?

A. Yes.

Q. Within your sight?

A. Yes.

Q. Would it have been unusual for Mr. Rhodes to take something out of the ledger card file?

A. No.

Q. So if he had gone over and made this

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notation on a ledger card, you wouldn't have thought anything of it?

A. Not really. See, Jay -- when Rhodes and Golston first merged, Jay would take the file box into his office and go through the cards to determine who he wanted to bill for that month or even if there was enough time spent on a particular case to bill a client.

Q. This was in the beginning of the firm, '82, '83?

A. Yes. And he would take the cards out himself and the ones he wanted to bill, and he would give them to me or he would make a list as to who to bill and how much. And he would go through his time sheets, and that's the way that was done. I forgot all about that. And it seems as though even when Jay and Rodger merged with Joe, we did it like that, too, because I always did Jay's billing, and Bonny always did Rodger's, and Joe Reynolds' secretaries would do his. But I don't know why because it was -- you know, we all merged. We still like had our own separate little firms. We still did our own thing, sort of.

Q. So are you saying that in '86, that was the practice that Mr. Rhodes would take the ledger cards into his office and then tell you who to bill?

A. In the beginning, yes, when it was just

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Rhodes and Golston after Reynolds broke up with Rhodes and Golston. That's the way it was. Jay would take the books in his office and go through the ledger cards, and every once in awhile, it would seem like it would take forever for him to get bills back to me, and finally I said, "Why don't I just go through the cards, and I will make a list. I will pull them out for whatever time sheets we have and put the time sheets with the cards and then you can go through them. It seems like it would be faster for me to get the bills out that way than for you to take the box in and go through it."

Q. Do you recall whether you made that change in the system?

A. No, I don't. It was maybe a few months after Rhodes and Golston became one instead of Reynolds.

Q. After Reynolds left?

A. Right.

Q. When did Mr. Reynolds leave the firm?

A. Well, I think Reynolds, Rhodes and Golston was a partnership for a year, and then I don't recall the year.

Q. It would have been before '86, though?

A. I think so, yes.

Q. And you think that the system changed that you just described that you would go through the cards

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first. You think that occurred before 1986?

A. Well, it was before the campaign started, before he even thought about becoming a congressman.

Q. I just want to make sure that I understand the process for the billing here, so excuse me if I am asking you the same questions over and over.

A. That's okay.

Q. You typed the information on this card; is that correct?

A. Yes.

Q. Mr. Rhodes didn't do that?

A. No. I did.

Q. And the date that is typed under the date column, is that the date that you put that information on the card?

A. Yes. Usually, yes.

Q. On the line that bears the date 8/28/86, August 28th?

A. Uh-huh.

Q. The current balance at that time is how much?

A.

Q. Okay. And the current balance for the next entry, which is September 30, 1986, is how much?

A. $3,885.45.

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Q. And you would have typed that information on there; is that correct?

A. Yes.

Q. When you typed that information on in September, if it had the notation discount to $3,000, would your entry have been different?

A. It could have been. I don't remember. It could have been 6,885.45.

Q. Would there have had to be another charge added there for it to reach 6,000?

A. It might -- there should have been, and maybe I just didn't do it like that to make it look neater. I don't remember. It sounds like a strange way of doing things, I know.

Q. We are trying to figure out when the notation would have been added to the bottom. When you typed the September information on to the card, would you have seen that notation at the bottom?

A. Yes.

Q. Are they pretty close together on the card?

A. Yes.

Q. Okay.

A. I know it was. It seems like it was a large bill, a large bill had accumulated, and maybe that $3,000 discount may be after that. That's what the 3,885 came

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to. I just --

Q. Can you read the word written after discount?

A. Yes.

Q. What does it say?

A. To, t-o.

Q. I believe you stated that you know John O'Neill?

A. Yes.

Q. How is it that you know him?

A. Only through our client and through the bank.

Q. He was the firm's banker?

A. Well, United Bank was the firm's bank, but John O'Neill was a client, too.

Q. Do you know him socially?

A. No.

Q. Do you recall when he left United Bank?

A. I remember him leaving. I do not recall the time, and I was real surprised. I don't remember what caused me -- it seems like I had called the United Bank to talk to John O'Neill, or I was doing something that I needed to ask him a question or talk to him about something. I don't remember what that was. And I found out that John O'Neill had quit United Bank or had been

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discharged or terminated. I don't remember the exact circumstances there.

Q. Did you ever hear why he left the bank?

A. I asked Jay. I said, "What happened?" And he said, "John O'Neill just decided that he wanted to do something different." And I said okay.

Q. Did you ever hear anything else from anyone else?

A. No. As far as his leaving goes?

Q. Yeah.

A. No.

Q. Did you have contact with Mr. O'Neill?

A. Not -- on the phone occasionally.

Q. Did you ever discuss the campaign with him?

A. No.

Q. Did you ever say how the campaign is going, "are you keeping busy," anything like that?

A. No.

Q. Do you know whether Mr. O'Neill understood the rules about fund-raising for campaigns?

A. I don't know.

Q. You don't know?

A. I mean, having the title of president or vice president of a bank, you would think you would assume that he would know things like that.

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Q. Any other reason that you would assume he would know something like that?

A. Only because of his title, no. That would be the only --

Q. Did Mr. Rhodes ever tell you that he knew the rules?

A. Not that I recall.

Q. Did Mr. Rhodes know the rules about fund-raising?

A. I assume that he did. I mean, he has been in politics for a long time or around the family who has been in politics for a long time and knows the basics, I would think.

Q. Any other reason that you would assume Mr. Rhodes knows the rules? Did he ever tell you that he knew the rules?

A. No.

Q. Did you ever discuss them with him?

A. Not really. Only like what an individual could donate and what a corporation could donate, but then I don't remember what he said now.

Q. Do you know who Conley Wolfswinkel is?

A. I don't know him. I have heard of him.

Q. Was he a client of Mr. Rhodes?

A. No.

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Q. Do you recall whether he was a friend of Mr. Rhodes?

A. I think he was a friend.

Q. Did he ever come into the office?

A. Not that I ever seen, no.

Q. Would you know him to see him?

A. No.

Q. What makes you think he was a friend of Mr. Rhodes?

A. Because it seems like there was a donation made by him, and it was just -- just seems like there was a donation made by him.

Q. Did Mr. Rhodes mention the donation to you?

A. No.

Q. You just remember it?

A. Yeah.

Q. Do you know Ann Lorenzo?

A. Yes.

Q. How do you know Ann Lorenzo?

A. She was his campaign manager.

Q. She was Mr. Rhodes' campaign manager?

A. Yes.

Q. Do you know what kind of duties she had for the campaign?

A. Scheduling appointments for him, scheduling

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the appearances as far as the TV and radio speeches went. She did a lot --

Q. Did she?

A. -- for him.

Q. Okay. Would she have organized a telephone poll to be conducted?

A. I don't know if she would have done that or not.

Q. Do you recall any telephone polls being done?

A. No, I don't.

Q. Do you think that Ann Lorenzo knew the rules about fund-raising?

A. Yes.

Q. What makes you think that?

A. Because it seems like her resume listed -- she had a very good resume background.

Q. As far as campaigning involvement?

A. Yes.

Q. Would part of her responsibilities be to ask for contributions to the campaign?

A. I would think so.

Q. Did you ever overhear her asking for campaign contributions?

A. No.

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Q. Is that, no, you didn't hear it or, no, you don't recall?

A. No, I didn't hear it.

Q. Okay. Do you know who Ann Rhodes is?

A. Yes.

Q. Who is Ann Rhodes?

A. Jay's wife.

Q. And did she have any role in the campaign?

A. She did a lot in the campaign. I don't know exactly what. I think she had something to do with the appearances, helping to schedule appearances and the petitions.

Q. How about Ann Brown?

A. Wait a minute. Ann Brown and Ann Lorenzo, you are getting me confused now.

Q. There are a lot of Anns in this campaign.

A. Yes. Now, I don't remember which. I thought Ann Lorenzo was the campaign manager, and it could have been Ann Brown, but now I don't know which one. I don't remember.

Q. Okay. Ann somebody that had all those duties you were telling me about?

A. Yes.

Q. But you don't know whether it was Lorenzo or Brown?

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A. No. If I could see her I would know, but --
Q. Do you know Mr. O'Neill's wife?
A. No.
Q. Do you know if he is married?
A. The last I knew he was not.
Q. Okay. Do you know Kent Mulkey?
A. Yes.
Q. Who is that?
A. He was an accountant.
Q. Did he have any relationship with the campaign?
A. I think he was Jay's accountant for the campaign.
Q. Would you know him to see him?
A. Yes.
Q. Do you know him socially?
A. No.
Q. I believe you said in the beginning that in August and September of '86, that the work in the firm was a little slow. Do you recall whether the firm was having any financial difficulties at the time?
A. Yes.
Q. Can you describe that at all?
A. Well, there was a loan that was due, and there wasn't enough moneys in the account to -- the firm

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account to pay it, so we had to get an extension on that loan due date, and I think at that time I did up -- I did up an extension, and I went to United Bank, and I think that was a time that John O'Neill was not there. But anyway, I went to the bank to get someone there to sign the extension. I don't remember who that was in order to get money, to take out another loan to pay off that one, I think.

Q. Okay. How did the partners of the law firm receive income?

A. Through our clients.

Q. What did you call it? Was it called a salary or --

A. It was just draws.

Q. Draws. What does a "draw" mean?

A. Just moneys taken out to pay them for the work that they had done.

Q. Would they get draws on a regular basis?

A. Yes.

Q. Was it always the same amount?

A. No. At first it was the same amount, and then it was -- as Jay got into the campaign, it wasn't the same amount anymore.

Q. Why was that?

A. Well, it seems as though every once in

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awhile Jay would take a larger draw than what Rodger would.

Q. Do you know why?

A. No. I would assume to pay the bills, but --

Q. Were Mr. Golston and Mr. Rhodes generating about the same amount of client income?

A. No.

Q. Who was generating more?

A. Rodger.

Q. Significantly more?

A. Yes.

Q. Do you recall the amount of draws would be that Rhodes and Golston would take?

A. I think it was around

Q. Would that be once a month?

A. Twice a month, I think.

Q. Were there ever times when there wasn't enough money for them to take draws?

A. Yes.

Q. Do you recall when that would be?

A. I cannot recall exactly when. After Jay started campaigning.

Q. How about in relation to the primary? Do you recall whether it was before the primary or after the primary?

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A. It was, I think, before.

Q. You testified that you made out the checks --

A. Yes.

Q. -- for the firm. If you would look at the record of checks drawn, that is the first exhibit that I gave you, the long one.

A. Uh-huh.

Q. There is a column marked "sundry items." I am looking at the month of May 1986.

A. Okay.

Q. What does "sundry items" mean?

A. Where are you looking at "sundry"?

Q. Well, there is a column on the left-hand page -- on the right-hand side of the left-hand page.

A. Right-hand side of the left-hand page?

Q. Yes.

A. Oh. I don't know what that is.

Q. If a check was disbursed for sundry items, would you have written it out?

A. I don't know what sundry items would be. Maybe, maybe not.

Q. Who all had check-writing privileges in your checking account?

A. We all did.

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Q. Everybody did?

A. Uh-huh.

Q. That means you and Bonny Walker and Rodger Golston and Jay?

A. Yes.

Q. Anybody else?

A. No.

Q. Okay. Did there come a time that Mr. Golston was taking larger draws than Mr. Rhodes?

A. Yes.

Q. Do you recall why that was?

A. Well, yes.

Q. Can you describe it for us?

A. After Jay got heavy into the campaign, he was bringing in less work. Rodger was pro temming judge.

Q. What does that mean?

A. At city court. He was acting temporary judge occasionally at city court, and he would earn extra moneys, and at first those moneys were being put into the firm account, and they both were drawing on it, and then Jay became -- well, he was doing less work because of the campaign, and I guess Jay told Rodger to take a larger salary or a larger draw than normal, and so he would. But I don't know. I don't remember how much of a larger draw. Every once in awhile Bonny would make out those

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checks.

Q. Okay. Did you make out the checks for Mr. Golston usually or just for Mr. Rhodes?

A. If it was a regular draw, I would make them out.

Q. You do mean for both Rhodes and Golston you would make out the draw checks?

A. Yes.

Q. Do you recall being told by anybody that Mr. Rhodes had accepted a $3,000 payment from Mr. O'Neill and put it into his personal account?

A. Jay put it into his personal account?

Q. His only personal account, yeah.

A. I remember something like that, but I don't remember by whom or how I heard it or where, except it had to have been in the office. But I don't remember by whom or when.

Q. If he came in and told you, I put this money in my personal account accidentally, would there be some way that you would make a note of it, or that Bonny would make a note of it in the ledger?

A. No, I don't think so.

Q. What would be the procedure, do you think, that if he said, I was in a hurry and I put this in my personal account, would there be some way you can make a

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note on the client's bill or something like that?

A. No.

Q. What do you think would have to be done if you did that?

A. Well, it should have been noted on the client's bill if that was from the client. I don't think I would understand why he would put it in his personal account if it was the firm's money.

Q. That wasn't something that he did very often?

A. No.

Q. Would you say he ever did that, that you know of?

A. Not that I know of.

Q. Would you think that he would have to reimburse the firm for that? Maybe write a check to the firm?

A. I think it would be right to do that, and it should have been done if that's what happened.

Q. Mr. Rhodes never told you that he did something like that though, that you can recall?

A. Yes, he did, but it was only after I had been talked to by the FBI.

Q. Do you remember talking to the FBI?

A. Oh, yes.

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Q. Did you remember how many people were there?

A. Two. Two men from the FBI.

Q. Was Mr. Rhodes there?

A. No. He was out of the office and Rodger was out of the office.

Q. Was Bonny Walker there?

A. Yes.

Q. At the time that you were being interviewed, or did you go off separately?

A. We went into Jay's office and closed the door.

Q. Did you tell Mr. Rhodes that you had been interviewed by the FBI?

A. Yes.

Q. And did he then explain the situation or ask you about it?

A. He tried to, yes.

Q. Do you recall that conversation at all?

A. Vaguely.

Q. Can you remember anything about it that you can tell us?

A. The conversation between the FBI and myself, or the conversation between Jay and myself and Rodger?

Q. Between you and Jay and Rodger.

A. Well, Jay, myself and Rodger were in his

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office, and I had told him that I tried to call him. The FBI had previously called to set up an appointment to interview me, and I tried to get ahold of Jay at that time to let him know they were coming, because I didn't know what was going on, and it was sort of scary to be interviewed by the FBI.

Q. Sure.

A. And Rodger, he was out of the office. I don't know if he was in court or what, but by the time they both got back to the office, the FBI had come and gone. And I told Jay that they had been there to talk to me, and he said why? And I said, "Well, I am not real sure, but it had something to do with campaign funds." And he says, "Come in my office and we will talk about it."

Q. Did he also ask Mr. Golston to come in at that time?

A. Yeah. And Rodger went in and we sat down and Jay asked me what kind of questions that the FBI asked me, and I can't remember those questions now. They asked about the draws that Jay had taken. Jay asked what my answer was to their questions, and I told them at that time -- but then it was fresh in my mind and now it is three years later -- they asked how the draws were made, how much of a draw was taken, who made the checks out for

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the draws.

They asked about John O'Neill and his part in the campaign. They asked if I had anything to do with the campaign, moneys that were received. They asked if Jay would have talked to me about any funds about the campaign, just questions like that. And my answers to most of them was I didn't know because I didn't know that much about the campaign moneys.

Q. Do you recall what Mr. Rhodes' reaction was to the interview by the FBI?

A. I think he was a little surprised, shocked.

Q. How about Mr. Golston's reaction?

A. Rodger, he was a little surprised too, I think.

Q. Had Mr. Golston heard anything about this before, do you think? From his reaction, would you think that he did?

A. I think he knew more than what I knew. But Jay talked to Rodger. Jay was a very quiet person. It was like pulling teeth to get information out of him.

Q. Do you remember what Mr. Rhodes' explanation was for what was going on?

A. He said that he was given some money, and he accidentally deposited it into his account but he was going to pay it back to the firm. And I just - that's

just about all I remember. I don't remember any more of what his explanation was, except that he didn't know anything about this thing with John O'Neill, and that John O'Neill did these things without his knowledge, and that the money was going to be paid back to the firm or something like that.

Q. This is what Mr. Rhodes told you?

A. Yes. And he was for sorry that the FBI came in and questioned me and all that.

Q. Okay. During this conversation, Mr. Rhodes told you about the putting the funds in his personal account and he was going to pay the firm back?

A. It seems like he said he was going to pay the firm back or take it out and put it into the firm account. It just -- that's just, yeah, he did. I mean, yes, he did.

Q. Did Mr. Golston appear to know about that arrangement before this conversation?

A. Yes.

Q. Okay. Why did he call Mr. Golston into the office when he was talking to you?

A. I don't know.

Q. You don't remember?

A. I don't know why he -- maybe because they were partners.

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Q. Okay. Let's take a short break. We are just about done here.

(Short break)

MS. MILLER: Back on the record.

Q. Let me ask you a few more questions about John O'Neill. Would he have been in a position to know a lot about the firm's financial situation?

A. Yes.

Q. How would he know that?

A. Well, because we banked at United Bank, and I think he was the one who got us that one loan, and -- well, he is the one that whenever we needed something, Jay called and talked to him.

Q. At the time that you described the firm was having a little bit of financial difficulty, were any bills being missed or being paid late?

A. There could have been. Well, no. I don't -- I don't think we ever -- the bills might have been paid a little late, a couple of them, but I don't think there were of that were missed. Jay and Rodger -- there were a couple of times where they did not take draws, because if they had, that meant that Bonny and I wouldn't have been paid, and that's all I remember about that.

Q. Do you recall during those times when they

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did not take draws, whether they were complaining that things were kind of tight for them at home or anything like that? Do you recall anything like that?

A. No.

Q. Was the firm bouncing any checks?

A. There were a couple of checks that bounced.

Q. Would Mr. O'Neill notify you if checks had bounced or not cleared?

A. The bank notified us.

Q. But it wouldn't necessarily be Mr. O'Neill?

A. I don't -- no, I don't think it would have necessarily been him.

Q. Do you ever recall Mr. O'Neill notifying you personally?

A. No. That one extension, it seemed like there were a few checks that did bounce, and we had to take out another loan to cover those checks.

Q. I think you said that Mr. O'Neill was involved with Jay's campaign also. Did he appear to have an important position in the campaign?

A. No more than any of Jay's other people that worked with him.

Q. Did he have a lot of contact with Mr. Rhodes about the campaign?

A. He could have. I don't know, you know, that

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for a fact.

Q. Do you recall any meetings of the firm with Mr. O'Neill about the campaign, Mr. O'Neill, and maybe other people also?

A. Well, there were -- sure, there were meetings but not always held at our law firm.

Q. Would Mr. O'Neill be at these meetings?

A. He could have been at them.

Q. You don't know?

A. I don't know because I wasn't there all the time, especially if the meetings were held outside of the office. There were a couple of times that John O'Neill was in the office, but I am not sure if that had to do with the campaign or it had to do with this case.

Q. About how many times a month would Mr. O'Neill come into the office on average?

A. Maybe once, if that many. I didn't see him that often.

Q. Let me take you back to the conversation you described after the FBI had interviewed you, and Mr. Rhodes asked you and Mr. Golston to come into the office to discuss it.

Do you recall Mr. Rhodes mentioning that he had discussed this with Mr. O'Neill?

A. Discussed the questions that the FBI were

asking me or discussed our -- discussed what with Mr. O'Neill?

Q. Well, discussed the matters that you and Mr. Rhodes and Mr. Golston were discussing.

A. Not that I remember, no.

Q. Do you recall him saying anything about where the funds came from to pay this bill?

A. Only that it seems like it had something to do with Wolfswinkel, but I don't recall what else was said about that.

Q. Do you recall him saying whether Mr. O'Neill told him about Wolfswinkel or the FBI told him about Wolfswinkel or anything like that?

A. It seems like it was O'Neill talking about Wolfswinkel.

Q. Do you recall whether Mr. O'Neill told him that at the time he made the payment?

A. No, I don't.

Q. Mr. O'Neill was a bank officer, I believe, you described?

A. Yes.

Q. And that is one of the reasons I think you said that you assumed he would know a lot about fund-raising?

A. Yes.

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Q. Did you mean campaign fund-raising?

A. Yes.

Q. Do you know whether he was involved with any other campaigns?

A. No, I don't.

Q. Previous to Mr. Rhodes or during the same time?

A. No.

Q. I think you also mentioned that you had heard that Mr. Wolfswinkel had made a contribution to Mr. Rhodes?

A. Yes.

Q. Do you recall the amount of that contribution?

A. No, I don't.

Q. Do you recall any details of anything you ever heard about that contribution?

A. No, except that it was more than what it should have been. It seemed like it was just more than what it should have been. A corporation can only contribute, is it a thousand or is that an individual? A thousand dollars? I don't remember.

Q. Okay. Let me ask you to look one more time at the ledger card that was FEC Exhibit No. 3. Would you look at page 2 of that exhibit, please? About five lines

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down there is an entry that says "billing costs only." What does that mean?

A. That was -- we were only billing the costs.

Q. Would that have been the time when the decision was made to go on the contingency arrangement?

A. It could have been.

Q. Do you know if there would be some other kind of notation that would be made on a card that would say that it would be a contingency arrangement?

A. No.

Q. Do you remember typing on other cards "contingency fee" or anything like that?

A. No.

Q. Do you remember typing on other cards "billing costs only?"

A. Yeah.

Q. And did that ever mean a contingency arrangement to you?

A. Well, it could have. It just didn't seem right that there were no fees being billed and just billing the costs.

Q. Why didn't that seem right?

A. Because certainly there were fees that had also been built up. Why not bill those too, along with the costs? I realize the costs here are quite extensive,

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but it just seems like the fees should have been billed too, so it could have been at times when I realized or assumed that it had gone to contingency basis.

Q. Okay. Do you have any questions you would like to ask of us? Is there anything that you have told us about that you would like to clarify or make sure we understand correctly?

A. I don't think so. I can't -- I don't think so.

Q. Okay. I just wanted to give you an opportunity to think back over what you had said and see if there was anything else you wanted to tell us.

A. Maybe when, you know, I had mentioned that Rodger was pro temming judge, the moneys that he earned there, eventually I think became his own because Jay was bringing in less work, and he was -- Rodger was more or less carrying Jay a lot, as far as the money coming into the firm.

Q. But you think that eventually Mr. Golston got the funds back that he had put in from that --

A. Yeah.

Q. -- that job?

A. Yeah. I think that was only right that he get that. I mean, he didn't have to carry Jay for as long as he did as far as bringing in the money, you know, from

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the clients or for doing the work and not getting his fair share of it.

Q. Okay. Anything else?

A. No, I don't think so.

Q. Okay. The deposition will be concluded for today. We would like to consider it continued in case there is anything else that come comes up that we need to ask you about.

We will issue a check to you to cover your witness fee and your estimated mileage expenses, and I don't have that today but will send it to your home address, and will you give to me again?

A. Okay. 10534 East Brown Road, Mesa, 85207.

Q. Okay. Would you like to review the transcript of this deposition and sign it afterwards, or do you care to waive it? Waive the reading of it?

A. I would like to review it.

Q. Okay. We will ask you to do that at the reporter's office, and the reporter will send you a letter to tell you when it is prepared, and you can review it there. And if you need to make any corrections on it, you can do it at that time.

A. Okay.

MS. MILLER: All right. Thank you very much.

THE WITNESS: Okay.

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IN THE UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:

NO: MUR 2602

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition of Sheila Kerr was taken before me, Pamela D. Remus a Notary Public in and for the County of Maricopa, State of Arizona, on February 10, 1989; that the witness elected to sign the deposition before filing with the taking attorney; that the witness was requested by mail on March 3, 1989 to come to the offices of Thacker & Associates, Inc., 2700 N. Central Avenue, Suite 1201, Phoenix, Arizona, within 30 days to read and sign said deposition.

SINCE SAID LETTER has not been returned and the witness has not contacted our offices for an extension of time, and being charged with the responsibility for filing the original with the taking attorney, I herewith file said deposition.

DATED at Phoenix, Arizona, this 20th day of April, 1989.

SUBSCRIBED AND SWORN to before me this 20th day of April, 1989

Pamela D. Remus
Court Reporter

Notary Public

My Commission expires

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(11:05 a.m.)

SHEILA KERR

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STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition was taken by me; that I was then and there a Notary Public in and for the County of Maricopa, State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the whole truth and nothing but the truth; that the questions propounded to the witness and the answers of the witness thereto were taken down by me in shorthand and thereafter reduced to print under my direction; that the foregoing 64 pages are a full, true and correct transcript of all proceedings had upon the taking of said deposition, all to the best of my skill and ability.

I FURTHER CERTIFY that I am not related to nor employed by any of the parties hereto and have no interest in the outcome thereof.

DATED at Phoenix, Arizona, this 18th day of February, 1989.

Pamela D. Remus

My commission expires:

September 12, 1992

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TRANSCRIPT OF PROCEEDINGS

ORIGINAL

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

- -x
:
IN RE: :
:
M U R 2602 :
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- -x

DEPOSITION OF RODGER A. GOLSTON

Phoenix, Arizona

Friday, February 10, 1989

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IN THE UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:) NO. MUR 2602

DEPOSITION OF RODGER A. GOLSTON

Phoenix, Arizona
February 10, 1989

PREPARED FOR:

Mr. Jonathan M. Levin
Attorney at Law
(Copy)

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REPORTED BY
PAMELA D. REMUS
Court Reporter

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I N D E X

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1.	Billing statement	14
2.	Affidavit of Mr. Golston	45
3.	Statement of John J. Rhodes	47

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The deposition of RODGER A. GOLSTON, witness herein, was taken upon oral examination by the parties through their respective attorneys before PAMELA D. REMUS, a Notary Public in and for the County of Maricopa, State of Arizona, at 230 North First Avenue, Phoenix, Arizona, on the 10th day of February, 1989, commencing at 1:30 p.m. of said day.

COUNSEL APPEARING:

Mr. Jonathan M. Levin
Ms. V. Colleen Miller
Office of General Counsel
999 East Street, N.W.
Washington, D.C. 20463

Mr. H. J. Lewkowitz
RAWLINS, BURRUS, LEWKOWITZ & FEINSTEIN, P.C.
2300 Valley Bank Center
Phoenix, Arizona 85073

2204360914

The deposition of RODGER A. GOLSTON, witness herein, was taken upon oral examination by the parties through their respective attorneys before PAMELA D. REMUS, a Notary Public in and for the County of Maricopa, State of Arizona, at 230 North First Avenue, Phoenix, Arizona, on the 10th day of February, 1989, commencing at 1:30 p.m. of said day. And further, that this deposition was taken pursuant to the Federal Rules of Civil Procedure.

COUNSEL APPEARING:

Mr. Jonathan M. Levin
Ms. V. Colleen Miller
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Washington, D.C. 20463

Mr. H. J. Lewkowitz
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2300 Valley Bank Center
Phoenix, Arizona 85073

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RODGER A. GOLSTON,

a witness herein, having been first duly sworn by the Notary Public to speak the truth and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MR. LEVIN:

Q. Mr. Golston, my name is Jonathan Levin. I am representing the Federal Election Commission along with Colleen Miller, also an attorney for the Federal Election Commission.

This deposition is being taken pursuant to a Federal Election Commission subpoena in connection with an investigation under Section 437 G of Title II. These proceedings are confidential, according to USC 437 G (a) 12 (a), which means the case should not be discussed other than with your attorney.

Would you state your full name for the record?

A. Rodger A. Golston.

Q. Now, Mr. Golston, you have the right to be represented by counsel. Is your counsel here today?

A. He is.

Q. And could you state his name, please?

A. His name is H. J. Lewkowitz.

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Q. Does he represent you personally?

A. Yes.

Q. Mr. Golston, have you ever been deposed before?

A. No.

Q. Have you ever been at depositions?

A. Yes.

Q. Well, I am still going to go through the instructions.

A. Okay.

Q. I am going to ask you a series of questions. If at any time you do not hear a question, say so and I will repeat it. If you do not understand a question, say so, and I will either repeat the question or try to rephrase the question so that you do understand it.

If you fail to tell me that you do not understand the question and you answer it, I will assume that you understood the question. If you become confused or want to take a break, let me know. In addition, your answers should be audible. A nod or shake of the head or a sound cannot be picked up by the reporter.

As I stated before the deposition, all objections except as to form and foundation are preserved until -- if there is a time of trial, if there is one. Do you understand these instructions, Mr. Golston?

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A. I do.

Q. Mr. Golston, would you state your present business address?

A. 13 North MacDonald, Suite 510, Mesa, Arizona, 85201.

Q. And your employer?

A. Rawlins, Burrus, Lewkowitz & Feinstein.

Q. And your occupation there?

A. I am an attorney.

Q. How long have you been employed there?

A. Since January 1st of 1987.

Q. And what was your previous place of business?

A. Rhodes and Golston, attorneys at law.

Q. And --

A. Do you want to know the address?

Q. That won't be necessary.

A. Okay.

Q. And what was the time of service at that firm?

A. Approximately -- I think it was from February 1st of 1984 until December 31st of 1986, but I am not sure.

Q. And previous to that?

A. I was with a law firm called Reynolds,

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Rhodes and Golston.

Q. And what were the times of service for that?

A. I believe that was February 1, 1983 to February 1, 1984, approximately.

Q. In those last two ones that you mentioned, was Jay Rhodes one of your partners?

A. He was.

Q. Did you have any legal association with him before that?

A. No.

Q. What is your educational background?

A. I have a Juris Doctor from Detroit College of Law.

Q. What kind of practice have you been engaged in?

A. Well, for the last eight years I have been in private practice, general practice of law.

Q. Did you speak to anyone about your testimony today?

A. I have spoken to Mr. Lewkowitz about it.

Q. Anyone else?

A. No.

Q. Mr. Golston, did you learn about a payment by John O'Neill to Jay Rhodes of $3,000 in 1986?

A. I did.

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Q. And when did you first learn about that payment?

A. I can't give you the exact date.

Q. Do you know approximately when?

A. It was probably in October of 1986 would be an estimate.

Q. Do you want to just describe the circumstances of your learning about payment?

A. I learned about it from Mr. Rhodes, and he told me that I would be questioned about it by the Federal Bureau of Investigation, and he told me that he had received the payment from Mr. O'Neill and had deposited it in his personal bank account. I believe it was his wife's account, but I am not sure.

Q. The account of Ann Rhodes?

A. I think.

Q. Let's try to go through what Mr. Rhodes may have said to you. Did you know Mr. O'Neill?

A. Yes, I had represented Mr. O'Neill previously.

Q. And when was that?

A. I can't give the exact date. I represented him in a divorce.

Q. Do you know the year?

A. I would estimate that it was either 1983 or

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1984 or both those years.

Q. Did you represent him in any other kind of proceeding?

A. No, I did not.

Q. Did Jay Rhodes represent O'Neill in any proceeding?

A. Yes, at least one other proceeding.

Q. Well, what proceedings did he represent him in?

A. He represented him in the divorce in that they conferred about the divorce, although I was the attorney of record and I drew up the documents. He and Jay were friends and -- had talked about it as well, and then he represented him in a real estate matter during 1986.

Q. Why was Mr. O'Neill Rhodes' client in this matter as opposed to your client?

A. I don't know. He went to Mr. Rhodes. Let me -- maybe I should clarify a little bit. He, Mr. Rhodes, was his attorney, and the only reason that I represented him in the divorce was that that was something that Jay didn't do.

Q. He did not do the domestic relations?

A. No.

Q. Now, did Jay Rhodes tell you about a conversation he had with John O'Neill about Jay Rhodes'

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finances?

A. His personal finances? No.

Q. Okay. Did he tell you that he had had a conversation with John O'Neill in which they discussed the payment of $3,000?

MR. LEWKOWITZ: When would that conversation be?

Q. BY MR. LEVIN: Well, I would like to find out as well.

A. Yes, he told me about receiving the $3,000 from Mr. O'Neill.

Q. Did he tell you about any conversations prior to that in which the payment of $3,000 was discussed?

A. I am not sure that I understand your question, but I will tell you that I had one conversation with Mr. Rhodes in which he told me the source of the $3,000, and in which he told me why the amount of 3,000 was decided upon.

Q. And what did he say as to why the amount of $3,000 was decided upon?

A. It seems to me that the exact figure on an hourly basis was approximately $3800. It may be a little more or a little less. And that he decided that $3,000 was an appropriate amount.

Q. When did he make this decision?

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A. It was sometime before his conversation with me. It was, I believe, at least a month before, perhaps even longer. But I had never been told the exact date as to when he made that decision. I was not told about this until that conversation that I described to you in October, and I don't know the exact date of that conversation. But I have had one conversation in which it was discussed, which the $3,000 was discussed, and that's all. And I was told the FBI would be questioning me within the next few days, and I was told about the allegations concerning the $30,000 and the $27,000 and the $3,000, and it took place in the morning, and the conversation took probably an hour to an hour and a half.

Q. The conversation with the Federal Bureau of Investigation?

A. No, the conversation with Mr. Rhodes.

Q. So Mr. Rhodes told you about the $3,000 payment and the $27,000 payment or the situation surrounding that in the same conversation?

A. Yes.

Q. Was anyone else present at that conversation?

A. During most of the conversation we were alone.

Q. Did anyone else come in sometime during that

conversation?

A. During part of the conversation, I believe, Mr. Rhodes secretary, Sheila Kerr came in, and during part of the conversation I believe Mr. Rawles was present, Tom Rawles. But during most of the conversation we were alone.

Q. What did you say during that conversation?

A. What did I say? I don't remember my exact words.

Q. Can you give me the gist of what you said?

A. Well, I was disappointed ~~in that~~ and, ~~that~~ I was upset about it, and nothing more that I can recall.

Q. How did the topic come up?

A. He brought it up. He said, "I need to tell you about something." And he commenced to tell me about it.

Q. Did Mr. Rawles say anything during that conversation?

A. You must remember that the conversation was a long time. It was an hour to an hour and a half long, and I am sure Mr. Rawles did say things, and there were lots of things discussed between us, and I am not sure what things Mr. Rawles said and what I said and what Jay said. But there was a long discussion, and I am sure Mr. Rawles did say something.

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MR. LEWKOWITZ: Did we identify Rawles?

Q. BY MR. LEVIN: Who is Tom Rawles?

A. Tom Rawles at that time I think was Mr. Rhodes' campaign manager and he later became his administrative assistant. I think that is the right word.

Q. What was the gist of what Mr. Rawles was saying in that conversation?

A. There was discussion as to what action Jay should take, and he had called an attorney to represent him to come to the U.S. Attorney's Office and discuss it. And we had various discussions about who the attorney should be, and I made some recommendations and Tom agreed, and he called this attorney and an appointment was made, and he went to see him. And Tom was, I believe, present during most of the conversation concerning who the attorney should be, and making the appointment, and those kinds of things. I don't believe that Tom was present during any of the conversation in which the $3,000 was discussed.

Q. Was Sheila Kerr present during any of the conversations during which the $3,000 was discussed?

A. Yes, she was.

Q. Did she say anything during that conversation?

A. Did Sheila say anything?

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Q. Yes.

A. I am sure she did. I am sure she said "yes" for one thing.

Q. "Yes" meaning what?

A. In answer to a request that was made of her.

Q. What request was made of her?

A. She was asked to discount Mr. O'Neill's bill from whatever it was, down to $3,000.

Q. I am handing you an exhibit to be marked as FEC Exhibit No. 1, and I am handing a copy to the witness and counsel.

(Deposition Exhibit No. 1 was marked for identification.)

Q. BY MR. LEVIN: Mr. Golston --

A. Yes.

Q. -- can you identify FEC Exhibit No. 1?

A. I certainly can identify the format. It is our billing statement that we used when we were with Rhodes and Golston, and previous to that it is the same format we used for Reynolds, Rhodes and Golston.

Q. Have you seen FEC Exhibit No. 1 before?

A. I have not. Well, at least not to my recollection.

Q. Okay. Let's go back to the conversation that involved Mr. Rhodes and you and Miss Kerr. Am I

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correct in saying that at that point, Mr. Rhodes instructed Miss Kerr to mark down the billing to $3,000?

A. That is my recollection, yes, sir.

Q. And you are saying that this conversation, you believe, occurred sometime in ~~early~~ October? Correct me if I am wrong.

A. Well, I don't think you are wrong. That's my recollection. I may be wrong, but you are not wrong.

Q. Okay. From the gist of that conversation, did it appear to you that the bill had not been marked down prior to that point to $3,000?

A. Absolutely right, yes.

Q. The bill had not been marked down; is that correct?

A. Yes, that's correct.

Q. Now, Mr. Golston, do you recall what excuse Mr. Rhodes gave for not depositing the check into the partnership account as opposed to his wife's account?

A. I do.

Q. What did he say?

A. He said it was an oversight.

Q. Did you ask him why it would take him so long to deposit that check into the firm account or -- or those funds into the firm account?

A. I don't think that was ever discussed, no.

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I don't think the length of time was ever discussed.

Q. What did you say in response to him saying that it was an oversight?

A. I listened, and I told him -- what my response was, I think, that I was disappointed. I was upset.

Q. Are there any words you can recall?

A. No. I don't think -- I think those were the words.

Q. How long was your response to him?

A. It was a matter of seconds.

Q. A matter of seconds. What was his response to your response?

A. That he was sorry.

Q. Now, if you can recall, after having discussed this, does our discussion refresh your recollection at all as to what Mr. Rhodes said about any conversation he had with O'Neill with respect to this $3,000?

A. I am not sure that I understand your question. I don't know that you have asked me that question before.

Q. Okay. Did Mr. Rhodes say anything about a conversation or conversations he had with O'Neill with respect to the $3,000?

A. Yes, he did.

Q. What did he say?

A. He said that John had given him $3,000 toward his fee.

Q. Did he say "toward his fee?"

A. Yes.

Q. At the time did he say when the $3,000 was paid?

A. No. I don't think he gave an exact date.

Q. Did he give an approximate date?

A. Yes.

Q. And what was that?

A. Seems to me that it was the week before the primary.

Q. That would be the first week in September?

A. That sounds right, yes.

Q. At the time of the Rhodes-O'Neill conversation -- or, no, we haven't established the conversation. At the time of the giving of the $3,000, was this case lost?

A. I don't know.

Q. Do you know the status of the case at that time?

A. I do not.

Q. I want you to look at page 2 of Exhibit 1

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under the current balance column, the lower right-hand corner where they have the figures $3855.45 and $3885.45. Did Mr. Rhodes give any reason why he was discounting the bill to $3,000?

A. I don't think so, no.

Q. He told you nothing about why he was doing that?

A. He had received the $3,000 earlier. At the time that we had the discussion, the entire matter was -- he was going to go to the U.S. Attorney's Office that day or as soon as he could to talk about it, and at that point he told me about the $3,000. And since he had received that, it seemed appropriate to discount the bill to that, but I don't know that we had a conversation along those lines. He just said to the secretary to discount it to $3,000.

Q. Did he say why it seemed appropriate?

A. No, that subject never came up.

Q. Well, according to Mr. Rhodes' telling you of his receipt of the payment, did he say where he derived the $3,000 figure from?

A. It was my impression that he is not the one that determined that figure. That was determined by John.

Q. Where do you get that impression from?

A. That is my impression of what the

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conversation was that, that John gave him $3,000 toward his legal fee at that previous date.

Q. From the way Mr. Rhodes described his contacts, did Mr. O'Neill ask him how -- did Mr. O'Neill ask Mr. Rhodes how Mr. Rhodes' personal finances were?

MR. LEWKOWITZ: Do you know the answer to that?

MR. LEVIN: If you cannot recall, then say that.

MR. LEWKOWITZ: I would object. How would he know what Mr. O'Neill's thinking or --

Q. BY MR. LEVIN: I am asking what Mr. Rhodes would have told him about their contact.

A. I don't remember anything, any talk about Mr. Rhodes' personal finances.

Q. Do you recall hearing that from anywhere else that Mr. O'Neill had asked Mr. Rhodes what his personal finances were like?

A. No, I don't recall any conversation. I have had conversations with Mr. O'Neill as well about this exact subject at a much later date, but I do not recall ever talking about Jay's personal finances with anybody.

Q. Or recall that Mr. O'Neill would have talked about Jay's personal finances?

A. He certainly didn't talk about it to me.

Q. And you never heard from any other source that there was such a conversation between O'Neill and Jay

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Rhodes about Jay's personal finances?

A. No.

Q. In other words, what I said is correct?

A. Yes.

Q. From what you gathered from the conversation, had Jay Rhodes planned on having the fee reduced to $3,000 prior to your conversation with Jay Rhodes?

A. It was my impression that he had, yes.

Q. That is consistent with the idea that O'Neill had dictated or had said that it will be $3,000?

A. It is also consistent with what our policy had been in the firm.

Q. Which was what?

A. Well, this was a case that Jay had lost and felt that it was appropriate that since Mr. O'Neill's expectations weren't met, that that would be reduced a little bit, and I don't think that that was unusual at all.

Q. So it was known by the first week of September that this case had been lost?

A. No. It was known by the time that -- that I had the first conversation about it in October or whenever that conversation was that the case had been lost, however.

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Q. But I am puzzled. The first week of September is when the $3,000 fee was settled.

A. ~~Okay~~. I did not keep up with this case on a daily basis. I mean, we would talk about it occasionally. I did not see that much of Jay during this period of time, but at the time that he told me that he was going to discount the bill to $3,000, I did not think anything inappropriate about that reduction.

Q. In other words, the $3,000 billing was consistent with firm policy?

A. Exactly.

Q. In the history of the firm, and in the history of two firms -- in the history of Reynolds, Rhodes and Golston, and the history of Rhodes and Golston, had any attorney for the firm put a fee in his personal account before putting it into the firm account?

A. No, not to my knowledge anyhow.

Q. Did you discuss that with Mr. Rhodes?

A. No, I did not discuss it with him.

Q. Did he explain why he couldn't just bring in the check at that time?

A. He said that it was an oversight, if that is what you are asking.

Q. Mr. Golston, how were attorneys in the firm of Rhodes and Golston paid?

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A. A draw was taken. It was discussed ahead of time, and it was taken, and we had a draw that was set up on a regular basis. I am not sure. I probably can tell you the exact amount of that draw. I think it was a month. That was a draw. And then we took other draws, which you can call bonuses or draws, depending upon the cash flow, depending upon our individual needs at the time.

Every year in April, we would take a large draw to pay taxes and pay our quarterly estimated taxes with draws, but the regular draw was Also, during the period of time after the campaign started and Jay was spending less and less time at work, I had a discussion with him, and I determined or asked him if it was all right with him if I would take -- I had a second job at the time because I needed the money at the Mesa City Court as a pro tem judge. And at first I drew it out -- the weekend work, I put it in the firm and drew it out as a draw for the weekend work, and eventually all of the Mesa City Court work, which wasn't that much money, I would take out as an individual draw. But it always went into the firm and through the books.

Q. The standard draws, the draws, would they come in one increment or two increments or more?

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A. I think it was twice a month. I think it was the first and fifteenth or something like that.

Q. So

A. That sounds right, uh-huh.

Q. Am I correct in saying that you would receive a check for from the firm?

A. Yes.

Q. Okay. Who would deposit that check?

A. I would. You mean my own check that I got?

Q. Your own check.

A. I am not sure whether -- my secretary sometimes would take it for me. I banked in the same building, but most of the time I deposited it.

Q. Did Jay Rhodes deposit his own checks to your knowledge?

A. No idea.

Q. Do you know if Sheila Kerr would do the same service, would deposit his checks for him?

A. It is possible, sure.

Q. During the second half of 1986, did Jay Rhodes work a full load, the full workload?

A. I am going to have to give an opinion on that because I certainly didn't time him for keeping track of his time.

Q. Go ahead.

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A. No.

MR. LEWKOWITZ: Are you qualifying full load in the office, or full load doing lawns or --

Q. BY MR. LEVIN: Let's say a load comparable to the workload you took upon, Mr. Golston, for the firm.

A. No.

Q. Let's say, could you quantify it as a percentage of what you were working?

A. Let me answer it this way. I did not keep track of his time. I did not look at his time slips. I do know only because I wanted to know. Sometime after that in early 1987, I had Sheila do an accounting of how much business he brought in during that year and how much business I brought in during that year, and that's the only way I can quantify it.

Q. Do it that way.

A. He brought in and I brought in that year.

Q. Roughly 4 to 1?

A. Roughly 4 to 1.

Q. Let me ask you this. Now, Mr. Rhodes was campaigning for Congress during 1986; is that correct?

A. Yes.

Q. During the months of July and August, how often would he be in the office?

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A. I can't give you an exact figure. I can say that he was there several hours a week. I don't know. Maybe a third of the time, maybe average of two, three hours a day.

Q. So he would come in almost every day?

A. Unless he was out of town. Unless he was in Washington or whatever.

Q. But he would put in maybe one or two hours or three hours?

A. Yes.

Q. And that's it. In the conversation which you discovered that Mr. Rhodes had received this $3,000 from Mr. O'Neill, did he say anything about taking the money as a draw?

A. No, he did not.

Q. When did you first hear about the idea that he would take the money as a draw?

A. I am not sure.

Q. But you did hear about that?

A. Yes.

Q. Do you have a general recollection of when that was that you heard about that?

A. I think I heard about it in '88 when this came up, and I was asked to give a written statement.

Q. By Mr. Swillinger?

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A. Could be. I had never met the man. It was just a phone conversation.

Q. But it was Jay Rhodes' lawyer who spoke to you?

A. Yes, it was.

Q. Did you in that conversation -- back again to the conversation we have learned about the $3,000 payment, did Jay Rhodes say what he had been planning to do about this payment? Let me be specific. Did he say that he planned to return the payment?

A. Yes.

Q. And what did he say he was going to do about the payment after that?

A. I am not sure I understand your question.

Q. Well, did he plan on keeping the bill for the payment on the books?

A. Yes. At a reduced figure.

Q. And he planned on asking for payment again?

A. Yes.

Q. He said that he would ask for payment again?

A. Well, I am not sure that he said those words, but it was to be kept on the books, and Mr. O'Neill was to be billed for it, and he was billed for it.

Q. Now, you discussed draws that you and Mr. Rhodes would take for your payments from the firm for the

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work that you did. Had either of you ever taken any draws for personal use?

A. They were all for personal use, if that's what you mean.

Q. They were all for your salary in a sense?

A. Yes.

Q. Had either of you taken any extra draws?

A. Yes. We took draws -- I am really not sure that I am going to answer this any differently than I did before, but, yes, we did take extra draws. I can think of a specific example that I haven't mentioned.

Q. Please do.

A. I bought a camera that I thought the firm could use, and the firm paid for that camera, and at the same time Jay paid an American Express travel bill that he thought was appropriate that the firm pay.

Q. What was the financial condition of the firm in August and September of 1986?

A. Well, I don't have any specific recollection. It wasn't real healthy because we were unable to afford to take the draws to pay our quarterly tax payments. But I can't tell you how much was in the bank or whatever.

Q. Had the firm taken out loans to pay bills?

A. We had taken out a loan to pay a bill.

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Q. Was that a $2500 loan?

A. I can't remember the exact amount.

Q. Were there bills overdue other than these quarterly tax bills?

A. The quarterly tax bills were our personal estimates. As far as bills were owed, I don't have any specific recollection of. That was the kind of thing that Jay did. It was one of Jay's responsibilities was that he did the financial work. He signed the checks and told Sheila what checks to write and those kind of things. I don't have any memory of bills we owed. I know we had to take a loan on a credit line. I think it was from United Bank, but I can't recall what the reason was. It may have been to pay our salaries, but I don't remember.

Q. Was this a $25,000 line of credit?

A. I don't remember the amount. I am sorry.

Q. Who handled the firm's affairs at United Bank?

A. I think it was John O'Neill.

Q. Did the firm have overdraft protection at United Bank?

A. Yes, I think we did.

Q. Was that part of the line of credit?

A. I think every time we overdrafted, it went into the line of credit, that's right.

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Q. How did that line of credit get arranged? Through John O'Neill?

A. Jay arranged it. I know that all I had to do was fill out a financial statement and take it down there one day, and I really am not sure of the details of it. Jay arranged it.

Q. Do you know when that line of credit was arranged, approximately?

A. No, I do not know. I know we didn't need it until 1986, but it was my understanding that we had it prior to that time, that arrangements had been made to have it available prior to that time, but we didn't use it until 1986.

Q. Would around May or June sound correct for that for not -- for being then using the line of credit?

A. It doesn't sound incorrect.

Q. I don't want you to take this wrongly, and so I just want you to answer what your impression was.

Do you get the sense that John O'Neill smoothed the way for the line of credit for Jay Rhodes for the firm?

MR. LEWKOWITZ: Can you answer that?

THE WITNESS: I have an impression.

Q. BY MR. LEVIN: What is your impression?

A. I have an impression that we were

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creditworthy, and that he helped cut through some of the red tape.

Q. Meaning saving you time?

A. Absolutely. I don't think there was anything improper about giving us a line of credit.

Q. So using that line of credit was saving you a little time?

A. Absolutely.

Q. Now, after your conversation with Mr. Rhodes in which he told you about the payment from O'Neill of $3,000, how long after that did Mr. Rhodes pay back the $3,000?

A. I think within an hour or two. I don't know that it was right then.

Q. But it was shortly thereafter?

A. Very quickly, yes.

Q. What efforts were made afterward to collect the $3,000?

A. Mr. O'Neill was sent monthly bills, and then I wrote him a letter, and I am not sure whether I wrote one or two letters. And finally I called him and I said, "We need to talk about this." And we had lunch to talk about it.

Q. When was that?

A. I can't remember, but it was sometime in

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1987, and I would guess springtime of 1987.

Q. Maybe May?

A. Could be.

Q. Okay. And what happened during that conversation with Mr. O'Neill? What did you say?

A. I said, "What do you want to do about this $3,000 that you owe us?" Meaning Rawlins, Burrus, Lewkowitz and Feinstein. And he said, "I don't owe it."

And I said, "Well, why not?" And he said, "Because it was a contingency case."

And I said, "That was not my understanding." And he said, "Well, that is what it was."

And I said, "Okay, thank you." And he said, "What are you going to do about it?" And I think he also said, "I don't care what you do. I am not going to pay. You can sue me and I am not going to pay it."

He was very emphatic that he didn't owe it and wouldn't pay it. And I went back and talked to my partners, and we wrote it off.

Q. Did you know it not to be a contingency case?

A. Well, I did not know. I presumed it wasn't a contingency case. I told Jay about that conversation.

Q. What did Jay say?

A. Jay said, well, it wasn't a contingency

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case, but just let sleeping dogs lie, kind of thing.

Q. Looking at Exhibit 1, is the billing there indicative of a contingency case?

A. It is not inconsistent with either one.

Q. Did Mr. O'Neill say why he made the $3,000 payment to Mr. Rhodes the previous year?

A. No, that was not even discussed.

Q. Let me get this straight. There was no discussion of the idea that he obviously hadn't considered it a contingency fee before?

A. To answer your question, no. I am not sure that that is the right answer to your question. Let me answer it this way. We did not discuss it. There was no discussion about it whatsoever.

Q. Did you discuss this paradox? You will admit it is a paradox, will you not?

MR. LEWKOWITZ: I don't think he needs an opinion whether it was a paradox or not.

Q. BY MR. LEVIN: Did you discuss the discrepancy between the idea of Mr. O'Neill paying $3,000 in '86 and not paying in '87 saying using the excuse of a contingency fee with anyone else? Did you discuss that idea with anyone else?

A. No. I don't want you to think that I am hiding anything. I will be happy to explain why.

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Q. Please do.

A. By that time I knew where the $3,000 came from. I had read it in the newspaper, and I knew where it came from. I knew John had not paid it, so it was silly to ask John about that. It would have been a foolish thing to do.

Q. What do you mean you knew John had not paid it?

A. Well, I can just tell you my understanding was that that $3,000 was part of a larger figure given by Mr. Wolfswinkel, and that I don't know how it got translated into 27 and 3. But my understanding is that the 30 was given by Mr. Wolfswinkel, and I thought I understood this from reading the newspaper, it was given by Wolfswinkel to the campaign. That's why I never had any discussion about the 3.

Q. Other than the conversation in the spring of 1987 with Mr. O'Neill, did you have any other discussions with Mr. O'Neill about this bill after your autumn conversation with Mr. Rhodes where he told you about the $3,000 payment?

A. No. I don't think I saw Mr. O'Neill between one day and the next.

Q. Between the time of the fall and the time in the spring?

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A. Right.

Q. Did you speak to anyone else about Mr. O'Neill's refusal to pay after that conversation in May?

A. I spoke to my partners about it. I think I spoke to Mr. Lewkowitz about it specifically.

Q. And what did he say?

A. He said I think we should write it off.

Q. Anything else?

A. Oh, ~~yeah~~ yes. I told him that Mr. O'Neill said it was a contingency case, and that I didn't think it was worth pursuing.

Q. Did you discuss the circumstances about the idea that this wasn't O'Neill's money to begin with, that it came from Mr. Wolfswinkel?

A. No, I did not.

Q. From the circumstances that you know of, surrounding the payment of the $3,000, what did you think this payment was for?

A. At what period in time?

Q. What do you mean by "what period of time"? I am saying --

A. You mean now what I think or when Jay told me about it?

Q. What did you think when Jay told you about it?

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A. When Jay told me about it, I thought that John O'Neill had paid his legal fee and that Jay had inadvertently deposited it into his private account or his wife's account, whatever.

Q. What do you think now?

A. Well, I just am not sure now. I think the money came -- just from reading the newspaper, the money came from Wolfswinkel, and it was a way to get -- I don't know. A way to get money to Jay, but I don't know.

Q. What was Jay's personal finances in August, early September of 1986?

MR. LEWKOWITZ: Can you answer that?

THE WITNESS: I don't really know what his debts were. I know what his income was. It was the same as mine except for the City Court stuff.

Q. BY MR. LEVIN: What was his income in 1986?

A. Well, we were drawing.

MR. LEWKOWITZ: Out of the office are you talking about?

THE WITNESS: That's all I know about is out of the office.

MR. LEWKOWITZ: He might have other sources of income.

Q. BY MR. LEVIN: Okay. I am confused because I was mirror imaging what you were saying. What was his

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income?

A. From the office?

Q. From the office.

A. My recollection is that we were taking out 1750 twice a month.

Q. Is it reasonable to say that Mr. Rhodes' income from his law practice with your office was a year?

A. You mean his gross income?

Q. Yes.

A. For 1986?

Q. Yes.

A. I would say it was much less than that.

Q. It was closer to a little over a year?

A. I don't remember, but yes.

Q. Did you have equal incomes for 1985?

A. Yes.

Q. And what would you say Mr. Rhodes' income for 1985 from the Rhodes and Golston practice was?

A. My memory is that it was about 73 -- between a piece.

Q. Do you know if Mr. Rhodes had any other outside source of income?

A. No.

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Q. Did you have an impression of what Mr. Rhodes' personal finances were? No, you don't know if he had any other sources or, no, he did not have any other source?

A. No, I don't know.

Q. Do you have any impression of what Mr. Rhodes' personal finances were like in August and September?

MR. LEWKOWITZ: Asked and answered. He has no --

MR. LEVIN: I asked him more in terms of knowledge before, and now I am getting to impression, because obviously the witness wouldn't have direct knowledge of his debt as the witness has stated, but impression I would be interested in knowing.

THE WITNESS: I can only speculate, and I do have an impression that it was not -- TOO BAD you know, we were drawing out the same amount of money we drew out the year before. It wasn't any worse. I knew that there might be problems in April with taxes the following year, and it turned out there were. But I don't know that the finances were ~~not~~ so bad. They were not bad at all then.

Q. BY MR. LEVIN: What was your impression of what Mr. Rhodes' relationship with Mr. O'Neill was?

A. He had an attorney/client relationship and they were socially friends. And Mr. O'Neill, I think, was

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treasurer of the campaign.

Q. Was Mr. O'Neill his banker, personal banker?

A. I think we had our credit line through them. We had -- I think we also had an account, although I am not sure, at the Valley Bank. I know that Jay has personally had an account at the Valley Bank. I don't know, you know, whether his car loans were arranged through John O'Neill or not. I don't know.

Q. At Valley or United Bank? Do you mean United Bank?

A. I am not sure that I know what you are referring to. The car loans?

Q. Mr. O'Neill was at United Bank?

A. Yes.

Q. And you referred to Valley Bank.

A. What I am saying is that Jay, I know, had a personal account at Valley Bank as well as our business account which was at the United Bank. When you say is he his banker, he may have had more than one banker. I don't know.

Q. Let me ask you this. Did John O'Neill oversee John Rhodes' finances personally to your knowledge?

A. No, I don't think so.

Q. Did John O'Neill have a desire to help out

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John Rhodes personally financially?

A. I have no idea what John O'Neill -- what his desires were.

Q. What I am interested in is your impression, your doubt right now as to whether this was for the payment of the legal fee. And where do you derive this doubt from?

A. Okay.

MR. LEWKOWITZ: That's been asked and answered, too, by the newspaper articles.

MR. LEVIN: Well, I haven't read all the newspaper articles.

THE WITNESS: I read all the newspaper articles.

Q. BY MR. LEVIN: And I would like to know from you, sir, Mr. Golston, where this doubt derives from.

A. Certainly not from anything that Jay said or that John ever said. It is from newspaper articles, and the idea that I have somehow that from reading the newspaper articles that the entire amount of money came from Mr. Wolfswinkel.

Q. Correct. But was that money, the $3,000, was that to be paid for legal fee?

A. Yes.

Q. That is still your impression?

A. Oh, I am sorry. I answered that question

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too soon. No, that is not my impression now.

Q. Why is that not your impression?

A. First of all, you are asking me about impressions, so I have to give you guesses and that is --

Q. Unless you have knowledge.

A. I do not.

Q. Okay. Then let me hear your impression.

A. My impression is that Mr. Wolfswinkel gave $30,000 to John O'Neill to help out Jay's campaign for whatever reason, and that Mr. O'Neill determined that $3,000 of that was to go to Jay personally.

Q. And why did O'Neill determine that $3,000 should go to Jay personally?

A. I have no idea. I don't know. I mean, I can only speculate. That would be pure speculation.

Q. Can we hear it?

A. It may be to satisfy his legal obligation to our firm.

Q. It may have been something else?

A. I don't know. To help him out, to give him a gift. I don't know. I really do not know.

MR. LEWKOWITZ: Where are we going, may I ask?

MR. LEVIN: Well, this is an issue, and I am trying to get at it, and I am wondering -- we don't know all the facts, and I am wondering if Mr. Golston knows

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something we don't know.

MR. LEWKOWITZ: You can go to the R & G and get the paper, the newspaper articles.

MR. LEVIN: We may end up taking the time to do that.

Q. Now, in this meeting in which Jay Rhodes told you about the $3,000 payment from John O'Neill, you refer to the fact that he also told you about the $27,000 or the $30,000 from Mr. Wolfswinkel. What did Mr. Rhodes say to you?

A. That John had received an amount of money from Mr. Wolfswinkel, and somehow -- and I don't remember the details.

Q. Excuse me. This is John O'Neill had received, okay? Just for the record, I wanted that.

A. John O'Neill had received $30,000 from Conley Wolfswinkel and had somehow devised names so that there would be 27 $1,000 contributors, and he also gave Jay a $3,000 check for legal fees, which that is what was told to me about the $30,000.

Q. Did Tom Rawles say anything about that?

A. I don't think. Go ahead.

Q. Did Tom Rawles say anything about that conversation during this conversation?

A. I don't think Tom was present during that

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part of the conversation.

Q. How did Jay Rhodes find out about the use of the $30,000?

A. I don't know.

Q. Did he say during the conversation how he found out?

A. No. He told me it had come to his attention that --

Q. Okay. Just you don't recall him saying that people at United Bank told him about this?

A. No.

Q. Did he ask you for advice?

A. Yes.

Q. And what advice did you give him?

A. Told him that it would be my suggestion that he get an attorney and go down and talk to the U.S. Attorney.

Q. Anything else?

A. I gave him the name of an attorney I thought he should talk to.

Q. Anything beyond that?

A. No.

Q. In discussing the money originating from Wolfswinkel, did he refer to the fact that O'Neill may have used cashier's checks to convert Wolfswinkel's money

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into smaller contributions to make it appear as if these were smaller contributions from other persons?

A. I don't remember talking about cashier's checks or what form the money took. I don't know that we got that ~~detail~~ detailed.

Q. Did he talk about what Wolfswinkel may or may not have known?

A. No.

Q. Did he say what Wolfswinkel should have known?

A. No.

Q. Did he talk about what committee staffers knew? Staffers of the Rhodes for Congress Committee?

A. The only staff that was mentioned during that conversation was John O'Neill.

Q. And what did he say about John O'Neill?

A. He said that John had asked -- or I don't know "asked" is the right word -- had solicited the money, and that John had arranged somehow for the 27 contributions, and that John had given him the legal fee.

Q. Anything beyond that?

A. I can't remember specifically anything beyond that.

Q. Did he talk about obtaining committee funds as a part of a check kiting scheme on the part of O'Neill?

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A. No, not at all. I don't recall anything like that at all.

Q. On the part of Wolfswinkel, a check kiting scheme, did he discuss that?

A. Never heard that. This is the first time I heard about that.

Q. Did you have any subsequent conversations with Jay Rhodes about the controversy with the $30,000?

A. I am sure I did, yes. I am sure I saw him when he came back from the U.S. Attorney's Office, and I am sure I had subsequent conversations about it, yes.

Q. Do you recall what you discussed?

A. He was worried about it, and he was worried about how the impact would affect the election and when it was going to hit the papers. And we talked about various aspects of this, quote, scandal affecting the campaign. That's all I can remember talking about.

I do remember that there was some question about not being able to talk to John O'Neill subsequent to that because he had obtained counsel and didn't want to talk about it except to his lawyer. But that's all I remember about it.

Q. Do you recall any subsequent conversations about this issue with anyone else from the Rhodes to Congress Committee?

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A. I am sure that Tom Rawles was present during some of the conversations that we had. Often -- Jay's office was right next to mine. Often they would be discussing strategy, and I would stop in and attempt to help out on an informal basis.

Q. I have an exhibit I am going to ask the court reporter to mark as FEC Exhibit 2.

(Deposition Exhibit No. 2 was marked for identification.)

MR. LEVIN: And I am showing a copy to the witness and counsel.

Q. Mr. Golston, can you identify that document?

A. Yes.

Q. And it is --

A. It is an affidavit that I signed.

Q. So you have seen this document before?

A. Yes. It is a photocopy that I signed. Yes, I have seen it before.

Q. All right. Mr. Golston, about two weeks ago did you call Miss Miller in the Office of General Counsel at the General Election Commission?

A. I did.

Q. Did you refer to this affidavit?

A. I did.

Q. Did you refer to the idea that perhaps this

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affidavit was not complete, that everything in it was truthful, but that was this was not the complete story?

A. Yes, that is what I said, and that is true.

Q. What would you add to this affidavit to complete the story?

A. Well, I would add the fact that Mr. O'Neill said that it was a contingent fee case. I would add something about the conversation that I had with Jay concerning the $3,000 fee and the fact that it didn't go through the firm account. And I would also add the fact that the extra draw that I took in regard to the firm purchase of the camera and in regard to the fees resulting from not only weekend work but eventually from weekday work at the City Court were things that Jay and I agreed upon ahead of time. And it would appear from this affidavit -- well, anyhow, there are impressions that are left by this that are not the complete story, and I would add those things to make the story complete, and that's what I meant to say.

Q. Had you originally intended for the affidavit to include all those things?

A. No.

Q. Okay. The things that you referred to with respect to your conversation with Jay, is there anything you would add that we haven't discussed already today

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about those conversations with Jay Rhodes on the $3,000 fee and the $30,000 fee? In other words, you said you would add that.

A. There is nothing that I haven't talked to you about, I don't think. But I do want to tell you that I did not prepare this affidavit. I did sign it and it is true, but I did not prepare this.

Q. Mr. Swillinger prepared it?

A. Yes.

MR. LEVIN: I am going to hand the reporter a document to be marked as FEC Exhibit No. 3, handing a copy to witness and counsel.

(Deposition Exhibit No. 3 was marked for identification.)

MR. LEVIN: I will ask the witness and counsel to read the document.

MR. LEWKOWITZ: Do you have another copy I could read, or maybe I could have the original that the court reporter has.

Q. BY MR. LEVIN: Sure. Just tell me when you are finished.

A. I am finished.

Q. Have you seen Exhibit No. 3 before?

A. No, sir.

Q. But you have just now read it?

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A. I have.

Q. Is there anything in here that you would disagree with in Exhibit No. 3?

A. No.

Q. Not anything in paragraph 7?

A. Well, I don't know that I would disagree with it. He is saying what he regarded it as. I may regard it as something different, but I can't disagree with what he is saying.

Q. Mr. Golston, were you involved in the Rhodes for Congress Campaign?

A. I went to a dinner or two, and I gave him some money. But other than that, I was not involved.

Q. You did no work for the campaign?

A. I personally did no work for the campaign, no.

Q. Did anyone from the office of Rhodes and Golston work for the campaign?

A. Sheila did a lot of work for the campaign.

Q. What did she do?

A. Well, I don't know. I think she often -- I would come up and say, "What are you doing?" And she would say, "I am doing work for Jay for the campaign."

It was like sending out letters and addressing envelopes and this kind of thing, arranging for

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some party or something or other.

Q. Come to about 10 hours a week or --

A. It seemed more, but that may be right.

Q. Maybe it was as much as 20 hours a week?

A. Somewhere between 10 and 20 I would estimate.

Q. Did your secretary work for the campaign?

A. No.

Q. That is ~~Benny~~ Bonnie Walker?

A. Right.

Q. Did you know if Sheila Kerr might have been involved in any kind of telephone polls, polling by telephone?

A. It's possible. I never heard her doing that, but it is possible.

Q. In other words, that is speculation on your part?

A. Right.

Q. Did you know of any telephone poll being conducted by the Rhodes campaign?

A. Not specifically, no. I mean, I assumed every time they did polling that it was by phone, but I don't know.

Q. Did you hear of any telephone poll being conducted at United Bank at the Mesa branch?

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A. No.

Q. Let me just get this. Is that branch across the street from your office?

A. No. Well, it is on the other side of the street, but it is down quite a few blocks.

Q. Okay. How many blocks?

A. I don't know, three or four blocks.

Q. Did you know John O'Neill's involvement in the Rhodes campaign?

A. Yes.

Q. And what did he do, to your knowledge?

A. He was the treasurer, I think.

Q. Was he in a position of authority?

A. I would think so.

Q. So he gave orders to people in the campaign?

A. I presume. That's only -- I mean, I don't know much about the campaign committee at all.

Q. Do you know if he did campaign work at the bank?

A. No, I don't have any idea what he did at the bank.

Q. Did you ever see him at the bank?

A. I did not bank there.

Q. So?

A. So I never saw him at the bank except

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perhaps one day when I took in the application for the personal credit line, and I think I had a previous car loan at United Bank a few years before that that he had helped me get. But at that time I had nothing going on at the United Bank, and I never went there during the campaign that I can recall at all. They had moved, and I don't think I had ever been in the building to this day.

Q. At the time of the campaign?

A. Right.

Q. Never been there?

A. Right. Never been in that building.

Q. Did John O'Neill come in your office a lot? Not your office, but the office of Rhodes and Golston during 1986?

A. I don't know. He was there once every couple weeks or more often than that.

Q. Did he talk to Jay Rhodes about the campaign while he was at the office?

A. Not in front of me.

Q. You never heard any conversations between John O'Neill and Jay Rhodes about the campaign?

A. Not that I can remember. I was pretty busy that year. I really don't recall any specific conversations between them.

Q. You don't recall overhearing?

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A. No.

Q. How well did you know John O'Neill?

A. I was his lawyer for a divorce case. I went to a football game with him once. I have had lunch with him maybe four times, and so that's about it.

Q. Do you know if he was active in politics before the Rhodes campaign in '86?

A. I never -- I don't think so, but I don't know. I never talked to him about politics. I don't even know what party he is a member of. I assume since he is a banker, he is Republican.

MR. LEWKOWITZ: Speaking like a real Democrat.

Q. BY MR. LEVIN: Do you know if he was active in any campaign while he was active in the Rhodes campaign?

A. No.

Q. Have you ever heard of the Willie Wong Campaign?

A. I know who he is, but I don't know much about the campaign. I don't live in Mesa.

Q. You don't know Rhodes' participation in that?

A. No.

Q. What was your general impression of O'Neill? I will ask you to divide that between the time you learned

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of the incident and afterwards.

A. Are you talking about in regard to his ability as a banker or in general as a person or --

Q. As a person.

A. I like him. I think he is an honest, hard-working person.

Q. Did you know Conley Wolfswinkel?

A. I have never met the man. I know who he is, but I have never talked to him.

Q. Did you know who Ann Lorenzo is?

A. I know who Ann is.

Q. Do you know Ann Lorenzo?

A. I may have met her. I think she's married to John O'Neill.

Q. But you don't know her socially?

A. No.

Q. Do you know if she had any involvement in the Rhodes campaign?

A. No. I know that she is a personal friend, but I don't know.

Q. Personal friend of --

A. Of Jay's, but I don't know anything about her relations in the campaign.

Q. Uh-huh. Do you know Ann Rhodes?

A. Yes, I know Ann Rhodes very well.

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Q. Do you know if she organized a phone bank at United Bank?

A. No.

Q. As you said before, you had not heard of a phone bank for telephone polling at United Bank?

A. No. This is the first I have heard of that.

Q. Do you know Ann Brown? I guess she is Ann Wendell now.

A. I think that I -- let me say this. The people from the campaign would often come to our office, and I would chat with them just to say hello, how are you and that kind of thing, and Jay would introduce me to them, and I think that name sounds vaguely familiar. I think that's the person that took care of his campaign after he got rid of somebody else, but I really don't know.

Q. Do you know if Jay Rhodes would go over to -- during 1986, did Jay Rhodes go over to visit John O'Neill at the United Bank branch? Well, did he do that, first let me ask you.

A. I never saw him do it. I presume they had to get together and talk, but I never saw them do it.

Q. Do you know anything about their meetings at United Bank, if he went to United Bank?

A. No, I don't.

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MR. LEVIN: Let's take a break.

THE WITNESS: Okay.

(Short break)

MR. LEVIN: Back on the record.

Q. Mr. Golston, in discussing the conversation with Jay Rhodes in which he told you about the $3,000 payment to O'Neill in the fall of '86, Mr. Rhodes said to you that it was an oversight; is that correct?

A. That's correct.

Q. Did you believe him at the time?

A. I don't know. I really don't know. I can't really answer that with a definite yes or no. I mean, I was -- as I said, I was upset, and I guess I was angry and I didn't disbelieve him. I didn't say, well, that's a lie, but I don't know.

Q. Do you believe him now?

A. I don't feel any differently now than I did then.

Q. What is it that tells you that it is believable, and what is it that tells that you it is not believable?

MR. LEWKOWITZ: What purpose is this? I mean, he is not a psychologist.

MR. LEVIN: Well, let me just say I know this calls for speculation, and I think the probative value of

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that can be judged when we read the transcript, but I would be interested in hearing what Mr. Golston has to say on that.

MR. LEWKOWITZ: For the record, I would object to the question.

THE WITNESS: Let me say this. We had never taken a fee from a client and put it into a personal account. I have never done that. Always went through the business. Secondly -- so that would go to say why I didn't believe it. Secondly, Jay is not a terribly organized person, and at that particular time he had a lot of things on his mind, and so that would add to the fact that it was an oversight, so I don't know.

Q. Did you know if his campaign was in need of money at the time?

A. I had no idea about his campaign finances, but I know that he was going through a campaign, and there were a lot of things on his mind. That's all I am saying.

Q. You were talking about the income of Jay Rhodes from the firm in '85 as opposed to '86, and it seemed that the income in '86 was, well, substantially less. per person between you and Jay Rhodes; is that correct?

A. We said and I really don't know what the exact figure is. I mean, I don't have it in

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front of me to tell you, but I believe it was the previous year.

Q. In '85?

A. But, you know, you are asking about personal finances. I have to think about cash flow and take-home and that kind of thing. As far as take-home, it was the same. I mean, I knew we were going to have a problem paying taxes, but the take-home was the same. And although Jay's gross had diminished, mine had gone up a lot.

Q. What was the same?

A. Our draw was the same.

Q. Okay. I am getting confused. You mean your draws in 1986 were similar to each other, and your draws in '85 were similar to each other?

A. That isn't what I meant. What I meant was our draws in 1985 and draws in 1986 were the same amount. From '85 to '86 they didn't vary. Our draws didn't go down.

MR. LEWKOWITZ: I don't think you understand.

MR. LEVIN: I don't. I don't understand the discrepancy.

MR. LEWKOWITZ: It is like a salesman is on a base salary with commission.

MR. LEVIN: Yes.

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MR. LEWKOWITZ: The base salary is the draw.

MR. LEVIN: So there would have been an opportunity in '85 because of better business; is that correct? I mean, you were doing better business in '85?

THE WITNESS: Let me see if I can explain this.

Q. BY MR. LEVIN: Please.

A. We took a regular monthly draw of and paid our living expenses with that, okay? Then we would take bonuses to pay quarterly tax estimates as to pay in April, and if we owed anything to the I.R.S. Okay. When I said that our draws were the same, I wasn't referring to those extraordinary draws. Our ordinary draws, therefore, our living expenses, were paid because our ordinary draws were the same.

Now, just by looking at the revenue, I knew that I was going to have trouble in April. But, you know, I lived at the same level, and at the same time I did have trouble in April. As a matter of fact, I had serious troubles. But during 1986, my living expenses were paid because I took a regular draw.

Q. Okay. Maybe I can simplify this a little bit. I think maybe I asked this before. In either 1985 or 1986, did Jay Rhodes earn per annum from his practice at Rhodes and Golston?

A. I don't want to be flip in answering this

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question, but not to my knowledge.

Q. Did he ever earn [illegible] per annum at his practice at Rhodes and Golston?

A. To my knowledge, no, not as far as the books and records of Rhodes and Golston are.

Q. What would be a more accurate figure for '84, '85 and '86?

A. I can't remember '84, but '85 was approximately [illegible]. And in 1986, I thought it was [illegible] I don't know.

Q. We are almost done. In any of the conversations that you had about this payment of the $3,000 to Jay Rhodes, did you hear anything to the effect that Conley Wolfswinkel wanted this money to go to Jay Rhodes outside the campaign? I mean, Conley Wolfswinkel wanted $3,000 to go to Jay Rhodes as opposed to Rhodes to Congress?

A. Absolutely not.

Q. You heard nothing about his motives in this matter?

A. Absolutely none.

MR. LEVIN: No further questions.

MR. LEWKOWITZ: We had submitted to you, I think, a ledger book billing file and check receipts as of February 6th, I believe, and Miss Miller acknowledged

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receipt. When might they be returned?

MR. LEVIN: I think we can give you the ledger book and billing file back today. And we were thinking of taking the checks out of caution and having them xeroxed and sending them back to you in the next two weeks.

THE WITNESS: That is acceptable.

MR. LEWKOWITZ: I am your counsel.

MR. LEVIN: Is there anything further?

MR. LEWKOWITZ: No.

MR. LEVIN: Let me just say that your check for witness fee and mileage will be sent to your home address, and I don't think we got that on the record, did we, your home address?

THE WITNESS: 2047 East Cairo Drive, Tempe, Arizona, 85282.

MR. LEVIN: Now, this deposition is continued. It is not ended. We may call you again, I don't know. So for now it is continued, and I think that's it.

THE WITNESS: Are you allowed to tell me anything? I mean, I am not familiar with your procedures at all. Is there another step coming up?

MR. LEVIN: Are we still on the record? There is really nothing I can tell you right now.

THE WITNESS: I guess that isn't my --

MR. LEVIN: Well, ask the question. That is fine

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if you want to ask it on the record.

THE WITNESS: I don't want to ask anything on the record.

MR. LEVIN: Let's end the record right here.

(3:00 p.m.)

RODGER A. GOLSTON

Subscribed and sworn to before me
this 8th day of March, 1989

Notary Public

My Commission Expires _____

OFFICIAL SEAL
VICKIE MAHLER
Notary Public - Arizona
MARICOPA COUNTY
My Commission Expires Mar. 17, 1990

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STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition was taken by me; that I was then and there a Notary Public in and for the County of Maricopa, State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the whole truth and nothing but the truth; that the questions propounded to the witness and the answers of the witness thereto were taken down by me in shorthand and thereafter reduced to print under my direction; that the foregoing 61 pages are a full, true and correct transcript of all proceedings had upon the taking of said deposition, all to the best of my skill and ability.

I FURTHER CERTIFY that I am not related to nor employed by any of the parties hereto and have no interest in the outcome thereof.

DATED at Phoenix, Arizona, this 18th day of February, 1989.

Pamela D. Remus

My commission expires:

September 12, 1992

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AFFIDAVIT OF RODGER A. GOLSTON

STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

Before me personally appeared RODGER A. GOLSTON, who being duly sworn, deposes and says:

1. My name is Rodger A. Golston, and I am an attorney-at-law in private practice in Mesa, Arizona. From February 1, 1983, until December 31, 1986, I was in partnership with John J. Rhodes, III, in a firm called Reynolds, Rhodes & Golston.

2. John O'Neill retained the firm in 1986 to represent him in a dispute regarding a real estate transaction, on a fee for services basis. Mr. Rhodes handled the matter. Mr. O'Neill's position did not prevail, and the matter was settled.

3. I learned some time in early October 1986, from Mr. Rhodes that he had accepted, and then returned, the $3000 fee to Mr. O'Neill. I continued to carry this $3000 as an account receivable, and sent Mr. O'Neill regular bills. Finally, in about May 1987, I had lunch with Mr. O'Neill and asked him if he intended to pay. He told me that he would not pay the bill, and I subsequently wrote it off.

4. I can recall at least three instances between January and August 1986, when either Mr. Rhodes or I took an "extra draw." In my case it was to pay estimated taxes, and to purchase a camera. Mr. Rhodes took an extra draw to pay a personal credit card bill as well as estimated income taxes. We also had agreed that I could draw out the fees resulting from weekend work that I

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EXHIBIT # 2 DATE 2/9/89
PAMELA B. REMUS, CSR
Holston DEPOSITION

did for the City Court.

Further, affiant saith naught.

RODGER A. GOLSTON

Subscribed and sworn to before me, a Notary Public, this 14th day of June 1988.

Notary Public

Commission Expires:

4/16/89

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STATEMENT OF

REP. JOHN J. RHODES, III

I, John J. Rhodes, III, under penalty of perjury, state the following to the best of my knowledge and belief:

1. I am a U.S. Representative in Congress from the First District of Arizona, having been elected in 1986. I am a member of the Bar of Arizona, and was in private practice until assuming my Congressional duties.

2. On September 25, 1986, I learned that an internal investigation at the Mesa office of the United Bank of Arizona had raised questions about certain contributions to my campaign, and involving Conley D. Wolfswinkel and John J. O'Neill. After verifying enough of the information to cause me to conclude that discrepancies existed, I arranged to meet with the U.S. Attorney, told him all that I knew, and asked him to investigate.

3. Shortly after I first learned a problem existed, I also learned that a $3000 legal fee paid to me by Mr. O'Neill had come from funds provided by Mr. Wolfswinkel. I immediately returned the funds to Mr. O'Neill by personal check.

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EXHIBIT # 3 DATE 2/10/89
PAMELA D. REMUS, CSR
Walter DEPOSITION

4. I had known John O'Neill for at least 15 years, both as a friend and as a personal banker. I asked him to serve as the campaign's Finance Chairman because I thought he would be able to raise substantial funds. In fact, the results of his efforts disappointing.

5. Late in 1985, he asked me to represent him in a dispute over a real estate contract, on an hourly fee basis. Mr. O'Neill's position did not prevail, and he settled the case. Before discussing the fee with Mr. O'Neill, I reduced it from approximately $3800 to $3000, because I was not satisfied with the result. To the best of my recollection, when Mr. O'Neill asked me how much he owed, I told him $3000, and he gave me a personal check for that amount.

6. I do not have an independent recollection of the conversation we had. However, I would not regard it as unusual for Mr. O'Neill to ask me about my personal finances, something he had done in the past. In any event, the $3000 he gave me was in payment of legal fees incurred during my representation of him in the matter described above.

7. I regarded the $3000 as a partnership draw and as an off-set to extra draws my partner, Rodger Golston, had previously taken. In the press of the hectic final days of the primary, I put the check in my personal checking account, intending to tell my partner. I did not actually tell him about the transaction until I had returned the money to Mr. O'Neill.

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8. The campaign took out a $35,000 line of credit at the United Bank, which I personally guaranteed. As I recall, the loan was issued based on my long-standing relationship with the bank, including my history of repaying prior loans. My personal financial condition was not substantially different in June, 1986 and January, 1985.

This statement is made under penalties of perjury, see 18 U.S.C. 1001.

John J. Rhodes, III

June 16, 1988

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06C2230

TRANSCRIPT OF PROCEEDINGS

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

89 MAR 20 PM 3:59

- -x

IN RE:

M U R 2602

- -x

DEPOSITION OF JOHN O'NEILL

Phoenix, Arizona

Monday, March 6, 1989

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UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:	)	
	)	MUR 2602
	)	
	)	
	)	
	)	

Phoenix, Arizona
March 6, 1989

DEPOSITION OF JOHN O'NEILL

THACKER & ASSOCIATES, INC.
Court Reporters
2700 North Central Avenue
Suite 1201
Phoenix, Arizona 85004
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Prepared For:
Mr. Jonathan Levin
Attorney at Law
(Copy)

By: Laurie A. Adams
Court Reporter

2404360 9811

MUR 2602
Note re: John O'Neill Deposition at bottom of page 24:

The reporter went off the record, even though she had not been instructed to do so by us.

The conversation which the reporter failed to transcribe concerned the deponent's repeated answer. Campbell offered to let the deponent use an abbreviated answer like "the fifth," if the reporter would include the entire response in the transcript. The reporter indicated that such was possible, because it would be on a computer. But we decided that the record should reflect exactly what was said. We said it wasn't necessary for O'Neill to read the entire statement--that we would understand a shorter version to mean the whole thing. But the record shouldn't contain something that wasn't actually said. Campbell declined to allow his client to use a shorter version at this point, although later on in the deposition he did allow it.

When it was discovered that the reporter went off the record, I contacted Campbell to see if he would agree to a summary of the conversation. He declined, saying he would want to see the context before agreeing. I said it wasn't that important, that I would just summarize it for our own records.

(Colleen Miller)
CM 3/28/89

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The deposition of JOHN O'NEILL, a witness herein, was taken upon oral examination by the parties through their respective attorneys before LAURIE A. ADAMS, a Notary Public in and for the County of Maricopa, State of Arizona, at the Federal Building, 230 North First Avenue, Suite 4000, Phoenix, Arizona on the 6th day of March, 1989, commencing at 10:10 a.m. of said day.

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I N D E X

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JOHN O'NEILL		
	Examination by Mr. Levin	5

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1	Revolving Credit Note dated June 3, 1986	46
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13	Cashier's check dated June 30, 1986 in the amount of $1,900	91
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18	Cashier's check dated July 25, 1986 in the amount of $260	105

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JOHN O'NEILL,

a witness herein, having been first duly sworn by the Notary Public to speak the truth and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MR. LEVIN:

Q. Mr. O'Neill, my name is Jonathan Levin. I am representing the Federal Election Commission along with Colleen Miller, who is also an attorney for the Federal Election Commission.

This deposition is being taken pursuant to a Federal Election Commission subpoena in connection with an investigation under Section 437 G of Title 2 under the United States code. I have stated in previous letters to you the confidentiality requirements of to you, Section 437-G A 12 A are in effect.

Statements of objections except as to form and foundation are reserved until the time of trial, if there is any.

Mr. O'Neill, state your full name for the record.

A. John Joseph O'Neill.

Q. Now, Mr. O'Neill, you have the right to

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be represented by counsel. Is your counsel here today?

A. Yes, he is.

Q. And his name?

A. Colin Campbell.

Q. Is he representing you personally?

A. Yes, he is.

Q. Have you ever been deposed before, Mr. O'Neill?

MR. CAMPBELL: Before letting Mr. O'Neill answer that question, let me make a statement for the record. I understand that this is an investigation and no decisions have been made with respect to what the Federal Election Commission might do; however, upon reviewing the statutes, I am led to understand that one of the possible dispositions of any investigation or case such as this is possibly turning the matter over to the Department of Justice. This case was originally referred to the Federal Election Commission, I believe, from the United States Attorney from this district, the District of Arizona, after a criminal investigation, at which time he reached a decision that a criminal disposition was inappropriate. However, I understand that the statute is applied here and that that still is a

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possible disposition of the case. Although we would consider such a result not justified by the facts, it does raise, on behalf of Mr. O'Neill's counsel, the question whether his rights should be preserved at this stage of the proceedings.

We have asked, I think, in a letter to the commission, and I think I have raised in phone calls also that we are interested in reaching a conciliation agreement with the commission. However, I understand that in the formal procedure of the commission that this is not an appropriate time, from your point of view, to enter into such negotiations or agreements. We are still interested in reaching a conciliation with the commission, and we are worried that the invocation of our privileges, we hope, would not predjudice us with respect to the commission that Mr. O'Neill would wish to exercise his constitutional rights.

But based upon the current status of the proceedings and the fact that there is no informal way that we can cooperate with the commission that would allow us to reserve our rights, we understand the only way to proceed is by the book and on the record. If proceeding in this matter does jeopardize Mr. O'Neill's rights, and even if the possibility of

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a criminal prosecution was one in five, as an attorney representing Mr. O'Neill, I could not advise him to waive his rights.

Therefore, I am going to advise Mr. O'Neill with respect to many of the subject areas that I believe you would like to inquire into to stand on his rights. We are doing this to protect his rights. We don't wish to be obstructive. We don't wish to not seek conciliation of this matter. I am very concerned the invocation of his rights will prejudice the minds of the commission, or the commission will certainly view some adverse inference to be drawn. But we have to protect Mr. O'Neill's rights. Until the commission reaches a point where it can decide where it is going to go, the only way to protect his rights is to claim the Fifth.

So with respect to that, with respect to subject matters such as his past or whether he has ever been deposed, anything like that which could lead to evidence that might be used against him in any possible future proceedings, I am going to advise him to take his Fifth Amendment privilege.

So Mr. O'Neill, if you would answer the question as I have requested.

THE WITNESS: Based upon the advice of my

attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. BY MR. LEVIN: Mr. O'Neill, I am not authorized to compel you right here to give testimony as to which you will assert the privilege against self-incrimination, nor am I authorized to grant you immunity. Any question I ask will be with the understanding that if you do wish to assert your privilege, you may simply state so for the record. The commission enforces the Federal Election Campaign Act civilly, not criminally. On the other hand, the commission is not in the position to dictate to other agencies whether or not to bring criminal charges against anyone. To the extent that you do assert the Fifth Amendment, we will be evaluating whether or not you had the standards as a real and appreciable fear of prosecution. So that if you do answer any questions, you will be doing so voluntarily; is that correct?

MR. CAMPBELL: Well, yes. There are certain subject areas that we would be willing to testify to voluntarily; for example. Some of the inquiries the commission might have with respect to, for example, Debbie Lorshbough, we would be willing to testify to

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if the commission would agree that testifying to those discreet subject matters would not implicate a waiver generally with respect to other subject matters. However, I understand that the commission may not be in a position today to make such agreements, and that puts us in a difficult position where we may have to claim a blanket Fifth with respect to subject areas, rather than if the commission was willing to enter into an agreement like that.

MR. LEVIN: I understand that, and we are not in a position to grant that sort of waiver as to the discreet subject matters. One thing I would want to remind both you and Mr. O'Neill is that -- and this is just as a matter of reminding, and certainly we cannot compel your answers here today at this time -- but that Mr. O'Neill has given answers as to many of the areas we are going to be asking about, including answers as to whether or not there was a knowing and willful nature to any of these alleged violations. But just to put on the record, that the Rogers v. U.S. case, which is the seminal case in this area, does state that where incriminating facts are disclosed, the privilege can't be invoked to avoid disclosure of the details and the so-called

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incriminating facts don't have to be the conclusions that one would say, well, yes, and he did commit this offense.

And so that is the posture that we will be -- that counsel today is considering in this room, and, of course, as stated before, to the extent that you, Mr. O'Neill, assert the Fifth, we will be evaluating whether or not you had a real and appreciable fear of prosecution and evaluating it in terms of the criteria for disclosure of information and whether such privilege against self-incrimination has been waived.

MR. CAMPBELL: If I could just make a statement on the record with respect to those two items?

MR. LEVIN: Sure.

MR. CAMPBELL: I don't know how one evaluates whether there is a real and appreciable danger of prosecution. I have inquired of the commission whether or not the possibility of referral to the Department of Justice is something that would not be done in this case, and I have been told that the commission has made no decision with respect to that and will not make a decision with respect to that. And therefore, it is a possibility as an attorney representing Mr. O'Neill, it is impossible for me to

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assess what the commission will do or will not do. I would hope there is not a real and appreciable danger of prosecution. And if I could be convinced of that, of course, there is no Fifth Amendment privilege. I understand the commission will not go on record to even say that whether there is a real and appreciable danger, so it does place Mr. O'Neill in an awkward position, one in which I can assure you that no one wants to cooperate and get this matter resolved quicker than does Mr. O'Neill. He certainly does not want to appear like Oliver North and appear in the uniform of his country and have to claim the Fifth. Unfortunately, that is the situation he is in.

I hope you won't be influenced by that. Surely if the commission reaches a point to assure that there is no real and appreciable danger, we will certainly be willing to revisit the issue, come back and cooperate with the commission as to the issue of prior waivers.

The only testimony I recall of Mr. O'Neill's on the record is in some answers to interrogatories, which are areas we have indicated we would be willing to testify to. We believe they are discreet subject matters. But before testifying further with respect to them, we want an agreement

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from the commission it does not invoke a general waiver. I do not believe under my review of the law that any testimony on any subject forever precludes a person from subsequently claiming the Fifth Amendment as a result of changed circumstances. And that is the situation we are in today.

MR. LEVIN: We will take a short break for now.

(Short recess.)

MR. LEVIN: In response to what you said, Mr. Campbell, that is correct, and I don't think we ever said that it would constitute -- that the waiver as to one discreet area would constitute a waiver in one general area. The question is, what becomes a discreet area, and that we don't know right now to say, and that is one of the reasons we can't really grant the waiver right now.

MR. CAMPBELL: I understand if, you know, if it is something that -- I don't know how long you are in town this week or not. If it is something you want to consider, I mean, Mr. O'Neill and myself will certainly make ourselves available any other time this week at your convenience if you would like to, you know, think about that and get back to us. Or if you want to go ahead and proceed today --

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MR. LEVIN: Well, what we are saying is this, that if you believe that this is a discreet area, we are not going to stop you from testifying. But we don't have the information to say right now to agree that factually that such and such is a discreet area. The case is in the middle of an investigation. We don't know the answer to that.

MR. CAMPBELL: Well, you know, I understand that. But I understand, you know, if you would enter into an agreement with us that it is -- I don't want to walk off the plane, and since you are not able to enter into an agreement, you know, I have no assurance that you won't use it to argue a waiver later on down the road. So I don't want to run that risk.

MR. LEVIN: I understand.

MR. CAMPBELL: I think it is clear they are discreet in the sense that, take Debbie Lorshbough, if I am pronouncing her name right, her employment involves a discreet subject area. I think Mr. Silver has given you information on her. I don't know if he has been subpoenaed before you to testify or not. But it is discreet and separate. But I understand you are not in a position to make an agreement with respect to that.

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Given that, I just feel compelled in order to to protect Mr. O'Neill's rights to claim the Fifth, then, with respect to all subject matters.

(A discussion was held off the record.)

MR. LEVIN: Let's go back on the record. Just the one thing I want to reiterate, you can make the decision to testify if you wish. We are not going to determine what is a discreet area, but if you believe that it is, we certainly -- that is certainly your right to testify. I think the best thing we can do now at this stage, after having fully laid out our positions, is to proceed with the questioning. And I might suggest that you can, Mr. O'Neill, rather than going through the speech each time, you can just say, "Fifth Amendment," in response to the questions. I think that Mr. O'Neill should say that as opposed to reading the speech. And why don't we just go on with what we have here.

MR. CAMPBELL: That is fine. I would like Mr. O'Neill to read the statement each time, though, rather than say, "Fifth." I don't think it will unduly delay the proceedings.

Q. BY MR. LEVIN: Mr. O'Neill, I am going to ask you a series of questions. If at any time you do not hear a question, say so, and I will repeat it.

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If you do not understand a question, say so, and I will either repeat the question or try to rephrase the question so that you do understand it. If you fail to tell me that you don't understand a question and you answer it, I will assume that you understood the question. If you become confused or want to take a break, let me know.

In addition, your answers should be audible. A nod or a shake of the head or a sound that is not a word will not be picked up by the reporter. Do you understand these instructions?

MR. CAMPBELL: You can answer that, John.

THE WITNESS: Yes, I do.

Q. BY MR. LEVIN: Mr. O'Neill, have you spoken to anybody about your testimony today?

MR. CAMPBELL: The only reason I am pausing for a second is, that involves other privileges, for example, husband and wife with respect to marital communications. So I am going to instruct him to follow my advice with respect to the Fifth Amendment. But I also wish to interpose an objection, because it is phrased that it could include attorney/client communications and husband/wife communications.

THE WITNESS: Based upon the advice of my attorney and pursuant to my rights under the Fifth

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Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. BY MR. LEVIN: Mr. O'Neill, have you spoken to anyone other than your attorney about this matter and the facts relating to it?

MR. CAMPBELL: Would you include his wife? Or otherwise I will have to --

MR. LEVIN: Let's exclude his wife.

THE WITNESS: Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. BY MR. LEVIN: Before we go into any further questions, I understand that you have submitted a document in response to our subpoena request. And that is a resume, is that correct?

MR. CAMPBELL: Let me state for the record that resume was meant to be forwarded -- I can't recall if it was six, seven, or eight months ago -- with respect to the letter we sent which requested preprobable cause conciliation, it was also subpoenaed, and we brought it in. We meant to give it to you sooner. It was an oversight that it wasn't given to you.

Q. BY MR. LEVIN: Mr. O'Neill, is this a

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current resume?

A. Yes, it is.

Q. Mr. O'Neill, would you state your present business address?

MR. CAMPBELL: I will let you answer that.

THE WITNESS: I am working out of my home, which is 1529 East Grandview, Mesa, Arizona 85203.

Q. BY MR. LEVIN: And what do you do out of your home for a living?

MR. CAMPBELL: You can answer.

THE WITNESS: I am doing some private consulting work related to banking and loan packaging.

Q. BY MR. LEVIN: And how long have you been doing that?

A. I have been doing that since July of 1988.

Q. And where were you employed previous to that?

A. I was employed at Wolfswinkel Group, Incorporated.

Q. And what was your time of employment there, from when to when?

A. From September 1986 until June 30th, 1988.

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Q. And what was your position there?

MR. CAMPBELL: I am going to instruct him not to answer any further questions with respect to Mr. Wolfswinkel. It has nothing to do with the Federal Election Commission. As they may or may not know there is an ongoing United States Attorney investigation with Mr. Wolfswinkel, and I don't want -- since your materials may or may not be disclosed to other agencies of the Government, I don't want Mr. O'Neill to testify with respect to anything further to do with his relationship with Mr. Wolfswinkel.

THE WITNESS: Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. BY MR. LEVIN: Where were you employed prior to the Wolfswinkel Financial Group?

MR. CAMPBELL: You can answer that.

THE WITNESS: United Bank of Arizona.

Q. BY MR. LEVIN: And what years were you employed there?

A. December --

MR. CAMPBELL: Refresh his recollection.

THE WITNESS: December of 1982 till September of 1986.

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Q. BY MR. LEVIN: And what was your position there?

MR. CAMPBELL: I am going to give Mr. O'Neill the instructions with respect to any further inquiries on the bank.

THE WITNESS: Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. BY MR. LEVIN: What were your duties at United Bank?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Mr. O'Neill, did you work for the Rhodes to Congress Committee in 1986?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. From when to when did you work for the Rhodes Committee, if you did?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of

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the United States Constitution, I respectfully decline to answer the question.

Q. Did you have a position with the Rhodes to Congress Committee?

A. Based upon the advice of my attorney and pursuant to my rights under the United States Constitution, I respectfully decline to answer the question.

Q. If you had a position with the Rhodes to Congress Committee, what were the functions in that position? What did that position entail?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did anyone at the Rhodes to Congress Committee take orders or instructions from you?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. If they did, who were those people?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully

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decline to answer the question.

Q. If they took orders from you, with respect to what did they take those orders, what kinds of activities?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Would you bring in contributions to the committee a person responsible for recording it in the committee's records?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Would you tell that responsible person how to report contributions to the Rhodes Committee?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Would you communicate with committee personnel about your activities?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the

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United States Constitution, I respecfully decline to answer the question.

Q. That was about committee-related activities?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. With whom would you communicate?

A. Based upon the advice of my attorney and pursuant to my rights under the fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Generally speaking, what subjects would you communicate about?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were you authorized to conduct activities related to finances on behalf of the committee?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

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Q. By whom were you given such authorization?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were there any authorizations for a specific activity?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did anyone at the Rhodes committee supervise you or give you instructions to do things?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who gave you such instructions?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

(A discussion was held between counsel that the reporter did not transcribe.)

(A portion of the record was read back

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by the court reporter.)

Q. BY MR. LEVIN: Who gave you supervision?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What instructions or supervision were given to you?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What were your responsibilities at the United Bank?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were you involved in the issuance of cashier's checks?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were you involved in the granting and

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approval of loans?

A. Based upon the advice of my attorney and pursuant to the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were you involved in the monitoring, notifying, and protecting against overdrafts?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What other duties did you have at United Bank?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were you in charge of the Mesa No. 7 branch of the United Bank?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were there any transactions or types of transactions that needed approval from someone over

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you?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who else worked with you at the bank?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who worked under you?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What did they do, generally, at your direction in fulfilling their job capacities?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who worked over you or supervised you in the United Bank's organization?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the

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United States Constitution, I respectfully decline to answer the question.

Q. How did you come to be involved in the Rhodes campaign?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did you know Jay Rhodes?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Describe your association with Mr. Rhodes.

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did you serve as his banker?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What did you do as his banker?

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A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. When did you become involved with the Rhodes campaign?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who else was involved when you became involved with the Rhodes campaign?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What was your involvement at the beginning of the Rhodes campaign?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What were you told you would be doing for the Rhodes campaign?

A. Based upon the advice of my attorney and

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pursuant to my rights under the Fifth Amendment of the United States Constitution. I respectfully decline to answer the question.

Q. By whom?

MR. CAMPBELL: By whom what?

Q. BY MR. LEVIN: By whom were you told to answer to -- well, with respect to what you would be doing, who told you what you would be doing?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did your duties for the committee ever change?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. When did your association with the committee cease?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Why did it cease?

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A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. That last question is to your knowledge, why did it cease?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did the committee expect you to function as the banker for its -- strike that.

Did the committee have bank accounts at United Bank?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did the committee expect you to function as its banker at the United Bank?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What were the functions you would perform

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at the bank for the committee?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did you participate in drawing up cashier's checks for the committee for contributions to the committee at United Bank?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who else at the bank participated in drawing up cashier's checks for contributions to the committee at United Bank?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. How much time was spent handling contributions and matters connected with the committee's accounts while you were on the job at United Bank?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of

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the United States Constitution, I respectfully decline to answer the question.

Q. Who else at the bank was aware of your handling the committee accounts?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were they aware of the amount of time you spent?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did you ever have discussions at the bank with campaign people or persons involved in the campaign?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were these face-to-face, on the phone, or both?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of

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the United States Constitution, I respectfully decline to answer the question.

Q. Was anyone else at the bank aware of such conversations?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment, I respectfully decline to answer the question.

Q. Who were those people who would have been aware of your conversations, those people at the bank?

A. Based upon the advice of my attorney and pursuant to the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. How much time was spent doing that?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. How often would you do that?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did persons from the committee come in

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from the bank and use bank facilities?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. For what did they use bank facilities?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. How were such facilities used by committee personnel?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. How much time was spent using those facilities?

A. Based upon the advice of my attorney and pursuant to my rights under the United States constitution, I respectfully decline to answer the question.

Q. When were they used by the committee personnel?

A. Based upon the advice of my attorney and

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pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

(Short recess.)

Q. BY MR. LEVIN: Did the Rhodes for Congress Committee use bank telephones to conduct a polling, a telephone polling on bank premises?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. At whose instruction did they do that?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did Jay Rhodes ever speak to you about the campaign finance law and its prohibitions and limitations?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What was said in that conversation or those conversations?

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A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did you go to a briefing or a meeting with Jay Rhodes at Republican National Headquarters in Washington?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Was there a discussion of campaign fund-raising and what was permissible at that meeting or at that briefing or meeting at the headquarters?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Was Ann Lorenzo present?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Was she briefed as well?

MR. CAMPBELL: Let me interpose along with the

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Fifth when you are dealing with questions between husband and wife, it invokes the Fifth to the extent there are privileges between husband and wife with respect to marital communication there. Not being a witness against the other spouse, we would invoke that privilege. Also, if we could have that agreement, I won't repeat it whenever we touch upon Miss Lorenzo, now Mrs. O'Neill. Is that all right? Otherwise I have to repeat it when we get to it.

MR. LEVIN: Well, if it starts happening often, we will think about that.

MR. CAMPBELL: Well, we interpose also any husband/wife privilege with respect to the question.

THE WITNESS: Based upon the advice of my attorney and pursuant to my rights under the United States Constitution, I respectfully decline to answer the question.

Q. BY MR. LEVIN: When were you and Mrs. O'Neill married?

MR. CAMPBELL: You can answer that question.

THE WITNESS: Married February the 14th, 1987.

MR. CAMPBELL: Glad you could answer it. If you couldn't, she would be mad at you.

Q. BY MR. LEVIN: Did you have meetings with Jay Rhodes where Ben Dodson was present where the

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limitations and prohibitions were discussed?

A. Based on the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who else from the campaign was present?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Do you recall a party at a Sheraton Hotel or some hotel in Washington, D.C. for the campaign near the White House?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Do you recall this party as being a fund-raiser, for example?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did you discuss limits and prohibitions under the Federal Election Campaign finance law at

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that party?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. With whom did you discuss these limits and prohibitions?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Now, at all these meetings I have just mentioned, I will re-enumerate them for you; speaking with Jay Rhodes at a meeting with Jay Rhodes at Republican National Headquarters in Washington, D.C.; meetings with Rhodes where Dodson was present; fund-raiser at the Sheraton or any other event, did you discuss the limits and prohibitions of the Federal Election Campaign Act?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Mr. O'Neill, have you had any previous campaign experience?

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A. Based upon advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Have you held or organized fund-raisers for political campaigns?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. That is, other than the Rhodes campaign?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Have you solicited contributions for other campaigns other than the Rhodes campaign?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Have you served on finance or fund-raising committees for other committees other than the Rhodes campaign?

A. Based upon the advice of my attorney and

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pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Have you worked with campaigns in any other way other than the Rhodes campaign?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Which campaigns would you have done work for in any of the above -- in any of the capacities just listed?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Which campaigns did you work for in any way?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What did you do for those campaigns?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of

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the United States Constitution, I respectfully decline to answer the question.

Q. Mr. O'Neill, have you ever seen an orange book entitled Federal Election Campaign Laws compiled by the Federal Election Commission?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

MR. LEVIN: I have just handed a copy of that orange book to Counsel, and it is in plain sight of the witness.

MR. CAMPBELL: I was just going to thumb through it. Do you need it back?

MR. LEVIN: Just for the record I wanted to say that. I don't need it back, not right now.

Q. BY MR. LEVIN: Mr. O'Neill, have you ever seen prior to September 19th -- let me ask this question with respect to the orange book I just listed. Was that prior to October 1986?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Mr. O'Neill, have you ever seen the

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copies of the Code of Federal Regulations Title 11 that I am holding up? One is revised as of January 1st, 1986, and one is revised as of January 1st, 1985, a gray and a blue copy respectively?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Have you ever read any part of the Federal Election Campaign Act?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Have you ever read any part of the regulations I just held up -- or not that I just held up -- any part of the Federal Election Commission Regulations for regulating campaign finance?

A. Based upon advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Prior to October 1986, has anybody talked to you about the campaign finance rules for Federal Elections whether in the act or regulations?

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A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who were those people?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. When did those conversations occur?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What was said at any such conversation by either you or the person speaking to you?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did you ever see anything in writing prior to October of 1986 discussing the Federal Election Campaign Act or the Federal Regulations?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of

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the United States Constitution, I respectfully decline to answer the question.

Q. Let's take a break.

(Short recess.)

Q. BY MR. LEVIN: Let's go back on the record. I am going the ask the reporter to mark an exhibit as FEC Exhibit No. 1, and I am handing a copy to witness and counsel.

(Deposition Exhibit No. 1 was marked for identification.)

Q. BY MR. LEVIN: Mr. O'Neill, can you identify FEC Exhibit No. 1?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Can you describe the process -- or please describe the process by which the line of credit in FEC Exhibit No. 1 was granted.

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Let me backtrack a little bit. Is this a document for a line of credit for $35,000?

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A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Was it granted to the Rhodes for Congress Committee in 1986?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Now, describe the process by which this line of credit was granted.

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who at the committee discussed seeking such a line of credit before it was attained?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did you suggest it?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of

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the United States Constitution, I respectfully decline to answer the question.

Q. Describe the discussions that led up to this decision.

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. How did the decision come about that Jay Rhodes would be the signatory on the line of credit?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who made the request for the line of credit?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did bank personnel gather information to determine Mr. Rhodes' credit worthiness for this line of credit?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment

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United States Constitution, I respectfully decline to answer the question.

Q. Who was involved in the gathering of the information for such credit worthiness?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What steps were taken in this process?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. I am handing the reporter a document to be marked as FEC Exhibit No. 2, and I am handing a copy to witness and Counsel. What I have handed the reporter is also a copy.

(Deposition Exhibit No. 2 was marked for identification.)

Q. BY MR. LEVIN: Before I go on, I just want to ask had you seen FEC Exhibit No. 1 before?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

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Q. Back to Exhibit No. 2, have you seen FEC Exhibit No. 2 before?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of. the United States Constitution, I respectfully decline to answer the question.

Q. Who wrote the numbers, the actual numbers, manually, on this financial statement? Let me backtrack. Can you identify FEC Exhibit No. 2?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who manually wrote the numbers in this financial statement?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who gave you the figures to put on FEC Exhibit No. 2?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

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Q. I am handing the reporter a document to be marked as FEC Exhibit No. 3, and I am showing a copy to witness and Counsel.

(Deposition Exhibit No. 3 was marked for identification.)

Q. BY MR. LEVIN: Have you seen FEC Exhibit No. 3 before?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Can you identify FEC Exhibit No. 3?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. How does this relate or does this relate to the $35,000 line of credit in any way?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. How does this relate?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of

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the United States Constitution, I respectfully decline to answer the question.

Q. Who gave approval for the $35,000 line of credit?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did the line of credit have to be approved by someone above you as well?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. By whom did that line of credit have to be approved, by whom above you?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Do you know what was said during that approval process above you?

A. Based upon the advice of my attorney and pursuant to my rights under the United States Constitution, I respectfully decline to answer the

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question.

Q. Do you know if any person involved in the approval of the loan above your level was involved with the Rhodes campaign?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. I am handing a document to the reporter to be marked as FEC Exhibit 4. I am handing a copy to witness and Counsel.

(Deposition Exhibit No. 4 was marked for identification.)

Q. BY MR. LEVIN: Can you identify FEC Exhibit 4?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Have you ever seen FEC Exhibit 4 before?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Is this a loan to the partnership of

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Rhodes and Golston?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Or was this a line of credit to that partnership?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What discussions went on during the process of the approval of this loan?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Why did the firm need the loan?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who requested this loan?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the

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United States Constitution, I respectfully decline to answer the question.

Q. Do you know what the reason was for this loan?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What was that reason?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Did anyone on the campaign know about these partnership loans, to your knowledge?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Who were these people other than Jay Rhodes and you?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

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Q. Back to the $35,000 line of credit -- no, before we do that, I just -- let's not go back to that yet.

Were there other loans or lines of credit that you granted to Jay Rhodes or the United Bank granted to Jay Rhodes from 1983 to the time of the campaign?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were you responsible or involved in the granting of the loans from 1983 on, to Jay Rhodes other than the 35 and $25,000 line of credits we just showed?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What kind of arrangements were made for those loans, starting from 1983?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

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Q. Now, getting back to the -- were these loans and lines of credit other than the 25 or $35,000 lines of credit continued on during the time of Mr. Rhodes' candidacy?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Why was the $25,000 line of credit granted when it was granted?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Getting back to the $35,000 loan, now, the $35,000 line of credit for the Rhodes to Congress Committee, how were the proceeds from this line of credit dispensed to the committee?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. In what increments were they dispensed?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of

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the United States Constitution, I respectfully decline to answer the question.

Q. When were they dispensed?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. How much was dispensed through the committee under the $35,000 line of credit while you were at United Bank?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were you in charge of releasing these funds to the Rhodes Committee?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United states Constitution, I respectfully decline to answer the question.

Q. Were other campaign personnel aware of the release of how much was released to the committee?

A. Based upon advice of my attorney and pursuant to my rights under the Fifth Amendment of

the United States Constitution, I respectfully decline to answer the question.

Q. What did campaign personnel other than you know of this line of credit, the $35,000 line of credit?

A. Based upon the advice of my attorney and pursuant to my rights under the United States Constitution, I respectfully decline to answer the question.

Q. Did you have any part in telling the committee how to report the receipt of the funds from this line of credit?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What kinds of communications did you have with other committee personnel with respect to the reporting of the loan proceeds, of the proceeds of the line of credit?

A. Based upon advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What did Jay Rhodes know about this

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$35,000 line of credit?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Have you ever granted or worked on the approval of a loan to a political campaign other than to the Rhodes committee?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. What sort of assurances for repayments did you get for those loans other than the ones to the Rhodes Committee, in other words, to other campaigns?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. How did those approvals differ from the approval of the $35,000 line of credit approval?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully

decline to answer the question.

Q. Were you aware that those loans were to be granted in the ordinary course of business to the bank in accordance with applicable banking laws and regulations?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Were you aware that you had to make those loans on the basis that assures repayments?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Prior to 1986, were you aware of those requirements?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

(The last question was read back by the court reporter.)

Q. BY MR. LEVIN: Prior to October of 1986, were you aware of the requirements I recited as to

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the ordinary course of bank loans in the ordinary course of business in accordance with applicable banking laws and regulations on the basis that assures repayments?

A. Based upon the advice of my attorney and pursuant to my rights under the Fifth Amendment of the United States Constitution, I respectfully decline to answer the question.

Q. Let's take a break for a second.

MR. LEVIN: Back on the recond. I just want to reiterate for the record that we are cognizant of Counsel's offer to testify, and all we are saying is that we are not in a position to offer the sort of agreement to those discreet areas, and that if you do wish to testify to those discreet areas, that is up to you, up to Mr. O'Neill and Counsel.

MR. CAMPBELL: I understand that, and I would think there would be some advantage to the commission to enter into such an agreement, rather than spend time going down blind alleys. We hate to see the commission waste its time talking about the law firm partnership receiving line of credits that are renewed every year for years. But if the commission, you know -- I am worried about -- from the questions that have been asked, it appears that the

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commission's inquiries are much more far reaching than were set forth in the letter that we received from the commission many months ago. And therefore, I don't know exactly where you are heading. It makes me even more reluctant to do that absent an agreement from the commission. Some of your lines of inquiry are new to us, and I don't know where they might lead. So I think we better just proceed.

MR. LEVIN: Fine. Let me just state -- I just don't want to beat the dead horse. It is your --

MR. CAMPBELL: Our choice.

MR. LEVIN: -- issue to decide.

MR. CAMPBELL: If we could, could I meet with you guys separately without the court reporter and without my client?

(Short recess.)

MR. LEVIN: Let's go back on the record. I am handing the reporter a document to be marked as FEC Exhibit No. 5.

MR. CAMPBELL: Maybe we should state for the records we decided on the record hence forward Mr. O'Neill will say, "I invoke the Fifth Amendment." We all agree that will be sufficient to state the rights he has previously been invoking; correct?

MR. LEVIN: Correct. I am handing this

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reporter a document to be marked as FEC Exhibit No. 5, and I am handing a copy to witness and Counsel.

(Deposition Exhibit No. 5 was marked for identification.)

Q. BY MR. LEVIN: Mr. O'Neill, can you identify FEC Exhibit No. 5?

A. I invoke the Fifth Amendment.

Q. Have you seen this document before?

A. I invoke the Fifth Amendment.

Q. What is this document?

A. I invoke the Fifth Amendment.

Q. When was it decided that the Rhodes to Congress Committee should seek a loan, a $50,000 loan at Sun Bank?

A. I invoke the Fifth Amendment.

Q. Who discussed it prior to the attaining of the loan at the committee?

A. I invoke the Fifth Amendment.

Q. Did anyone suggest to you or instruct you to sign on this loan?

A. I invoke the Fifth Amendment.

Q. What were those instructions?

A. I invoke the Fifth Amendment.

Q. Do you know when you signed this note,

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this document, at the bottom right-hand corner?

A. I invoke the Fifth Amendment.

Q. Do you know when Jay Rhodes signed this document?

A. I invoke the Fifth Amendment.

Q. I am going to hand the reporter two documents to be marked as FEC Exhibit 6 and 7 -- FEC Exhibit 6 and FEC Exhibit 7. And I am handing FEC Exhibit 6 to witness and Counsel and FEC Exhibit 7 to witness and Counsel.

(Deposition Exhibit Nos. 6 and 7 were marked for identification.)

Q. BY MR. LEVIN: Mr. O'Neill, can you identify FEC Exhibit 6 and 7?

A. I invoke the Fifth Amendment.

Q. Have you seen FEC Exhibit 6 before?

A. I invoke the Fifth Amendment.

Q. Have you seen FEC Exhibit 7?

A. I invoke the Fifth Amendment.

Q. Can you tell me what FEC Exhibit 6 and 7 are?

A. I invoke the Fifth Amendment.

Q. When did you sign FEC Exhibit 7?

A. I invoke the Fifth Amendment.

Q. Do you know when Jay Rhodes signed FEC

24043600046

Exhibit 6?

A. I invoke the Fifth Amendment.

Q. At the time that you signed FEC Exhibit 7 was Mr. Rhodes, Jay Rhodes, aware at the time you were signing that you were signing this instrument?

A. I invoke the Fifth Amendment.

Q. Was anyone else at the committee aware that you were signing this document, FEC Exhibit 7, at the time you signed it?

A. I invoke the Fifth Amendment.

Q. When did other people in the committee, including the candidate, first become aware that you had signed this document?

A. I invoke the Fifth Amendment.

Q. Who were those people?

A. I invoke the Fifth Amendment.

Q. Did anyone suggest to you that you become a guarantor or sign a guarantee for this Fifth, loan?

A. I invoke the Fifth Amendment.

Q. Did anyone authorize you to do that?

A. I invoke the Fifth Amendment.

Q. Who were those people who suggested that you do so or authorized you to do so?

A. I invoke the Fifth Amendment.

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Q. I am handing the reporter an exhibit to be marked as FEC Exhibit 8. I am handing a copy to witness and Counsel.

(Deposition Exhibit No. 8 was marked for identification.)

Q. BY MR. LEVIN: Mr. O'Neill, can you identify FEC Exhibit 8?

A. I invoke the Fifth Amendment.

Q. Have you seen Exhibit 8 before?

A. I invoke the Fifth Amendment.

Q. What is FEC Exhibit 8?

A. I invoke the Fifth Amendment.

Q. Did anyone on the committee know that you were submitting FEC Exhibit 8 at the time that you did so?

A. I invoke the Fifth Amendment.

Q. Looking over at the assets portion of FEC Exhibit 8, do any of those figures represent any connection with Conley Wolfswinkel or his companies?

A. I invoke the Fifth Amendment.

Q. Looking at the -- actually looking at anywhere on FEC Exhibit 8, the same question: Do any of those figures represent any connection with Conley Wolfswinkel or his companies?

A. I invoke the Fifth Amendment.

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Q. Do any of the figures on FEC Exhibit 8 represent in whole or in part any relationship with Wolfswinkel or his companies?

A. I invoke the Fifth Amendment.

Q. Do any of the figures in Exhibit 8 represent in whole or in part a relationship with Cortland Silver or his companies?

A. I invoke the Fifth Amendment.

Q. Mr. O'Neill, were you aware of the regulatory sections which would -- and also the statutory sections -- strike that.

Were you aware of the sections in the statute of regulations providing that a guaranteed signature was a contribution?

A. I invoke the Fifth Amendment.

Q. That is, a guaranteed signature on a loan?

A. I invoke the Fifth Amendment.

Q. Mr. O'Neill, were you ever involved in conversations in which Conley Wolfswinkel was asked to raise funds for the Rhodes campaign?

A. I invoke the Fifth Amendment.

Q. Were you aware of such conversations?

A. I invoke the Fifth Amendment.

Q. Who was involved in such conversations?

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A. I invoke the Fifth Amendment.

Q. When were these conversations?

A. I invoke the Fifth Amendment.

Q. If you made that plea, were you speaking on behalf of the committee in such conversations?

A. I invoke the Fifth Amendment.

Q. Did Mr. Wolfswinkel offer to sign for a loan in the amounts suggested?

A. I invoke the Fifth Amendment.

Q. Were there attempts to get John J. Rhodes II to sign for a loan?

A. I invoke the Fifth Amendment.

Q. Was anyone apprised of these attempts?

A. I invoke the Fifth Amendment.

Q. Did anyone else from the Rhodes campaign know about Conley Wolfswinkel's offer to raise money?

A. I invoke the Fifth Amendment.

Q. Who knew?

A. I invoke the Fifth Amendment.

Q. How did those people know?

A. I invoke the Fifth Amendment.

Q. Did anyone else from the Rhodes campaign know about any offer by Wolfswinkel to sign on a loan?

A. I invoke the Fifth Amendment.

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Q. How was that known?

A. I invoke the Fifth Amendment.

Q. Did anyone discuss the legalities of such an arrangement?

A. I invoke the Fifth Amendment.

Q. At some point, a decision was made to get funds directly from Conley Wolfswinkel; is that correct?

A. I invoke the Fifth Amendment.

Q. How did that decision come about?

A. I invoke the Fifth Amendment.

Q. Who participated in making that decision?

A. I invoke the Fifth Amendment.

Q. Did you call Mr. Wolfswinkel and ask him for the money?

A. I invoke the Fifth Amendment.

Q. Were you calling him on behalf of the committee?

A. I invoke the Fifth Amendment.

Q. I am handing the reporter an exhibit to be marked as FEC Exhibit No. 9. I am handing a copy of FEC Exhibit No. 9 to the reporter and to witness and Counsel.

(Deposition Exhibit No. 9 was marked for identification.)

MR. CAMPBELL: We are coming up to the lunch

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hour, so what is your pleasure?

MR. LEVIN: Let's go another half hour before we break.

MR. CAMPBELL: If we are going to break, I'd just as soon we break at noon, and then reconvene.

How long would you like to break?

MR. LEVIN: Let's break for a half-hour.

MR. CAMPBELL: How about 45 minutes.

MR. LEVIN: Okay, 45 minutes. You drive a hard bargain. Let's break now for lunch.

MR. CAMPBELL: Do you want to ask him about a few things on that?

MR. LEVIN: Would you rather do that?

MR. CAMPBELL: Well, why don't we just reconvene.

MR. LEVIN: That is what I was hoping I could do at least.

MR. CAMPBELL: Let's just pick it up when we come back.

(Noon recess.)

MR. LEVIN: Let's go back on the record. I'd like to have three questions back read.

(A portion of the record was read back by the court reporter.)

Q. BY MR. LEVIN: Mr. O'Neill, can you

2436005 2

identify FEC Exhibit No. 9?

A. I invoke the Fifth Amendment.

Q. Have you seen all or any part of it before?

A. I invoke the Fifth Amendment.

Q. On the top part of FEC Exhibit No. 9, do you know who wrote out -- in other words, the part above, "Detach and retain this statement," the check part, do you know who wrote, "Pay to the Order of United Bank of Arizona," and who wrote the sum $30,000?

A. I invoke the Fifth Amendment.

MR. CAMPBELL: By wrote, do you mean typed up?

Q. BY MR. LEVIN: Or typed up. Who put that there?

A. I invoke the Fifth Amendment.

Q. Did someone at Wolfswinkel Group, Incorporated do that?

A. I invoke the Fifth Amendment.

Q. Did someone write both United Bank and the $30,000 at your instruction?

A. I invoke the Fifth Amendment.

Q. Did anyone at the Wolfswinkel offices ask what this check was for?

A. I invoke the Fifth Amendment.

24043600053

Q. What did you say to the people at Wolfswinkel Group, Incorporated about this check?

A. I invoke the Fifth Amendment.

Q. Did you know that this was an account of Wolfswinkel Group, Incorporated at the time the check was made up?

A. I invoke the Fifth Amendment.

Q. Did you know that whoever made up this check would be using an account of Wolfswinkel Group, Incorporated?

A. I invoke the Fifth Amendment.

Q. Was this check made up after a conversation between you and Mr. Wolfswinkel?

A. I invoke the Fifth Amendment.

Q. Was this check made up after a conversation between you and Mr. Wolfswinkel where you asked that $30,000 be sent to the committee, Rhodes committee?

A. I invoke the Fifth Amendment.

Q. Were you able to call up the Wolfswinkel offices and tell them you needed a check made out the way you wanted?

A. I invoke the Fifth Amendment.

Q. Were you able to do that as a matter of practice?

0054360

A. I invoke the Fifth Amendment.

Q. Did you ask any other members of the Wolfswinkel family to -- meaning brothers or sisters -- to give contributions around the time of this check, August 12th or 13th -- August 12, 1986?

A. I invoke the Fifth Amendment.

Q. Were you aware of a prohibition on corporate contributions?

A. I invoke the Fifth Amendment.

Q. At the time of the drawing up of this check, were you aware of a prohibition of corporate contributions?

A. I invoke the Fifth Amendment.

Q. I am handing the reporter an exhibit to be marked as FEC Exhibit 10, and I am handing a copy to witness and Counsel.

(Deposition Exhibit 10 was marked for identification.)

Q. BY MR. LEVIN: Mr. O'Neill, can you identify FEC Exhibit 10?

A. I invoke the Fifth Amendment.

Q. Have you seen FEC Exhibit 10, the front and the back of it, before?

A. I invoke the Fifth Amendment.

Q. Mr. O'Neill, on the bottom part of FEC

2043600555

Exhibit 10, there is a back of a check with numbers on it. What are those numbers?

A. I invoke the Fifth Amendment.

Q. Did you put those numbers there?

A. I invoke the Fifth Amendment.

Q. I am handing the reporter an exhibit to be marked as FEC Exhibit 11, and I am handing a copy to witness and Counsel. It's a two-page document.

(Deposition Exhibit No. 11 was marked for identification.)

Q. BY MR. LEVIN: Mr. O'Neill, have you seen FEC Exhibit 11 before?

A. I invoke the Fifth Amendment.

Q. Can you identify it?

A. I invoke the Fifth Amendment.

Q. Was this a check drawn out of the $30,000 that Wolfswinkel had given as exibited in FEC Exhibit 10?

A. I invoke the Fifth Amendment.

Q. Did you put the check showing FEC Exhibit 11 in your checking account?

A. I invoke the Fifth Amendment.

Q. What did you do with the $5,000 that is represented in FEC Exhibit 11?

A. I invoke the Fifth Amendment.

24043600056

Q. Did you give $1,000 to Ann Lorenzo to reimburse her for a $1,000 contribution she had already made to the Rhodes committee?

A. I invoke the Fifth Amendment.

Q. Had she made the contribution at your suggestion?

A. I invoke the Fifth Amendment.

Q. When she made the contribution, did she mention -- did you mention to her that she would be reimbursed?

A. I invoke the Fifth Amendment.

Q. Did she know to your knowledge that it would be reimbursed?

MR. CAMPBELL: Let me also interrupt this line of questioning, we are getting back into the marital issue. And with respect to questions involving Miss Lorenzo, now known as Mrs. O'Neill, we also invoke the marital privilege.

Q. BY MR. LEVIN: Had you reimbursed other contributions she made to political campaigns prior to this?

MR. CAMPBELL: Let me object on the basis of marital privilege.

THE WITNESS: I invoke the Fifth Amendment.

Q. BY MR. LEVIN: Had you reimbursed other

2043600057

contributions she had made to charitable organizations prior to this?

MR. CAMPBELL: Object on the basis of the marital privilege. John?

THE WITNESS: I invoke the Fifth Amendment.

Q. BY MR. LEVIN: I am going to ask it again. Rather than do that, could you please go back two questions?

(A portion of the record was read back by the court reporter.)

Q. BY MR. LEVIN: Had you given her sums in advance of political contributions she made with the understanding between the two of you that she would make subsequent contributions to political campaigns?

MR. CAMPBELL: Counsel, can I just have a standing objection based on marital privilege so I don't have to interrupt?

MR. LEVIN: Sure. I think there may be one or two more questions along this line. It might be worth it for you to state it, because it is not going to be too long. Well, either way.

MR. CAMPBELL: Same objection based on marital privilege. John?

THE WITNESS: I invoke the Fifth Amendment.

Q. BY MR. LEVIN: Had anyone ever discussed

0243600058

with Miss Lorenzo the propriety under the campaign laws of being reimbursed for the contribution or being given a gift in advance for the contributions to be made by her?

MR. CAMPBELL: Same objection on the basis of marital privilege. John?

THE WITNESS: I invoke the Fifth Amendment.

Q. BY MR. LEVIN: With respect to any contributions Miss Lorenzo may have made to the Rhodes campaign, did you discuss with her the propriety of being reimbursed before or after the fact?

MR. CAMPBELL: Objection based on the marital privilege. John?

THE WITNESS: I invoke the Fifth Amendment.

Q. BY MR. LEVIN: Did Miss Lorenzo know the money came from Conley Wolfswinkel?

MR. CAMPBELL: Objection based on marital privilege. John?

THE WITNESS: I invoke the Fifth Amendment.

Q. BY MR. LEVIN: If there was any prior reimbursement, where did the money to Miss Lorenzo -- where did the money come from for that reimbursement?

A. I invoke the Fifth Amendment.

Q. Now, of this $5,000 in Exhibit 11, did

0043600559

you make a $3,000 payment out of that to Jay Rhodes?

A. I invoke the Fifth Amendment.

Q. When did you decide that you would use some of the money from the Wolfswinkel Contribution to make a payment to Jay Rhodes?

A. I invoke the Fifth Amendment.

Q. Had you decided that prior to August 12, prior to even receiving money from Wolfswinkel or prior to even having Wolfswinkel draw up a check?

A. I invoke the Fifth Amendment.

Q. Did you discuss with anybody the idea of using some of that money to pay Jay Rhodes?

A. I invoke the Fifth Amendment.

Q. Did you discuss the idea with Conley Wolfswinkel?

A. I invoke the Fifth Amendment.

Q. In any conversation you had discussing the idea, either before August 12th or -- well, let's preface it this way, I'm sorry. Before you made a $3,000 payment to Jay Rhodes coming from this $5,000 cashier's check, did you discuss with anybody the idea of Jay needing the money?

A. I invoke the Fifth Amendment.

Q. Was that person amenable to having some of that money from some of the money that you

2404360060

discussed go to Jay Rhodes?

A. I invoke the Fifth Amendment.

Q. During the period in 1986 prior to the beginning of August, had you discussed with anybody the possibility of helping out Jay Rhodes financially?

A. I inoke the Fifth Amendment.

Q. With money other than the bank's money, that is?

A. I invoke the Fifth Amendment.

Q. When did you first discuss with Mr. Rhodes the idea of giving $3,000 to him?

A. I invoke the Fifth Amendment.

Q. What was said?

A. I invoke the Fifth Amendment.

Q. What was the purpose of the payment?

A. I invoke the Fifth Amendment.

Q. That is of the $3,000 payment?

A. I invoke the Fifth amendment.

Q. Was there any discussion of where the $3,000 came from originally?

A. I invoke the Fifth Amendment.

Q. Did Jay Rhodes know the origin of the $3,000?

A. I invoke the Fifth Amendment.

0243600061

Q. Was the $3,000 ever returned to you?
A. I invoke the Fifth Amendment.
Q. Who returned it to you?
A. I invoke the Fifth Amendment.
Q. What was said when the return was made?
A. I invoke the Fifth Amendment.
Q. Were there any attempts by the law firm of Rhodes and Golston to collect the $3,000 subsequent to the return of the funds to you?
A. I invoke the Fifth Amendment.
Q. What was said in those discussions by you and the person to whom you were speaking?
A. I invoke the Fifth Amendment.
Q. Did you use some of the $5,000 to reimburse yourself for a contribution you had made to the Rhodes campaign?
A. I invoke the Fifth Amendment.
Q. Did you understand -- when you made the $1,000 contributions to the Rhodes campaign, had you planned on being reimbursed?
A. I invoke the Fifth Amendment.
Q. Had you understood that this was not the way things were done under campaign finance law?
A. I invoke the Fifth Amendment.
Q. At the time you did it, I mean?

2043600062

A. I invoke the Fifth Amendment.

Q. Did anyone else know about your treatment of the $5,000 at the bottom of FEC Exhibit 11 at the time that you used funds in the way we have described?

A. I invoke the Fifth Amendment.

Q. What was the process by which this $5,000 check was made up?

A. I invoke the Fifth Amendment.

Q. Did you tell anybody at the bank why you were having this check made up?

A. I invoke the Fifth Amendment.

Q. What happened to the remaining $100 out of this $5,000? Let me lay the premise, here. We have got $1,000 from you, $1,000 reimbursed to you -- no, you have a $900 contribution from you, $1,000 reimbursed to Lorenzo, and $3,000 paid to Rhodes. What happened to the remaining $100?

A. I invoke the Fifth amendment.

Q. What happened with the remaining $25,000 of the $30,000 contribution by Wolfswinkel?

A. I invoke the Fifth Amendment.

Q. Did you make five cashier's checks out totaling $7,000 from this $30,000 check?

A. I invoke the Fifth Amendment.

24043600653

Q. Did you have them made out?

A. I invoke the Fifth Amendment.

Q. Did you have $18,000 deposited into the $35,000 line of credit?

A. I invoke the Fifth Amendment.

Q. Did you make the decision to attribute other person's names to these sums?

A. I invoke the Fifth Amendment.

Q. When did you do that?

A. I invoke the Fifth Amendment.

MR. CAMPBELL: I'm just wondering when we get into a subject matter where we are invoking the Fifth, is it necessary to repeat the question 10 times through the change?

MR. LEVIN: I am trying to cut out things, and I'm sorry if I am not doing it as adequately -- but I do think there are things that have to be covered. And I am going through the process myself right now.

(A portion of the record was read back by the court reporter.)

Q. BY MR. LEVIN: Before the end of September, before September 25, 1986, did anyone else know you had done this or would be doing this?

A. I invoke the Fifth Amendment.

Q. What was your reasoning for attributing

0043600064

names to these sums of money?

A. I invoke the Fifth Amendment.

Q. Why didn't you let it stand as a loan from Conley Wolfswinkel?

A. I invoke the Fifth Amendment.

Q. Did you know the people whose names would be used?

A. I invoke the Fifth Amendment.

Q. Who were they?

A. I invoke the Fifth Amendment.

Q. Was there anyone in that list whom you did not know, those people whom you did not know?

A. I invoke the Fifth Amendment.

Q. Did Conley Wolfswinkel know all those people?

A. I invoke the Fifth Amendment.

Q. Did Conley Wolfswinkel know you would be doing this?

A. I invoke the Fifth Amendment.

Q. Why did you pick these -- did you pick all these names yourself?

A. I invoke the Fifth Amendment.

Q. Why did you pick these particular names?

A. I invoke the Fifth Amendment.

0043600065

Q. What did Conley Wolfswinkel know about election law to your knowledge?

A. I invoke the Fifth Amendment.

Q. Describe the process at the bank by which these checks were made up, these cashier's checks, the five cashier's checks were made up?

A. I invoke the Fifth Amendment.

Q. Describe your communications with Georgeann Beaudet with respect to having these cashier's checks made up.

A. I invoke the Fifth Amendment.

Q. Did you give the cashier's checks to the committee?

A. I invoke the Fifth Amendment.

Q. To whom did you give these cashier's checks?

A. I invoke the Fifth Amendment.

Q. Did you report these contributions to the committee?

A. I invoke the Fifth Amendment.

Q. When did you do that?

A. I invoke the Fifth Amendment.

Q. Why did you wait 13 days after the drawing up of the checks to give the contributions to the committee or tell the committee about these

2043600066

contributions?

A. I invoke the Fifth Amendment.

Q. Did you speak to anybody about the contributions when you gave them notice of -- when you gave the committee notice of these contributions, did you speak to anybody at the committee about this?

A. I invoke the Fifth amendment.

Q. What was said in those conversations?

A. I invoke the Fifth Amendment.

Q. When did you give the names attached to the $18,000 to the committee?

A. I invoke the Fifth Amendment.

Q. How long -- why did you wait so long to do that?

A. I invoke the Fifth Amendment.

Q. Did you have any conversation with people at the committee with respect to these attributed contributions?

A. I invoke the Fifth Amendment.

Q. When did you deposit the $18,000 into the line of credit?

A. I invoke the Fifth Amendment.

Q. Why did you wait until then?

MR. CAMPBELL: I am going to object; repetitive, asked and answered.

2043600067

Go ahead, John.

THE WITNESS: I invoke the Fifth Amendment.

Q. BY MR. LEVIN: Did anyone else in the campaign know about your use of the names for Wolfswinkel's contributions before September, before the controversy about this emerged?

MR. CAMPBELL: Objection; asked and answered, repetitive.

Go ahead, John.

THE WITNESS: I invoke the Fifth Amendment.

Q. BY MR. LEVIN: Anyone other than those with whom you conversed?

A. I invoke the Fifth Amendment.

Q. Why did you split the money up in the way you did, that is, $7,000 in cashier's checks and $18,000 for the line of credit?

A. I invoke the Fifth Amendment.

Q. Did you tell the people at the committee to report contributions as received on certain dates?

A. I invoke the Fifth Amendment.

Q. Did you hear any discussion by committee people either involving yourself or not involving yourself as to when to have these contributions reported, what day to attribute to them?

A. I invoke the Fifth Amendment.

2404360058

Q. Did anyone from the bank know what you were doing with the $25,000?

A. I invoke the Fifth Amendment.

Q. Did Georgeann Beaudet know what you were doing?

A. I invoke the Fifth Amendment.

Q. Did she know that what you were doing was contrary to campaign law?

MR. CAMPBELL: Repetitive, asked and answered. Go ahead, John.

THE WITNESS: I invoke the Fifth Amendment.

Q. BY MR. LEVIN: I am going to ask the reporter to mark this exhibit as FEC Exhibit No. 12. I am handing a copy to witness and Counsel.

(Deposition Exhibit No. 12 was marked for identification.)

Q. BY MR. LEVIN: Mr. O'Neill, can you identify FEC Exhibit 11?

A. I invoke the Fifth Amendment.

Q. Have you seen FEC Exhibit 11 before?

A. I invoke the Fifth Amendment.

Q. Are you aware of a $5,000 contribution made by Conley Wolfswinkel where the contribution went to the committee in his name and the name of family members?

24043600059

A. I invoke the Fifth Amendment.

Q. How did the contribution that we are -- that I am discussing come about?

A. I invoke the Fifth Amendment.

Q. Did you and Mr. Wolfswinkel discuss a $5,000 contribution from Wolfswinkel in June of '86?

A. I invoke the Fifth Amendment.

Q. Was some other figure discussed?

A. I invoke the Fifth Amendment.

Q. In what capacity were you speaking to him, that is, were you speaking on behalf of the Rhodes campaign?

A. I invoke the Fifth Amendment.

Q. Did others in the campaign know of any conversation you had with Wolfswinkel with respect to the $5,000 contribution?

A. I invoke the Fifth Amendment.

Q. Did others in the campaign speak to Mr. Wolfswinkel about the possibility of his making a $5,000 contribution using other people's names?

A. I invoke the Fifth Amendment.

Q. When did Mr. Wolfswinkel make the decision that he would contribute $5,000 to the campaign using family names?

A. I invoke the Fifth Amendment.

0043600070

Q. Now, looking at FEC Exhibit 12, do you know who wrote Rhodes for Congress on this check?

A. I invoke the Fifth Amendment.

Q. Do you know who put $5,000 on this check in numeral form on both lines?

A. I invoke the Fifth Amendment.

Q. Did someone at Wolfswinkel's offices give you this check?

A. I invoke the Fifth Amendment.

Q. Did they give you this check pursuant to instructions that you gave them?

A. I invoke the Fifth Amendment.

Q. Were these instructions that you gave them after your conversation, after a conversation with Mr. Wolfswinkel?

A. I invoke the Fifth Amendment.

Q. In which you discussed having a $5,000 contribution made?

A. I invoke the Fifth Amendment.

Q. Were you aware of what account this check was written on?

A. I invoke the Fifth Amendment.

Q. Were you aware that this account was used for corporate purposes?

A. I invoke the Fifth Amendment.

2420436000071

Q. At the time of this contribution, were you aware of the prohibitions on corporate contributions?

A. I invoke the Fifth Amendment.

MR. CAMPBELL: I object as being repetitive and asked and answered.

MR. LEVIN: Well, the question you heard before was with respect to September. I thought he was going to take the Fifth.

MR. CAMPBELL: Correct. I am just trying to speed us along. The patience of Job is wearing thin.

MR. LEVIN: I am doing all I can to accommodate all of the needs in this, including my own.

Q. BY MR. LEVIN: To your knowledge, which family member's contribution -- and I say that in quotes, "contribution," was this check meant to cover?

A. I invoke the Fifth Amendment.

Q. I am handing the reporter an exhibit to be marked as FEC Exhibit 13, and I am handing a copy to witness and Counsel.

(Deposition Exhibit No. 13 was marked for identification.)

Q. BY MR. LEVIN: Mr. O'Neill, can you

24043600072

identify FEC Exhibit 13?

A. I invoke the Fifth Amendment.

Q. Have you seen FEC exhibit 13 before?

A. I invoke the Fifth Amendment.

Q. Did you have these cashier's checks issued from the $5,000 out of the $5,000 contribution on FEC Exhibit 12?

A. I invoke the Fifth Amendment.

Q. What process did you go through to have the cashier's checks issued?

A. I invoke the Fifth Amendment.

Q. Who was involved at the bank in the issuance of these cashier's checks?

A. I invoke the Fifth Amendment.

Q. What did Georgeann Beaudet do in the process of issuing the cashier's checks?

A. I invoke the Fifth Amendment.

Q. Did Miss Beaudet have any knowledge of the propriety in campaign law what she was doing at the time?

A. I invoke the Fifth Amendment.

Q. Are these the only three checks that came out of the $5,000 contribution shown in FEC Exhibit 12?

A. I invoke the Fifth Amendment.

24043600073

Q. Were cashier's checks supposed to be issued for two of Conley Wolfswinkel's other children?

A. I invoke the Fifth Amendment.

Q. Was there a different contribution serving as the origin for such other represented contributions from the children?

A. I invoke the Fifth Amendment.

Q. Did you give the cashier's checks to the committee?

A. I invoke the Fifth Amendment.

Q. Or did someone else do that?

A. I invoke the Fifth Amendment.

Q. Did you give any instructions as to how the contributions were to be reported?

A. I invoke the Fifth Amendment.

Q. Can you explain to me why a $900 contribution was reported for Conley Wolfswinkel and a $1,000 contribution for Bernadette Wolfswinkel on June 30th?

A. I invoke the Fifth Amendment.

Q. Were you responsible for the reporting of those contributions?

A. I invoke the Fifth Amendment.

Q. Can you tell me why the June 30th

24043600074

contributions as reported in the Rhodes campaign committee reports reported the way they were, and that is, $4900 from five members of the Wolfswinkel family as opposed to $4900 or 5,000 from three members of the Wolfswinkel family?

A. I invoke the Fifth Amendment.

Q. Did Conley Wolfswinkel know the use of his check?

A. I invoke the Fifth Amendment.

Q. Did he know of the issuance of the cashier's checks?

A. I invoke the Fifth Amendment.

Q. We are moving at pace.

Who was responsible for drawing up the lists of deposits that would reflect the activities of the Rhodes accounts at the bank?

A. I invoke the Fifth Amendment.

Q. Was anything done to conceal contributions from those lists of deposits?

A. I invoke the Fifth Amendment.

Q. Were there delayed entries to lists of deposits?

A. I invoke the Fifth Amendment.

Q. I am handing the reporter an exhibit to be marked as FEC Exhibit 14, and I am handing a copy

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to witness and Counsel.

(Deposition Exhibit No. 14 was marked for identification.)

Q. BY MR. LEVIN: Mr. O'Neill, can you identify FEC Exhibit 14?

A. I invoke the Fifth Amendment.

Q. Have you seen FEC Exhibit 14 before?

A. I invoke the Fifth Amendment.

Q. Or the checks shown on FEC Exhibit 14 before?

A. I invoke the Fifth Amendment.

Q. Are you aware of five cashier's checks bearing the names of your daughter and son-in-law and Cortland Silver, Jr., in early March 1986 and going to the Rhodes to Congress Committee?

MR. CAMPBELL: Objection; repetitive.

Go ahead, John.

THE WITNESS: I invoke the Fifth Amendment.

Q. BY MR. LEVIN: Can you tell me how these cashier's checks came about, how it came to be that these were drawn up?

A. I invoke the Fifth Amendment.

Q. Can you tell me where the sum of these checks, the $5,000 originated from?

A. I invoke the Fifth Amendment.

24043600076

Q. This is FEC Exhibit 15. I am handing a copy to witness and Counsel.

(Deposition Exhibit No. 15 was marked for identification.)

Q. BY MR. LEVIN: Mr. O'Neill, can you identify FEC Exhibit 15?

A. I invoke the Fifth Amendment.

Q. Have you seen FEC Exhibit 15 before?

A. I invoke the Fifth Amendment.

Q. This has two pages, Mr. O'Neill. How did you come to be in possession of this $5,000 check?

A. I invoke the Fifth Amendment.

Q. Did Mr. Silver endorse this check over to you?

A. I invoke the Fifth Amendment.

Q. For what reason?

A. I invoke the Fifth Amendment.

Q. What conversations were there between you and Mr. Silver preceding this endorsement?

A. I invoke the Fifth Amendment.

Q. Were you speaking to Mr. Silver on behalf of the Rhodes Committee?

A. I invoke the Fifth Amendment.

Q. Were you aware at this time in March of 1986 that corporate contributions or money originating

2043600077

from corporations was prohibited for campaigns?

A. I invoke the Fifth Amendment.

Q. Did others from the Rhodes Committee know about the origins of the contributions or subsequent arrangements you made with respect to the cashier's checks?

A. I invoke the Fifth Amendment.

Q. What procedure did you go through at the bank to have the checks brought up, drawn up?

A. I invoke the Fifth Amendment.

Q. What role did Georgeann Beaudet play in the drawing up of these checks?

A. I invoke the Fifth Amendment.

Q. Was Miss Beaudet aware of the circumstances surrounding -- what circumstances surrounding the making up of these cashier's checks was Miss Beaudet aware of, to your knowledge?

MR. CAMPBELL: Objection; repetitive, asked and answered.

Q. BY MR. LEVIN: Not with respect to this contribution.

A. I invoke the Fifth Amendment.

Q. What made you choose the names you chose?

A. I invoke the Fifth Amendment.

Q. Did the persons listed on FEC Exhibit 15

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in the upper left-hand corner of these checks know of the use of their names at the time?

A. I invoke the Fifth Amendment.

Q. What did others at the bank know about the original check and the making up of the cashier's checks?

A. I invoke the Fifth Amendment.

Q. Did you tell others at the bank what you were doing?

A. I invoke the Fifth Amendment.

Q. What did Cortland Silver, Sr. know about your handling of the $5,000 check endorsed over to you?

A. I invoke the Fifth Amendment.

Q. Do he know that you had used the funds for the campaign?

A. I invoke the Fifth Amendment.

Q. Did he know that you had made cashier's checks out of them out of the $5,000?

A. I invoke the Fifth Amendment.

Q. Did he know what names you would use?

A. I invoke the Fifth Amendment.

Q. Why -- did I ask this before? Well, I will ask it again, why Mr. Silver endorsed the check over to you, to your knowledge?

0243600079

A. I invoke the Fifth Amendment.

Q. What kind of relationship did you have with Mr. Silver's corporation, Riviera Capital, or any of his other corporations?

A. I invoke the Fifth Amendment.

Q. Did he ever give you permission to speak to his employees to have checks drawn up per your instructions?

A. I invoke the Fifth Amendment.

Q. Would it have been possible for you to have a check such as FEC Exhibit 15 drawn up without Mr. Silver knowing who the payee was at the time?

A. I invoke the Fifth Amendment.

Q. Did you present the cashier's checks to the committee?

A. I invoke the Fifth Amendment.

Q. How was the committee apprised of these contributions, of the five apparent contributions?

A. I invoke the Fifth Amendment.

Q. Was there any discussion with anyone at the committee about the five cashier's checks at the time that the committee became aware of receiving those contributions?

A. I invoke the Fifth Amendment.

Q. What was said?

24043600030

A. I invoke the Fifth Amendment.

Q. Did you tell him of the origins of the checks?

A. I invoke the Fifth Amendment.

Q. Was anyone else on the committee aware of the origins for development of the cashier's checks that are in FEC Exhibit 14?

A. I invoke the Fifth Amendment.

Q. To your knowledge, what was Mr. Silver's awareness of campaign law?

A. I invoke the Fifth Amendment.

Q. Was he aware of the individual limits?

A. I invoke the Fifth Amendment.

Q. Or was he aware of prohibitions?

MR. CAMPBELL: This obviously calls for speculation what was in someone else's mind, but --

Q. BY MR. LEVIN: To your knowledge?

A. I invoke the Fifth Amendment.

Q. That is to the previous question as well, to your knowledge as well as to the limits?

A. I invoke the Fifth Amendment.

Q. I am handing the reporter an exhibit to be marked as FEC Exhibit 16, and I am handing a copy to witness and Counsel.

(Deposition Exhibit No. 16 was marked for

2043600081

identification.)

Q. BY MR. LEVIN: Mr. O'Neill, can you identify FEC Exhibit 16 as a three-page document?

A. I invoke the Fifth Amendment.

Q. Have you seen the check on FEC Exhibit 16 before or any part of it?

A. I invoke the Fifth Amendment.

Q. Can you tell me how these checks came to be drawn up, these cashier's checks?

A. I invoke the Fifth Amendment.

Q. What was used as an offset for these checks?

A. I invoke the Fifth Amendment.

Q. Were any corporate monies used as an offset for these checks?

A. I invoke the Fifth Amendment.

Q. Why did contributions from the Silvers have to be transferred into cashier's checks?

A. I invoke the Fifth Amendment.

Q. Let me rephrase that. Why did you change those contributions into cashier's checks?

A. I invoke the Fifth Amendment.

Q. What is the significance of the term bank use on the checks?

A. I invoke the Fifth Amendment.

2404360082

Q. Who at the bank participated in the making up of these cashier's checks?

A. I invoke the Fifth Amendment.

Q. What did that person or those persons know about the making up of these particular cashier's checks?

A. I invoke the Fifth Amendment.

Q. Who at the committee had any knowledge of the making up of these cashier's checks?

A. I invoke the Fifth Amendment.

Q. What did they know?

A. I invoke the Fifth Amendment.

Q. Did you present these checks to be reported by the committee?

A. I invoke the Fifth Amendment.

Q. Was there any discussion with committee people as to the reporting of these cashier's checks?

A. I invoke the Fifth Amendment.

Q. Any discussion as to why they came in the form of the cashier's check with people in the committee?

A. I invoke the Fifth Amendment.

Q. What did Lorraine Silver know about the transaction, to your knowledge, this transaction

2 4 0 4 3 6 0 0 8 3

where you ultimately issued cashier's checks, that is, in FEC Exhibit 16?

A. I invoke the Fifth Amendment.

Q. Do you know what her awareness of the campaign laws was?

A. Invoke the Fifth Amendment.

Q. I am handing the reporter a document to be marked as FEC Exhibit 17, and I am handing a copy to witness and Counsel.

(Deposition Exhibit No. 17 was marked for identification.)

Q. BY MR. LEVIN: Can you identify FEC Exhibit No. 17?

A. I invoke the Fifth Amendment.

Q. Have you seen FEC Exhibit 17 before?

A. I invoke the Fifth Amendment.

Q. How did these cashier's checks come about?

A. I invoke the Fifth Amendment.

Q. Was there any conversation with the Smetses prior to the issuance of these cashier's checks that led up to the issuance of these checks?

A. I invoke the Fifth Amendment.

Q. What was used as an offset for these, for the checks that are in FEC Exhibit 17?

A. I invoke the Fifth Amendment.

2443600384

Q. Was cash given?

A. I invoke the Fifth Amendment.

Q. Were corporate monies used as an offset?

A. I invoke the Fifth Amendment.

Q. Why were cashier's checks used for contributions?

A. I invoke the Fifth Amendment.

Q. What was wrong with the Smetses using their own checks?

A. I invoke the Fifth Amendment.

Q. When you convert -- in all the examples we have discussed thus far, when you convert monies to cashier's checks or when you have cashier's checks drawn up, are you acting as a representative of the committee or are you acting as a banker?

A. I invoke the Fifth Amendment.

Q. Who else at the bank knew that you were having the checks in FEC Exhibit 17 drawn up, having those cashier's checks?

A. I invoke the Fifth Amendment.

Q. Who else knew what procedure was going on leading up to the drafting of these cashier's checks?

A. I invoke the Fifth Amendment.

Q. How did these checks get to the committee? How did the check pertaining to Rhodes

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get to the committee for reporting?

A. I invoke the Fifth Amendment.

Q. Was there any discussion about these particular checks at the time that they went to the committee for reporting or at the time the committee was informed about them?

A. I invoke the Fifth Amendment.

Q. Was there any such conversation as to why these contributions were in the form of a cashier's check?

A. I invoke the Fifth Amendment.

Q. I am going to ask generally, why were -- no, I think I won't ask that.

Just as a note, we are proceeding at pace, and I think staying within the schedule we anticipated right before lunch.

I am handing the reporter an exhibit to be marked as FEC Exhibit 18, and I am handing a copy to witness and Counsel. Take time to look at FEC Exhibit 18.

(Deposition Exhibit 18 was marked for identification.)

Q. BY MR. LEVIN: Have you seen FEC Exhibit 18 before, Mr. O'Neill?

A. I invoke the Fifth Amendment.

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Q. Can you identify FEC Exhibit 18?

A. I invoke the Fifth Amendment.

Q. Can you tell me what the checks shown on FEC Exhibit 18 represent?

A. I invoke Fifth Amendment.

Q. Did the committee, Rhodes Committee employ Miss Debbie Lorshbough?

A. I invoke the Fifth Amendment.

Q. Can you tell me how it came about that they employed Miss Lorshbough?

A. I invoke the Fifth Amendment.

Q. Can you tell me what discussions preceded the employment of Miss Lorshbough on the campaign?

A. I invoke the Fifth Amendment.

Q. Did you tell Ann Brown that Debbie Lorshbough was a loaned employee, that is quote "loaned" employee?

A. I invoke the Fifth Amendment.

Q. What did you mean by that?

A. I invoke the Fifth Amendment.

Q. What did she say in response?

A. I invoke the Fifth Amendment.

Q. Who was the original payer of Miss Lorshbough's salary? Where did those funds originate from?

0 4 0 4 3 6 0 0 8 7

A. I invoke the Fifth Amendment.

Q. Let me ask a foundational question: Did these checks represent a payment of Miss Lorshbough's salary for the committee?

A. I invoke the Fifth Amendment.

Q. And then where did the money originate from?

A. I invoke the Fifth Amendment.

Q. Did the funds used to pay Miss Lorshbough originate from a check made out to you or a cashier's check made out to you where the purchaser was Riviera Capital Corporation?

A. I invoke the Fifth Amendment.

Q. I am asking that question with respect to a Riviera Capital check, a $4,000 check?

A. I invoke the Fifth Amendment.

Q. If that check was used as a payment, the source of payment to Miss Lorshbough, was all the check used for payments to Miss Lorshbough?

A. I invoke the Fifth Amendment.

Q. What was the arrangement for payment to Miss Lorshbough?

A. I invoke the Fifth Amendment.

Q. Describe the process by which the cashier's check came about, starting from the

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original check to these cashier's checks shown on FEC Exhibit 18.

A. I invoke the Fifth Amendment.

Q. Are these all the checks that went to Miss Lorshbough, the total of $1260?

A. I invoke the Fifth Amendment.

Q. If that is what happened, if the $4,000 Riviera Capital check is the origin, what happened to the remaining $1240?

A. I invoke the Fifth Amendment.

Q. What did people at the bank know about this transaction?

A. I invoke the Fifth Amendment.

Q. Prior to September 25, 1986, who at the Rhodes campaign was aware of the arrangement by which Mr. Silver would pay Miss Lorshbough's salary?

A. I invoke the Fifth Amendment.

Q. That is to your knowledge I am asking that question.

A. I invoke the Fifth Amendment.

Q. Of those who were aware, who was aware of the $1,000 limit?

A. I invoke the Fifth Amendment.

Q. Of those who were aware, who was aware of the prohibitions on corporate contributions?

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A. I invoke the Fifth Amendment.

Q. You are aware that this was, in effect, a payment of $1260 to the committee, is that correct?

MR. CAMPBELL: Objection; argumentative.

Q. BY MR. LEVIN: Were you aware that this was, in effect, a payment of $1260 to the committee from an individual or an individual entity?

A. I invoke the Fifth Amendment.

Q. Did the committee have this kind of arrangement for anyone else?

A. I invoke the Fifth Amendment.

Q. Were you aware that the payment of a person's services for -- were you aware that the payment for services rendered by a person for the committee payment by someone else, e.g., Mr. Silver, was a contribution?

A. I invoke the Fifth Amendment.

Q. Take a short break.

(Short recess.)

Q. BY MR. LEVIN: Let's go back on the record.

Mr. O'Neill, how many bank accounts did the Rhodes committee have, to your knowledge?

A. I invoke the Fifth Amendment.

Q. Did they have just a money market and

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checking account at United Bank?

A. I invoke the Fifth Amendment.

Q. Did they have any accounts in any other banks?

A. I invoke the Fifth Amendment.

Q. Did you monitor these accounts for the campaign?

A. I invoke the Fifth Amendment.

Q. Did you oversee the issuance of the statements for this campaign, for the Rhodes campaign?

A. I invoke the Fifth Amendment.

Q. Up until September 30, 1986, in other words, covering the period that would be within your knowledge, would the money market statements -- would the statements issued by the bank showing what goes in and out of the money market account reflect all of the funds going through the campaign?

A. I invoke the Fifth Amendment.

Q. Who else on the committee would know about whether the money market account reflected all the funds that would go through the campaign, either as receipts or disbursements?

A. I invoke the Fifth Amendment.

Q. Who from the campaign would see these

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statements during the campaign?

A. I invoke the Fifth Amendment.

Q. What would be the reason for any discrepancies between what was reported on the money market -- what was reported on the FEC campaign reports and what would be shown on the money market account other than checks going through the normal banking clearance procedure?

A. I invoke the Fifth Amendment.

Q. Have you had any discussions with Conley Wolfswinkel as to this matter since September 25, 1986?

A. I invoke the Fifth Amendment.

Q. What was said?

A. I invoke the Fifth Amendment.

Q. Have you had any conversations with Cortland Silver since September 25, 1986, pertaining to the things we have discussed today?

A. Invoke the Fifth Amendment.

Q. Was there any attempt by you to have Conley Wolfswinkel and/or Cortland Silver sit down and discuss this matter since September 25, 1986?

A. I invoke the Fifth Amendment.

Q. Was the committee aware, generally, that sometimes you would have contributions converted to

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cashier's checks?

A. I invoke the Fifth Amendment.

Q. Who on the committee was aware of this?

A. I invoke the Fifth Amendment.

Q. To your knowledge, was the committee aware of any of the reasons why you did this?

A. I invoke the Fifth Amendment.

Q. Do you know who James Simmons is?

A. I invoke the Fifth Amendment.

Q. Was he involved in the Rhodes campaign?

A. I invoke the Fifth Amendment.

Q. Are you aware of any statements by him in conversations or otherwise where he has first talked about the Rhodes campaign during 1986?

A. I invoke the Fifth Amendment.

Q. We are almost done.

I think I asked this before. Are you aware of any involvement by him in the Rhodes campaign?

A. I invoke the Fifth Amendment.

Q. Are you aware of any interest on his part in providing assistance to the Rhodes campaign through the bank?

A. I invoke the Fifth Amendment.

Q. Are there any inferences you have drawn

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to that effect?

A. I invoke the Fifth Amendment.

Q. And if so, based on what?

A. I invoke the Fifth Amendment.

Q. To your knowledge, was there anyone else in United Bank who worked for the Rhodes campaign?

A. I invoke the Fifth Amendment.

Q. Was Mrs. Rhodes still on the board of -- was Jay Rhodes' mother still on the board of United Bank at the this time up until September 25, 1986?

A. I invoke the Fifth Amendment.

Q. Are you aware of any contacts she had with bank personnel with respect to the campaign and its finances?

A. I invoke the Fifth Amendment.

Q. I am going to ask this question: When funds were taken in by you for a conversion to cashier's checks, were you accepting these funds on behalf of the committee, the Rhodes committee?

A. I invoke the Fifth amendment.

Q. When were you asked to leave the committee -- or were you asked the leave the committee?

A. I invoke the Fifth Amendment.

Q. When were you asked?

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A. I invoke the Fifth Amendment.

Q. Did people tell you why you were asked to leave the committee?

A. I invoke the Fifth Amendment.

Q. Who discussed that with you at the committee?

A. I invoke the Fifth Amendment.

Q. What did they say to you?

MR. CAMPBELL: Objection; repetitive.

THE WITNESS: I invoke the Fifth Amendment.

Q. BY MR. LEVIN: Just one matter I want to allow Mr. O'Neill to clear up as far as his resume. The representation was made that it was current, but that he wanted to clarify what he meant.

MR. CAMPBELL: I think the resume that has been provided shows he is working at CWG Financial, and that is not correct. It was correct at the time the resume was prepared. It is now wrong. He now works as a consultant. It is not current in that respect, but I think that came out in the testimony.

MR. LEVIN: One thing I do want to make clear for the record here is just that we have discussed this off the record, and we didn't necessarily state it on the record. Counsel, you had stated a desire that we not or that the commission not take a

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negative inference from the taking of the Fifth. And as I made clear to you off the record and in a conversation a week ago and in the next room when we were discussing it but not stated on the record was that the commission may very well take such a negative inference. And I didn't want my silence on your part to be an indication that I had not changed my position. I wanted to make that clear for the record.

MR. CAMPBELL: I understand that. I didn't take your comment to mean you were conceding my information on negative inferences. I would think the reason for not taking a negative inference from a invocation of God-given constitutional rights are clear. But I understand the commission may take a contrary position.

MR. LEVIN: I have no further questions.

MR. CAMPBELL: Thank you.

MR. LEVIN: Before we go off the record, you have nothing to say other than what has been said?

MR. CAMPBELL: I don't know what further I can say. We certainly would like to do anything we can to bring this matter to an expeditious close. Until then, we will certainly reconsider the implications of Fifth Amendment. But unless, I guess, the

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proceedings can go a little further, it's impossible for us to reconsider that.

MR. LEVIN: Let me state this deposition is a continued deposition. It is not terminated, as is the practice at the Federal Election Commission and that Mr. O'Neill is still under subpoena. We are continuing and not terminating this deposition.

That is it.

MR. CAMPBELL: As long as the record indicates we don't agree to the continuation of the deposition. I don't know what the rule is that governs the FEC subpoena, if it is Federal or Civil. They would not allow you to hold a deposition up. Not having known the rule, we don't consent to the continuation.

MR. LEVIN: It is not the Federal Rules.

(2:45 p.m.)

JOHN O'NEILL

24043600097

STATE OF ARIZONA)
: ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition was taken by me; that I was then and there a Notary Public in and for the County of Maricopa, State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the whole truth and nothing but the truth; that said deposition was reduced to writing by me, and that the foregoing 116 pages constitute a full, true, and accurate transcript of the testimony of said witness to the best of my skill and ability.

I FURTHER CERTIFY that I am not related to nor employed by any of the parties hereto and have no interest in the outcome thereof.

DATED at Phoenix, Arizona, this _____ day of _____, 1989.

_____
Laurie A. Adams
Court Reporter

My commission expires April 20, 1990.

2436098

PROMISSORY NOTE

UNITED BANK OF ARIZONA

Mesa, Arizona June 3, 19 86

$ 825.00-Consitcent — On Demand, after date,

value received, I, we, and each of us, as principals, promise to pay to the order of UNITED BANK OF ARIZONA at its Mesa Regional- office, in Mesa, Arizona, the principal sum of

Eight Hundred Twenty-Five and no/100---------- DOLLARS

in lawful money of the United States, with interest thereon from date until paid at the rate of ---10.50---- percent per annum:

interest payable at maturity - Interest shall be computed on a basis of a -360- day year.

CREDIT COMMENT See Attached Loan Memo for Remarks

ORIG. ADVANCE _____ NEW $ 825.000 RENEWAL $ Invoice -------- -12.0

LOAN OFFICER'S INITIAL

LOAN REVIEW:

John J. O'Neill

LIABILITY:

UNSEC. _____

COLL. _____

END. _____

R/E _____

TOTAL INSTAL. LOANS _____

SAVINGS & UMMA BAL. _____

12 MO. AVERAGE DDA BAL. _____

12 MO. PROFITABILITY _____

RECEIVED JUN 17 1986 MESA BANK CREDIT DEPT.

Customer Name(s) John J. Rhodes III

Customer Address 1738 N. Gentry Circle

Mesa, Arizona 85203

Customer No. 01100 35 079 Note No 21057

Maturity Date 12/1/86 Class C1 (4A)

LG 5

11-26 R 12 85

O'Neill

EXH. NO. 3 DATE 3-6-89

LAURIE ADAMS

UNITED BANK OF ARIZONA

REVOLVING CREDIT NOTE (VARIABLE RATE)

Draft

NO. 4 DATE 3-6-87

LAURIE ADAMS

Maximum Amount (The "Commitment")

25,000.00

Mesa, Arizona

June 13, 19 86

For value received, the undersigned ("Borrower"), promises to pay on or before June 17, 1987 to the order of United Bank of Arizona ("Bank") at its Mesa Regional Home office in Mesa, Arizona, the aggregate principal amount outstanding on Borrower's revolving line of credit as shown on Bank's records which shall at all times be conclusive and govern, with interest payable monthly on the unpaid balance outstanding from time to time computed at an annual rate equal to [illegible] percent ([illegible]%) per annum, more than the "prime rate" of interest charged by United Bank of Arizona. Said annual rate shall be adjusted on a daily basis calculated as of the date of this note. Interest is to be charged on a daily basis for the actual number of days the principal is outstanding, computed on the basis of a 365 day year, from the date of disbursement to the date of maturity or repayment, whichever comes first. If permitted by law the undersigned hereby agrees and contracts to pay all direct costs, fees, taxes and expenses ("Expenses") incurred in connection with the loan transaction and collateral thereto. Borrower also agrees that Expenses and compensation [illegible] in writing. [illegible] Dollars ($ [illegible]), and the amount outstanding on this note at any specific time shall be the total amount advanced hereunder by Bank less the amount of principal payments made to or from time to time by Borrower. All amounts hereunder shall be paid in lawful money of the United States. All past due payments of principal and interest shall bear interest at [illegible] percent ([illegible]%) per annum (365 day year) more than the prime rate in effect at the time of default (as such prime shall change from time to time) until paid.

Advances, hereunder, not to exceed at unpaid balance owing at any one time equal to the maximum amount specified above, may be made by Bank at the oral or written request of either [illegible] or [illegible] who are authorized to request advances and direct the disposition of any such advances, until written notice of the revocation of such authority is received by the Bank at its office. Any [illegible] shall be conclusively presumed to have been made for the benefit of the Borrower which shall be accountable with such [illegible] the fact that persons other than those authorized hereunder may have authority to draw against such account.

This commitment expires June 17, 1987 at which time the entire unpaid principal balance plus unpaid accrued interest shall be due and payable.

This debt may be prepaid without notice or penalty at any time.

CREDIT COMMENT: See attached Offering Sheet

LIABILITY

UNSEC.

SEC.

END

RE

ORIG. ADVANCE _____ NEW $ _____ RENEWAL $ _____

LOAN OFFICER'S INITIALS: [illegible]

Maria I. Evans, AVP

LOAN REVIEW:

UNITED BANK JUN 26 1986 CREDIT DEPT.

TOTAL INSTAL. LOANS

CURRENT A/C BAL.

3 MO. AVERAGE A/C BAL.

12 MO. AVERAGE A/C BAL.

Address 13 North McDonald, Suite [illegible]
Mesa, Arizona 85201

JOHN J. RHODES, III AND ROGER A. [illegible]
ATTORNEYS AT LAW, A PARTNERSHIP

BY:
John J. Rhodes, III, Partner

Customer No. 01886 25 074 Note No. 24499

Maturity Date 06/17/87 Class 002 (4A)

LG 5

RHODES TO CONGRESS P O BOX 1381 MESA, AZ 85204 BORROWER'S NAME AND ADDRESS des each borrower above, jointly and severally.	SUN NATIONAL BANK 1220 SOUTH ALMA SCHOOL ROAD MESA, AZ 85202 LENDER'S NAME AND ADDRESS "You" means the lender, its successors and assigns.	ACCOUNT # 0064668 Loan Number 20757 Date SEPTEMBER 3, 1986 Maturity Date DECEMBER 2, 1986 Loan Amount $ 50,000.00 Renewal Of

promise to pay to you, or your order, at your address listed above the
.INCIPAL sum of FIFTY THOUSAND AND NO/100 Dollars $ 50,000.00

☒ **Single Advance:** I have received all of this principal sum. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. As of today I have received the amount of $ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

Paid & Renewed #20860

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires no later than _____ 19 ____.

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

PURPOSE: The purpose of this loan is BUSINESS: CAMPAIGN CONTRIBUTION

INTEREST: I agree to pay interest on the principal balance(s) owing from time to time as stated in this section.

☐ **Fixed Rate:** I agree to pay interest at the fixed, simple rate of _____ % per year.

☒ **Variable Rate:** I agree to pay interest at the initial simple rate of 11.500 % per year. This rate may change as stated below.

☒ **Index Rate:** The future rate will be 2.500% OVER the following index rate: SUN NATIONAL BANK BASE INDEX RATE

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ **Frequency and Timing:** The rate on this note may increase as often as DAILY

An increase in the index will take effect ON THE SAME DAY

☐ **Limitations:** The rate on this note will not at any time (and no matter what happens to any index rate used) go above or below these limits:

☐ **Maximum Rate:** The rate will not go above _____

☐ **Minimum Rate:** The rate will not go below _____

Post Maturity Rate: I agree to pay interest on the principal owing after maturity, and until paid in full, as indicated below:

☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☒ at a rate equal to 21.0

O'Neill
INIT. NOT. below: 5 DATE 3-6-89
LAURIE ADAMS

ADDITIONAL CHARGES: In addition to interest, I ☐ have paid ☐ agree to pay the following additional charges _____

PAYMENTS: I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest ON DEMAND, BUT IF NO DEMAND IS MADE AT MATURITY

☒ **Principal:** I agree to pay the principal ON DEMAND, BUT IF NO DEMAND IS MADE THEN ON DECEMBER 2, 1986

☐ **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of $ _____ and will be due _____, 19 ____. A payment of $ _____ will be due on the _____ day of each _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____, 19 ____.

☒ **Effect of Variable Rate:** An increase in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will be increased.

☒ The amount of the final payment will be increased.

☐ _____

ADDITIONAL TERMS:

☐ **SECURITY:** This note is secured by: _____

☒ If checked, no agreement was signed today securing this note.

(This section is for your internal use. It may not include every agreement or item of collateral securing this note. You will not lose any security by omitting it from this section.)

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON THE OTHER SIDE). I have received a copy on today's date.

RHODES TO CONGRESS

BY: John J. O'Neill
JOHN J O'NEILL, CAMPAIGN CHR

BY: John J. Rhodes III
JOHN J. RHODES III, CANDIDATE

© 1984 BANKERS SYSTEMS, INC ST CLOUD, MN FORM UN 2/17/84

GUARANTY

Mesa, Arizona
(City) (State)

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce _____, 19____
SUN NATIONAL BANK
(herein, with its participants, successors and assigns, called "Bank"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of
Rhodes to Congress
(herein called "Borrower") or to engage in any other transactions with Borrower, the undersigned hereby absolutely and unconditionally guarantee(s) to the Bank the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☐ is checked, the undersigned guarantee(s) to Bank the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Bank (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness").

B. If this ☐ is checked, the undersigned guarantee(s) to Bank the payment and performance of the debt, liability or obligation of Borrower to Bank evidenced by or arising out of the following:
Promissory note dated September 3, 1986 in the amount of $50,000.00
in the name of Rhodes to Congress
and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

The undersigned further acknowledge(s) and agree(s) with Bank that:

1. No act or thing need occur to establish the liability of the undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the undersigned or modify, reduce, limit or release the liability of the undersigned hereunder.

2. If paragraph A is checked, this is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked prospectively as to future transactions, by written notice actually received by the Bank, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Bank, or as to any renewals, extensions and refinancings thereof. If there be more than one undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by the Bank and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) then the Bank shall have the right to declare immediately due and payable, and the undersigned will forthwith pay to the Bank, the full amount of all Indebtedness, whether due and payable or unmatured. If the undersigned voluntarily commences or there is commenced involuntarily against the undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the undersigned hereunder shall be limited to a principal amount of $ 50,000.00 (if unlimited or if no amount is stated, the undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the undersigned hereunder. The Bank may apply any sums received by or available to the Bank on account of the Indebtedness from Borrower or any other person (except the undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the undersigned hereunder. If the liability of the undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Bank, advising the Bank that such payment is made under this guaranty for such purpose.

5. The undersigned will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the undersigned against any person liable to payment of the Indebtedness, or as to any collateral security therefor, unless and until all of the Indebtedness shall have been fully paid and discharged.

6. The undersigned will pay or reimburse the Bank for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Bank in connection with the protection, defense or enforcement of this guaranty in any litigation or in bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on the reverse side hereof, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____.
☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the undersigned the day and year first above written

John O'Neill

M-240 5-83 (For Corporate Guarantor use M-250)

2404360310 2

ADDITIONAL PROVISIONS

7. Whether or not any existing relationship between the undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, the Bank may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the undersigned and without any notice to the undersigned. The liability of the undersigned shall not be affected or impaired by any of the following acts or things (which the Bank is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof or to protect, insure or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Bank under §1111(b)(2) of the United States Bankruptcy Code.

8. The undersigned waive(s) any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the undersigned will not assert, plead or enforce against the Bank any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness or any setoff available against the Bank to Borrower or any such other person, whether or not on account of a related transaction. The undersigned expressly agree(s) that the undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

9. The undersigned waive(s) presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. The Bank shall not be required first to resort for payment of the Indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

10. If any payment applied by the Bank to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

11. The liability of the undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to the Bank as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

12. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the undersigned. This guaranty shall be effective upon delivery to the Bank, without further act, condition or acceptance by the Bank, shall be binding upon the undersigned and the heirs, representatives, successors and assigns of the undersigned and shall inure to the benefit of the Bank and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. This guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the undersigned and the Bank. This guaranty shall be governed by the laws of the State in which it is executed. The undersigned waive(s) notice of the Bank's acceptance hereof and waive(s) the right to a trial by jury in any action based on or pertaining to this guaranty.

2404360310 3

GUARANTY

Mesa, Arizona

_____, 19____

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce SUN NATIONAL BANK (herein, with its participants, successors and assigns, called "Bank"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of Rhodes to Congress (herein called "Borrower") or to engage in any other transactions with Borrower, the undersigned hereby absolutely and unconditionally guarantee(s) to the Bank the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☐ is checked, the undersigned guarantee(s) to Bank the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Bank (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness").

B. If this ☒ is checked, the undersigned guarantee(s) to Bank the payment and performance of the debt, liability or obligation of Borrower to Bank evidenced by or arising out of the following: Promissory note dated September 3, 1986 in the amount of $50,000.00 in the name of Rhodes to Congress and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

The undersigned further acknowledge(s) and agree(s) with Bank that:

1. No act or thing need occur to establish the liability of the undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the undersigned or modify, reduce, limit or release the liability of the undersigned hereunder.

2. If paragraph A is checked, this is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked prospectively as to future transactions, by written notice actually received by the Bank, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Bank, or as to any renewals, extensions and refinancings thereof. If there be more than one undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by the Bank and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) then the Bank shall have the right to declare immediately due and payable, and the undersigned will forthwith pay to the Bank, the full amount of all Indebtedness, whether due and payable or unmatured. If the undersigned voluntarily commences or there is commenced involuntarily against the undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the undersigned hereunder shall be limited to a principal amount of $ 50,000.00 (if unlimited or if no amount is stated, the undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the undersigned hereunder. The Bank may apply any sums received by or available to the Bank on account of the Indebtedness from Borrower or any other person (except the undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the undersigned hereunder. If the liability of the undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Bank, advising the Bank that such payment is made under this guaranty for such purpose.

5. The undersigned will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the undersigned against any person liable to payment of the Indebtedness, or as to any collateral security therefor, unless and until all of the Indebtedness shall have been fully paid and discharged.

6. The undersigned will pay or reimburse the Bank for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Bank in connection with the protection, defense or enforcement of this guaranty in any litigation, or in [illegible].

This guaranty includes the additional provisions on the reverse side hereof, all of which are made a part hereof.

This guaranty is ☒ unsecured; ☐ secured by a mortgage or security agreement dated _____

☐ secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the undersigned the day and year first above written

John D O'Neill

_____

_____

_____

M-240 6/82 (For Collateral Guarantor use M-250)

240436031104

ADDITIONAL PROVISIONS

7. Whether or not any existing relationship between the undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, the Bank may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the undersigned and without any notice to the undersigned. The liability of the undersigned shall not be affected or impaired by any of the following acts or things (which the Bank is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure or enforce any collateral security, or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Bank under §1111(b)(2) of the United States Bankruptcy Code.

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2404360310 5

PAY TO THE ORDER OF [redacted] $ [redacted]

[redacted] DOLLARS

NOT NEGOTIABLE

UNITED BANK OF ARIZONA

⑈011273⑈ ⑆122102831⑆ ⑈1150201072⑈

DETACH AND RETAIN THIS STATEMENT — THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW • IF NOT CORRECT PLEASE NOTIFY US PROMPTLY • NO RECEIPT DESIRED

DATE	DESCRIPTION	AMOUNT
8/12/86		30,000.00

1106

[illegible]

surprise

for Surf.

1195

CONLEY D. WOLFSWINKEL

O'Neill

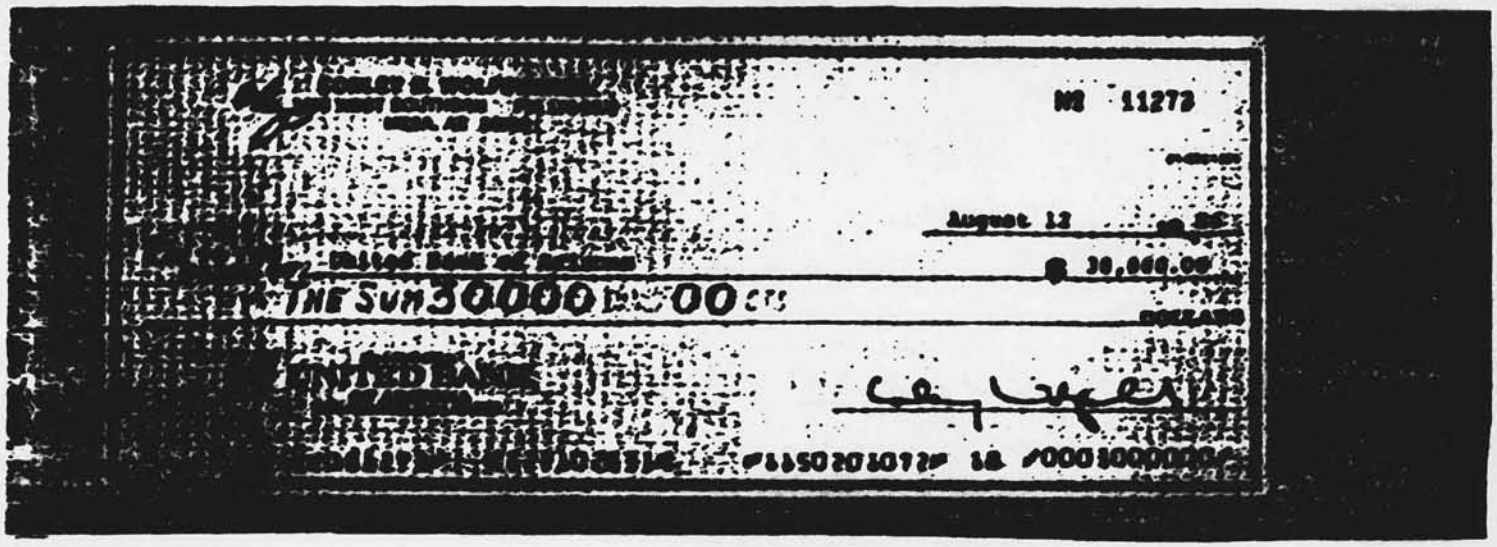
DEPT. NO. 1 DATE 3-6-89

LAURIE ADAMS

O'Neill

EXH. NO. 10 DATE 3-6-91

LAURIE ADAMS



NO 11273

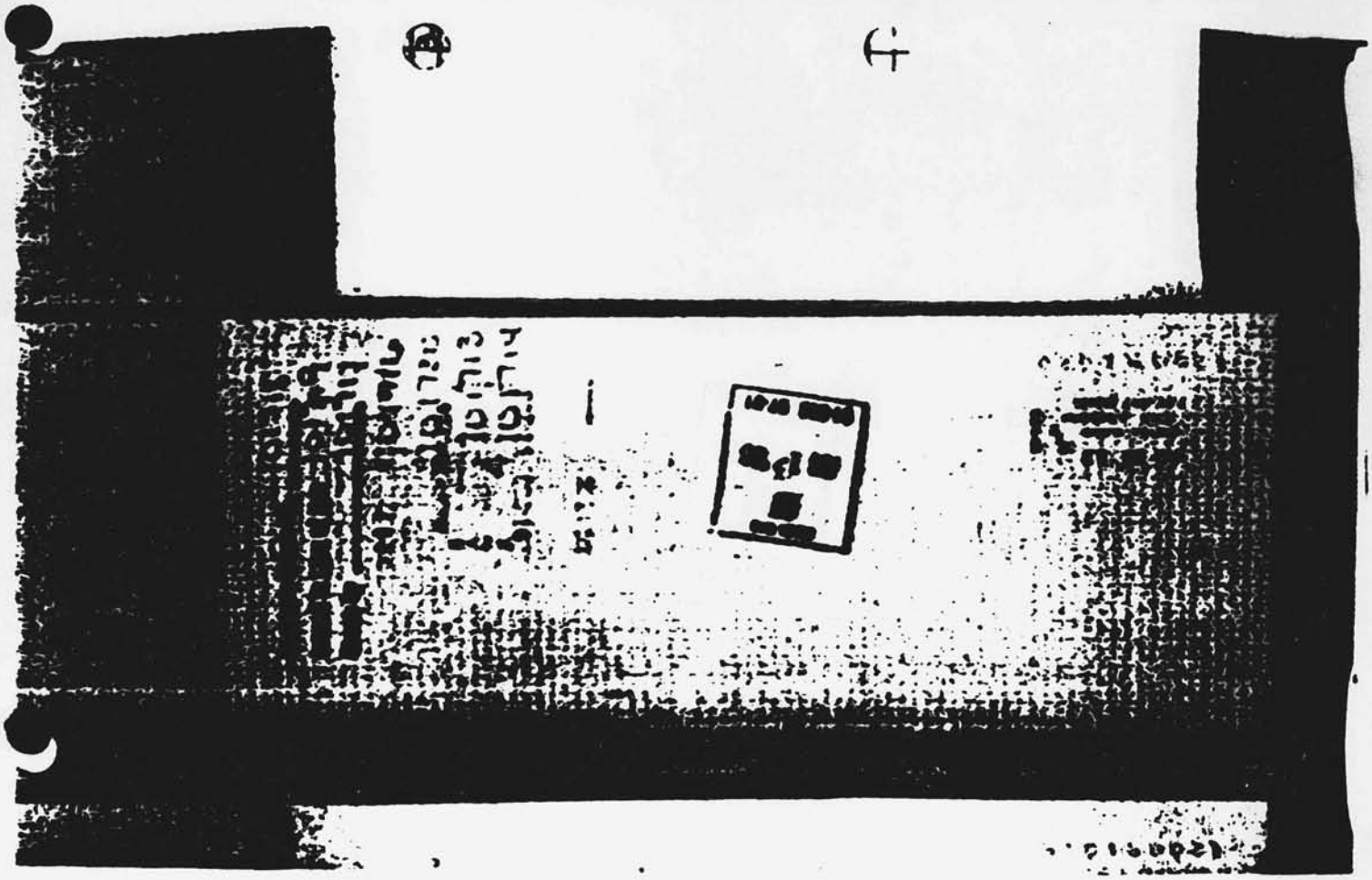
August 12

$ 30,000.00

THE SUM 30000 00 CTS

DOLLARS

UNITED BANK



O'Neill
EXH. NO. 1 DATE 2-6-89
LAURIE ADAMS

180-4 R. 4/73

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

REGISTER COPY

№ 101716
CASHIER'S CHECK
91-283/1221

CONTRA 11502 0107

91-283
Pay 1

August 13, 19 86

PAY TO THE ORDER OF ********John J. O'Neill********** $5,000.00*

UNITED BANK 5,000dols00cts DOLLARS

PURCHASER'S SIGNATURE Bank, AB Pt

EXCH. FEE ☐ COLLECTED ☑ WAIVED

ADDRESS

INITIALS AUTH. SIGNATURE

⑈101716⑈ ⑆122102831⑆ ⑈2141040070⑈ ? ⑈0000500000⑈

180-4 R. 4/73

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MESA REGIONAL HOME OFFICE

Merabank
AUG 14 1986
BR 29
TLR 2501

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 101716

91-283/1221

August 13, 19 86

PAY TO THE ORDER OF ********John J. O'Neill********** $5,000.00*

UNITED BANK 5,000dols00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈101716⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000500000⑈

EXHIBIT #1

CONLEY D. WOLFSWINKEL
1005 WEST SOUTHERN PH. 831-2000
MESA, AZ 85202

O'Neill
EXH. NO. 12 DATE 5-1-95
LAURIE ADAMS

№ 10999

91-283-1

June 30 19 8

PAY TO THE ORDER OF RHODES FOR CONGRESS $ 5,000.00

THE SUM 5000 00 DOLLAR

Mesa Main Office
UNITED BANK
OF ARIZONA
222 E. Main Street, Mesa, AZ 85201

Conley Wolfswinkel

⑈010999⑈ ⑆122102831⑆ ⑈1150201072⑈ ⑈0005000000⑈

>4043600109

O'Neill

EXH. NO. 13 DATE 3-6-89

LAURIE ADAMS

MESA REGIONAL HOME OFFICE

Conley D. Wolfswinkel

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100568
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTRA 11502-01-072 91-283

Jul 30 '86

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1900.00

UNITED BANK 1,900dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bk Loe

EXCH. FEE. ☐ COLLECTED ☑ WAIVED

AUTH. SIGNATURE

ADDRESS

INITIALS grb

⑈100568⑈ ⑆122102831⑆ ⑈214104007⑈ 7 ⑈0000190000⑈

MESA REGIONAL HOME OFFICE

Conley D. Wolfswinkel

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100568
91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1900.00

UNITED BANK 1,900dol's00cts DOLLARS

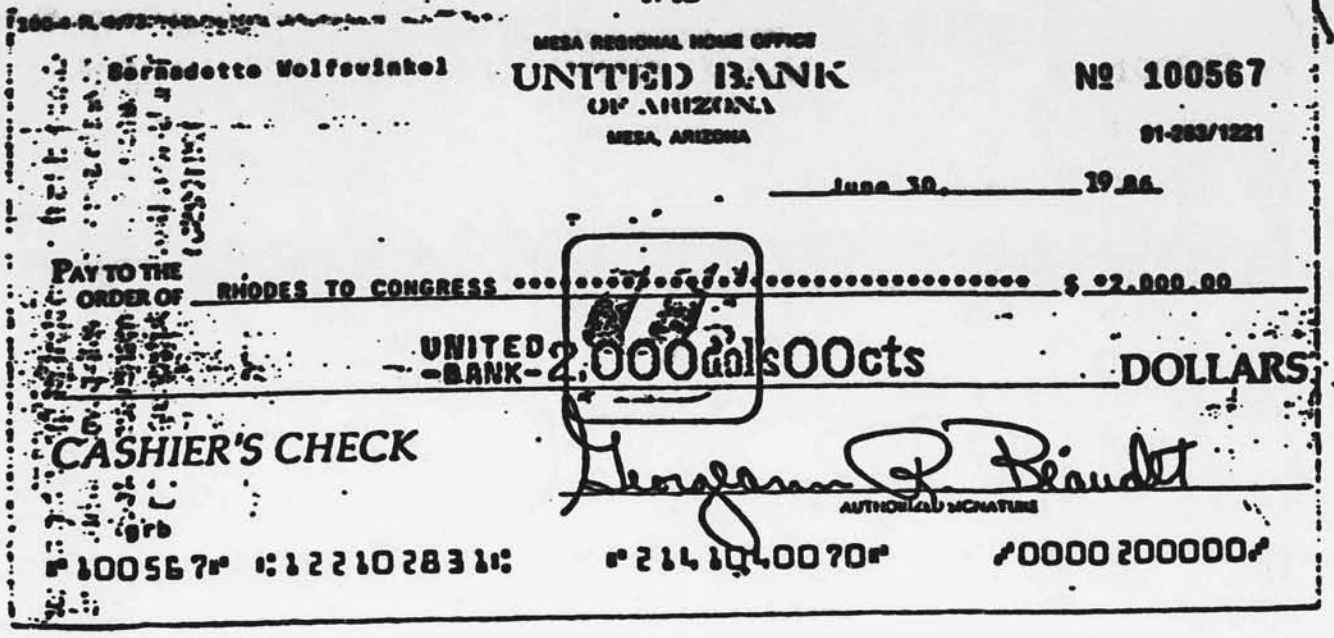
CASHIER'S CHECK

AUTHORIZED SIGNATURE

grb

⑈100568⑈ ⑆122102831⑆ ⑈214104002⑈ ⑈0000190000⑈

EXHIBIT #7



MESA REGIONAL HOME OFFICE

Bernadette Wolfswinkel

UNITED BANK OF ARIZONA

MESA, ARIZONA

No 100567

91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 2,000.00

UNITED BANK 2,000dols00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

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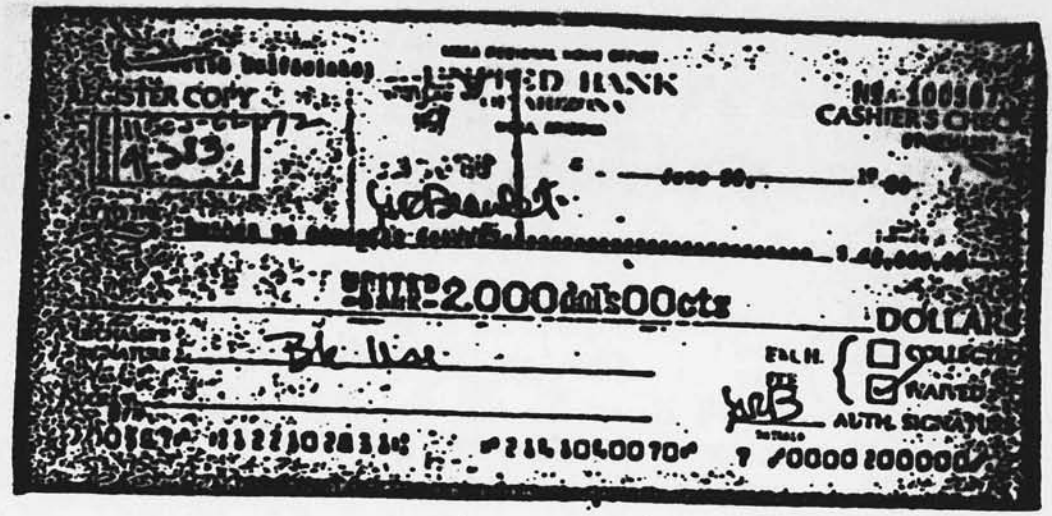
REGISTER COPY
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DOLLARS
WANTED
AUTH. SIGNATURE

100-4 R. 4/73

Dustin Wolfswinkel

REGISTER COPY 072

CONTRA 1503-01 91-283

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

JUN 30 '86

COMM'L LOANS

№ 100566
CASHIER'S CHECK
91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK- 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

EXCH. FEE ☐ COLLECTED ☑ WAIVED

ADDRESS grb

INITIALS AUTH. SIGNATURE

⑈100566⑈ ⑆122102831⑆ ⑈214104007⑈ ? ⑈0000100000⑈

100-4 R. 4/73

Dustin Wolfswinkel

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100566
91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK- 1,000dol's00cts DOLLARS

CASHIER'S CHECK

grb

AUTHORIZED SIGNATURE

⑈100566⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
6632219872

JY 86 01
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

O'Neill

EXH. NO. 14 DATE 3-6-89

LAURIE ADAMS

2404360 115

Kimberly Simons

REGISTER COPY

CONTRA 17680-91 DS

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA ARIZONA

MAR 04 '86

№ 97689

CASHIER'S CHECK

91-283/1221

March 5, 1986

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $**1,000.00

UNITED BANK 1,000dd's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

EXCH. FEE ☐ COLLECTED ☒ WAIVED

AUTH. SIGNATURE

⑈097689⑈ ⑆122102831⑆ ⑈2141040070⑈ ? ⑈0000100000⑈

100-4 R. 4/73

MESA REGIONAL HOME OFFICE

Kimberly Simons

UNITED BANK OF ARIZONA

MESA ARIZONA

№ 97689

91-283/1221

March 5, 1986

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $**1,000.00

UNITED BANK 1,000dd's00cts DOLLARS

CASHIER'S CHECK

grb

Georgiann R. Beaudet

AUTHORIZED SIGNATURE

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PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
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PAY ANY BANK, FED. UNITED

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MR 7 64

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MR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

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PAY ANY BANK, FED. UNITED

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MR 5 [illegible]

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MR 86 05
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20150323

MESA REGIONAL HOME OFFICE

Michael Simons

REGISTER COPY

CONTRA 1760- 05 006

UNITED BANK OF ARIZONA
MESA ARIZONA

MAR 05 '86

No 97688
CASHIER'S CHECK
91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

EXCH. FEE { ☐ COLLECTED ☒ WAIVED

AUTH. SIGNATURE

⑈097688⑈ ⑆122102831⑆ ⑈2141040070⑈ 7 ⑈0000100000⑈

MESA REGIONAL HOME OFFICE

Michael Simons

UNITED BANK
OF ARIZONA
MESA ARIZONA

No 97688

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

grb

Georgeann R. Beaudet

⑈097688⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000100000⑈

HR 86 05
UNITED BANK
PAY ANY BANK
20150322
007 34450
91-263
HR-5
PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
6032319072
007 32740
91-263
HR-7
HR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

Cortland Silver, Jr.

REGISTER COPY

CONTRA 17680-005

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA ARIZONA

MAR 05 '86

No 97685
CASHIER'S CHECK
91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $1000.00

UNITED BANK 1,000dols00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

EXCH. FEE ☐ COLLECTED ☒ WAIVED

AUTH. SIGNATURE

⑈097685⑈ ⑆122102831⑆ ⑈2141040070⑈ ? ⑈0000100000⑈

100-4 R. 4/73

Cortland Silver, Jr.

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA ARIZONA

No 97685

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $1000.00

UNITED BANK 1,000dols00cts DOLLARS

CASHIER'S CHECK

grb

Georgiann P. Beaudet

⑈097685⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000100000⑈

PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
6032819072

007 32766

PAY ANY BANK

91-293

MR 86 07

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

007 32767

PAY ANY BANK

91-293

MR 86 05

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

MESA REGIONAL HOME OFFICE

Suzanne E. Davis

UNITED BANK OF ARIZONA
MESA ARIZONA

№ 97687
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTRA 17680-01 005

MAR 05 '86

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $ 1,000.00

UNITED BANK 1,000dols00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

Bk use

EXCH. FEE { ☐ COLLECTED ☒ WAIVED

JRB
AUTH. SIGNATURE

⑈097687⑈ ⑆122102831⑆ ⑈214104007⑈ ? ⑈0000100000⑈

100-4 R. 4/73

MESA REGIONAL HOME OFFICE

Suzanne E. Davis

UNITED BANK OF ARIZONA
MESA ARIZONA

№ 97687

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $ 1,000.00

UNITED BANK 1,000dols00cts DOLLARS

CASHIER'S CHECK

grb

George R. Bowdet
AUTHORIZED SIGNATURE

⑈097687⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

HR 86 05
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20150321

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91-283

HR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20107447

⑆240436⑈ 122

⑈007 32767

PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
603231972

91-283

Larry H. Davis

REGISTER COPY

CONTRA 17680-01 DOS

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA ARIZONA

Mar 7 '86 GRB CANCELLATIONS

No 97686
CASHIER'S CHECK
91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $1,000.00

UNITED BANK- 1,000dll's00cts DOLLARS

PURCHASER'S SIGNATURE For use

ADDRESS grb

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GRB AUTH. SIGNATURE

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12004 R. 4/73

Larry H. Davis

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA ARIZONA

No 97686
91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $1,000.00

UNITED BANK- 1,000dll's00cts DOLLARS

CASHIER'S CHECK

grb

Georgeann R. Beaudet
AUTHORIZED SIGNATURE

⑈097686⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000100000⑈

MR 86 05
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK
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MR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK
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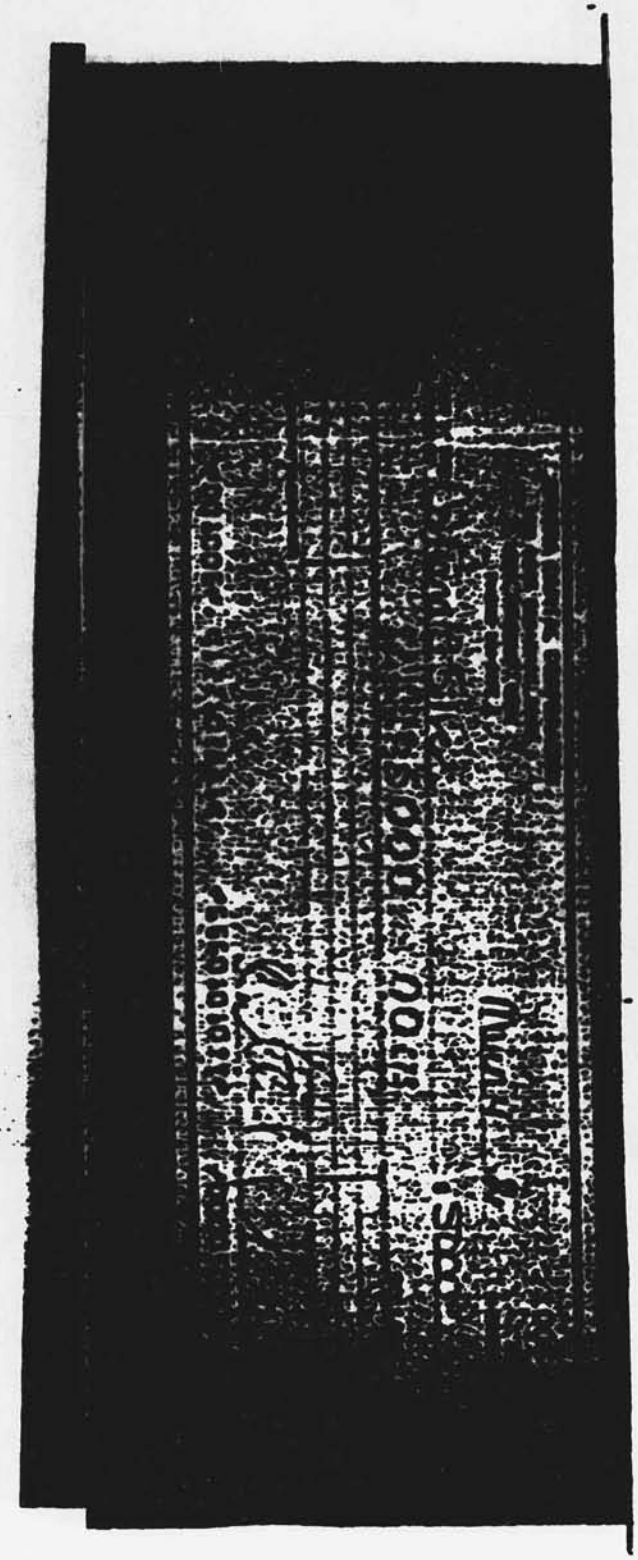
91-283

0007 32767

PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
603231⑆9072

O'Neill
EXH. NO. 15 DATE 3-6-89
LAURIE ADAMS



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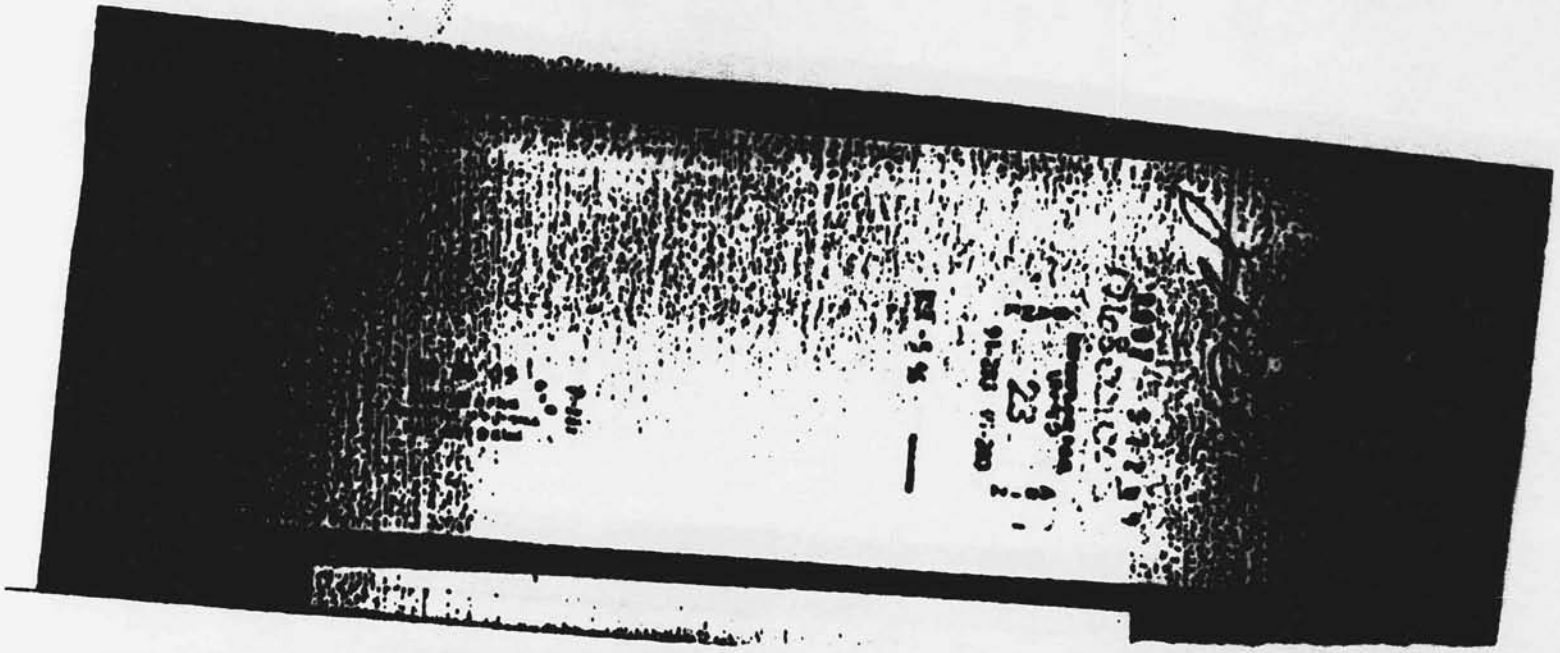

ADDRESS _____ WAIVED AUTH. SIGNATURE

⑈100609⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

100-4 R. 4/73

Lorraine H. Silver

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

EXH. NO. 16 DATE 7-6-88
LAURIE ADAMS CR0609

91-283/1221

July 14, 19 86

PAY TO THE ORDER OF RHODES to Congress $**1,000.00**

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈100609⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

100-4 R. 4/73

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

Cortland J. Silver
REGISTER COPY

№ 100608
CASHIER'S CHECK
91-283/1221

CONTRA Cash

MESA MAIN OFFICE JUL 14 '86 91-283/1221

July 14, 19 86

PAY TO THE ORDER OF RHODES for Congress $**1,000.00**

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE Burhuse

EXCH. FEE ☐ COLLECTED ☒ WAIVED

ADDRESS _____ AUTH. SIGNATURE

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100-4 R. 4/73

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

Cortland J. Silver

№ 100608

91-283/1221

July 14, 19 86

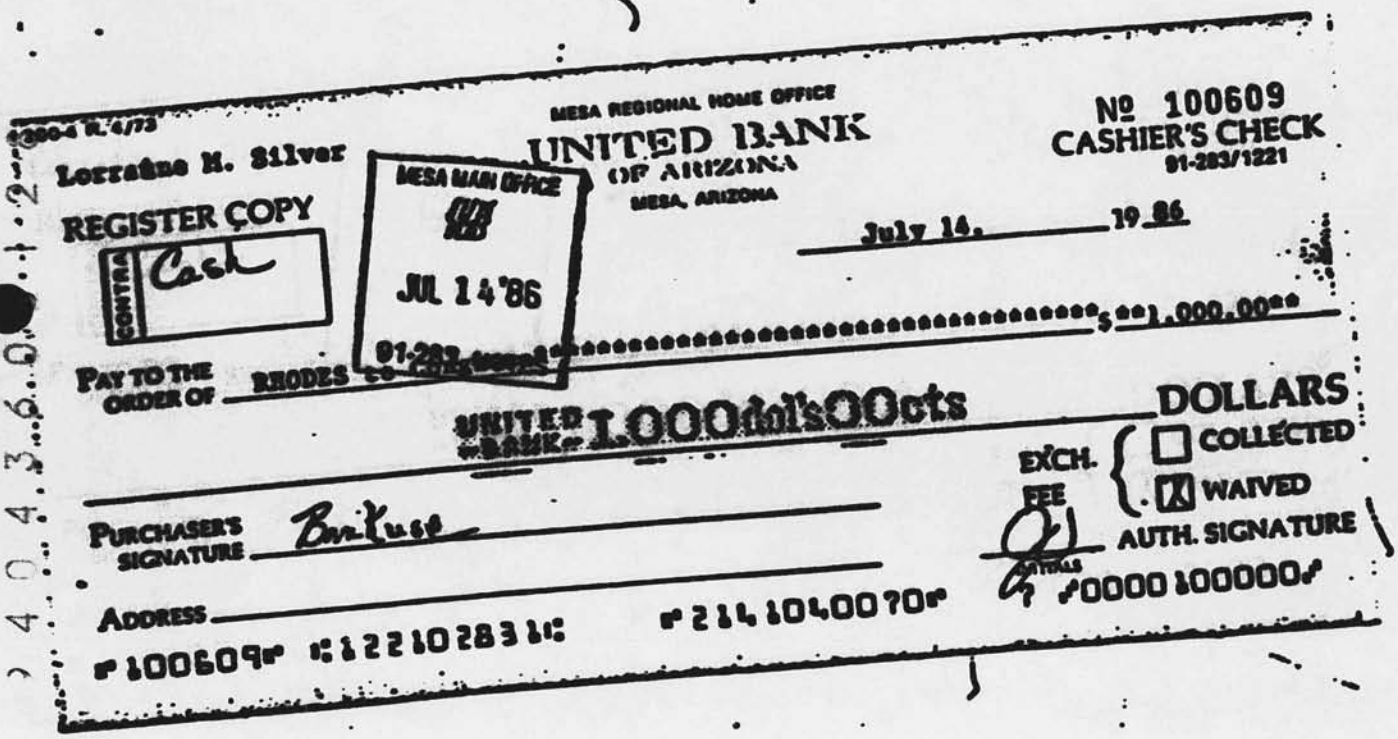
PAY TO THE ORDER OF RHODES to Congress $**1,000.00**

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈100608⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈



300-4 R. 4/73

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100609
CASHIER'S CHECK
91-283/1221

Lorraine H. Silver

REGISTER COPY

CONTRA Cash

MESA MAIN OFFICE
JUL 14 '86
91-283

July 14, 19 86

PAY TO THE ORDER OF RHODES $**1,000.00**

UNITED BANK 1,000dol's00cts DOLLARS

EXCH. FEE ☐ COLLECTED ☒ WAIVED

PURCHASER'S SIGNATURE Barbara

AUTH. SIGNATURE

ADDRESS

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⑆040436000⑆ 12

JY '86 24

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

Friends for Congress Committee
603231907 2

JY '86 14

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

Friends for Congress Committee
603231907 2

UNITED BANK OF ARIZONA
PAY TO THE ORDER OF
FOR DEPOSIT ONLY
Friends for Congress Committee
603231907 2

39

O'Neill

EXH. NO. 17 DATE 3-6-89
LAURIE ADAMS

2004 R. 4/73

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 101241
CASHIER'S CHECK
91-283/1221

M. Annette Smets
REGISTER COPY

CONTRA 2141040070 #100164

JUL 08'86

July 8, 1986 19

PAY TO THE ORDER OF Barr for Govenor $5,000.00 ****

UNITED BANK 5,000dlls00cts DOLLARS

PURCHASER'S SIGNATURE Annette Smets

EXCH ☐ COLLECTED ☑ WAIVED

AUTH. SIGNATURE

ADDRESS

INITIALS

⑈101241⑈ ⑆122102831⑆ ⑈2141040070⑈ ? ⑈0000500000⑈

2004 R. 4/73

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 101241

91-283/1221

M. Annette Smets
3435 E. Fountain Circle
Mesa, Az. 85205

July 8, 1986 19

PAY TO THE ORDER OF Barr for Govenor $5,000.00 ****

UNITED BANK 5,000dll's00cts DOLLARS

CASHIER'S CHECK

AUTH. SIGNATURE

⑈101241⑈ ⑆122102831⑆ ⑈2141040070⑈

EXHIBIT #6

FOR DEPOSIT ONLY
BARR FOR ARIZONA
Acct # 7835201005

100-6 R. 4/73

MESA REGIONAL HOME OFFICE

R. James Smets

REGISTER COPY

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 101239
CASHIER'S CHECK
91-283/1221

CONTRA 214104007O #100464

MESA RHO
JUL 08'86
283 07-02

July 8, 1986 19__

PAY TO THE ORDER OF Bare for Governor $4,000.00 ****

UNITED BANK 4,000dols00cts DOLLARS

PURCHASER'S SIGNATURE Bank use

EXCH. FEE ☐ COLLECTED ☑ WAIVED

ADDRESS

AUTH. SIGNATURE

jjo

⑈101239⑈ ⑆122102831⑆ ⑈214104007O⑈ ⑆0000400000⑈

100-6 R. 4/73

MESA REGIONAL HOME OFFICE

ARIZONA STUB HECK 3 36 0.00 r Governor

R. James Smets
3435 E. Fountain Circle
Mesa, Az. 85205

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 101239
91-283/1221

July 8, 1986 19__

PAY TO THE ORDER OF Bare for Governor $4,000.00 ****

UNITED BANK 4,000dols00cts DOLLARS

CASHIER'S CHECK

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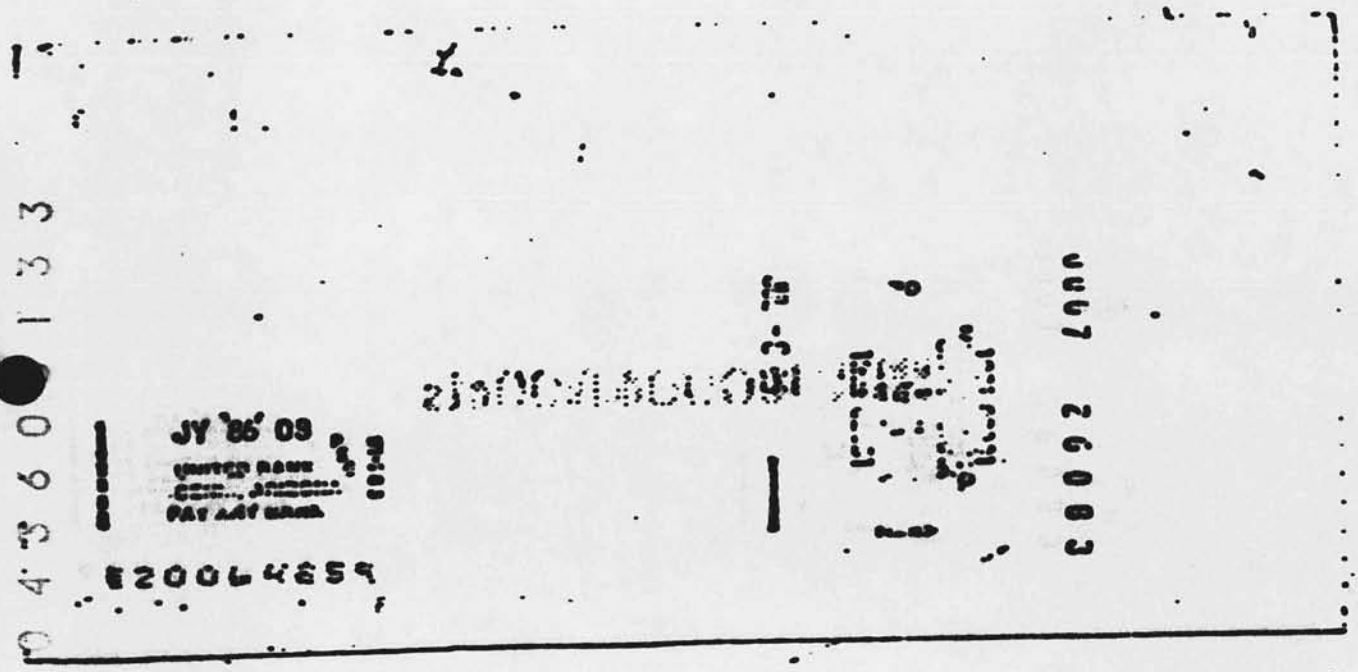

UNITED BANK OF ARIZONA
VERIFICATION STUB
CASHIER'S CHECK
No. 101239

MESA REGIONAL
HOME OFFICE

DATE 7-8-86

AMOUNT $ 4,000.00

PAYEE Barr for Governo

1004 R. 4/73

REGISTER COPY

R. James Smets

CONTRA cash

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

JUL 09'86
COMM'L LOANS

№ 101237
CASHIER'S CHECK
91-283/1221

July 8, 1986 19

PAY TO THE ORDER OF Rhodes to Congress $1,000.00 ***

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bk Use

EXCH. FEE ☐ COLLECTED ☒ WAIVED

INITIALS AUTH. SIGNATURE

ADDRESS

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1004 R. 4/73

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

R. James Smets

№ 101237
91-283/1221

July 8, 1986 19

PAY TO THE ORDER OF Rhodes to Congress $1,000.00 ***

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

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JY '86 09
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20150862

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PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
603231 9072

⑈0007 17680

JY '86 24
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20156163

O'Neill

F.H. NO. 18 DATE 7-28-89
LAURIE ADAMS

1004 R. 4/73

Remitter: Rhodes to Congress

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100648
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTRA Cash

MESA PHO #7
JUL 25 '85
COUNTY LOANS

7/25/86 19__

PAY TO THE ORDER OF **DEBORAH LARSHBOUGH** $**260.00**

UNITED BANK 260dol'sOOcts DOLLARS

PURCHASER'S SIGNATURE Borrower

EXCH. FEE ☐ COLLECTED ☑ WAIVED

ADDRESS

INITIALS AUTH. SIGNATURE

⑈100648⑈ ⑆122102831⑆ ⑈214040070⑈ ⑈00000 26000⑈

1004 R. 4/73

Remitter: Rhodes to Congress

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100648
91-283/1221

7/25/86 19__

PAY TO THE ORDER OF **DEBORAH LARSHBOUGH** $**260.00**

UNITED BANK 260dol'sOOcts DOLLARS

blg

CASHIER'S CHECK

SD-DUBSON CASH CK-AUTH BY
RT/TR # 122102831 SEQ #
07-29-86 12:59 TELLER 1722 CUST 0049 SIGNATURE

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Deborah Lounsbaugh
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UNITED BANK
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PAY ANY BANK

JY '86 25
UNITED BANK
GENDL ARIZONA
PAY ANY BANK

100-4 R. 6/73

Rhodes to Congress

REGISTER COPY

CONTRA cash

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MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA
AUG 01 '86
A C Beaudet
COMM'L LOANS

№ 100678
CASHIER'S CHECK
91-283/1221

August 1, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH $ 250.00

UNITED BANK 250dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bill Use

ADDRESS

EXCH. FEE ☐ COLLECTED ☒ WAIVED

ARB AUTH. SIGNATURE

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100-4 R. 6/73

Rhodes to Congress

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100678

91-283/1221

August 1, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH $ 250.00

UNITED BANK 250dol's00cts DOLLARS

CASHIER'S CHECK

grb

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RT/TR # 122102831 ACCT (NO) 2141040070 SIGNATURE
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Rhodes for Congress

REGISTER COPY

CONTRA cash

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

AUG 08 '86

HeBrandt

COMPLIANCE

Nº 100696

CASHIER'S CHECK

91-283/1221

August 8, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

UNITED BANK 250dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bkr Use

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100-6 R. 4/73

Rhodes for Congress

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

Nº 100696

91-283/1221

August 8, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

UNITED BANK 250dol's00cts DOLLARS

CASHIER'S CHECK

SU-DUBSON RT/TR 1221 03-12-86 14/14

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UNITED BANK
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PAY ANY BANK

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PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Governor Committee
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Debbie Lynbaugh
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PAY ANY BANK P.O.
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works for Rhodes for Governor Committee

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100-4 R. 4/73

Rhodes for Congress

MESA REGIONAL HOME OFFICE

UNITED BANK
OF ARIZONA
MESA, ARIZONA

No. 101729

91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ 250.00

UNITED BANK 250dls00cts DOLLARS

CASHIER'S CHECK

grb

SO-DOBSON RT/TR # 122102831 ACCT NO 2141048070 AUTHORIZED SIGNATURE

⑈101729⑈ ⑆122102831⑆ 17:40 ⑈2141048070⑈ 0329 ⑈00002 50000⑈

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Rhodes for Congress

REGISTER COPY

MESA REGIONAL HOME OFFICE

UNITED BANK
OF ARIZONA
MESA, ARIZONA

No 101729

CASHIER'S CHECK
91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ 250.00

UNITED BANK 250dls00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS

EXCH FEE ☒ WAIVED ☐ COLLECTED

AUTH. SIGNATURE

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UNITED BANK
PHOENIX ARIZONA
PAY ANY BANK

AG '86' 15
UNITED BANK
PHOENIX ARIZONA
PAY ANY BANK

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1004 R. 4/73

Rhodes for Congress

REGISTER COPY

CONTRA cash

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

AUG 15 '86 MESA, ARIZONA

Nº 101728

CASHIER'S CHECK

91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

UNITED BANK 250dol's00cts DOLLARS

PURCHASER'S SIGNATURE

EXCH. FEE ☐ COLLECTED ☒ WAIVED

AUTH SIGNATURE

101728 :122102831: *214104007O* ? *00000250O*

3404360 1144

1004 R. 4/73

Rhodes for Congress

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

Nº 101728

91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

UNITED BANK 250dol's00cts DOLLARS

CASHIER'S CHECK

SO-DOBSON

grb

RT/TR # 122102831 REST NO

08-22-86 15:42 TELLER 172 TRN 0092

AUTHORIZED SIGNATURE

Georgeann R. Brandt

101728 :122102831: *214104007O* *00000250O*

AG '86' 15

UNITED BANK OF ARIZONA

REVOLVING CREDIT NOTE (VARIABLE RATE)

Maximum Amount (The "Commitment") Mesa, Arizona

$ 35,000.00 June 3, 1986

For value received, the undersigned ("Borrower"), promises to pay on or before December 1, 1986 to the order of United Bank of Arizona ("Bank") at its Mesa Regional office in Mesa, Arizona, the aggregate principal amount outstanding on Borrower's revolving line of credit as shown on Bank's records which shall at all times be conclusive and govern, with interest payable quarterly on the unpaid balance outstanding from time to time computed at an annual rate equal to Two - - - - - - percent (--2.00-- %) per annum, more than the "prime rate" of interest charged by United Bank of Arizona. Said annual rate shall be adjusted on a daily basis calculated as of the date of this note. Interest is to be charged on a daily basis for the actual number of days the principal is outstanding, computed on the basis of a 360 day year, from the date of disbursement to the date of maturity or repayment, whichever comes first. If permitted by law the undersigned hereby agrees and contracts to pay all direct costs, fees, taxes and expenses ("Expenses") incurred in connection with this loan transaction and authorizes the direct payment of Expenses and agrees that Expenses and any compensating balance requirements shall be considered, in addition to the interest rate stated in the note, to be interest contracted for in writing. It is expressly agreed by Borrower that the maximum outstanding principal at any one time on this note shall not exceed the amount of Thirty-Five Thousand and no/100---------- Dollars ($ 35,000.00), and the amount outstanding on this note at any specific time shall be the total amount advanced hereunder by Bank less the amount of principal payments made hereon from time to time by Borrower. All amounts payable hereunder shall be paid in lawful money of the United States. All past due payments of principal and interest shall bear interest at Four - - - - - - - - - percent (360 %) per annum, (360 day year) more than the prime rate in effect at the time of default (as such prime shall change from time to time) until paid.

Advances, hereunder, not to exceed an unpaid balance owing at any one time equal to the maximum amount specified above, may be made by Bank at the oral or written request of either John J. Rhodes III or _____ who are authorized to request advances and direct the disposition of any such advances, until written notice of the revocation of such authority is received by the Bank at said office. Any such advance shall be conclusively presumed to have been made for the benefit of the Borrower when made in accordance with such requests despite the fact that persons other than those authorized hereunder may have authority to draw against such account.

This commitment expires December 1, 1986 at which time the entire unpaid principal balance plus unpaid accrued interest shall be due and payable.

This debt may be prepaid without notice or penalty at any time.

CREDIT COMMENT See Attached Loan Memo for Remarks

LIABILITY:

UNSEC. _____

COLL. _____

END. _____

R/E _____

ORIG. ADVANCE _____ NEW $ 35,000.00 RLC RENEWAL $ _____

LOAN OFFICER'S INITIALS

LOAN REVIEW: O'Neill

EXH. NO. 1 DATE 3-6-89

LAURIE ADAMS

TOTAL INSTAL. LOANS _____

CURRENT A/C BAL. _____

3 MO. AVERAGE A/C BAL. _____

12 MO. AVERAGE A/C BAL. _____

John J. O'Neill

Address 1738 N. Gentry Circle

Mesa, Arizona 85203

John J. Rhodes

Customer No. 01100 35 079 Note No. 24456

Maturity Date 12/1/86 Class C1 (68)

LG 5

11-55 R. 1/84

O'Neill
EXH. NO. 2 DATE 3-6-89
LAURIE ADAMS

UNITED BANK OF ARIZONA

Bank Office Main & Ho

PLEASE COMPLETE FULLY (Describe any unusual assets or liabilities)

PERSONAL FORM (Do not use for business statements)

John J Rhodes III Social Security No. 522-40-3474 Telephone 969-7246

Address 1738 N. Century City Mesa State AZ ZIP 85203

Occupation Attorney FINANCIAL CONDITION AS OF 6-26 1986

ASSETS			LIABILITIES		
Cash at United Bank	1,000	-	Notes Payable to this Bank	4,000	-
Cash in Other Banks (detail) UNB	5,000	-	Notes Payable to Other Banks (detail)		
Ordinary Accounts Receivable - Good	6,000	-	Ordinary Accounts Payable	2,000	
Due from Friends and Relatives (describe)			Due to Friends or Relatives (describe)		
Notes Receivable - Good (Schedule 1)			Notes Payable to Others (describe) 2nd		
Mortgages Receivable (Schedule 1)	~~[illegible]~~	-	Mortgage - John J. Rhodes	45,000	-
Listed Marketable Securities (Schedule 4)	15,700	-			
Unlisted Securities (Schedule 4)	10,000	-	Due to Brokers	7,500	-
Cash Surrender Value Life Insurance (Schedule 5)	6,000	-	Loans on Life Insurance (Schedule 5)		
Real Estate and Buildings (Schedule 2)	190,000	-	Mortgages or Liens on Real Estate (Schedule 3)	95,000	-
Automobiles	12,000	-	Instalment Loans	15,000	-
Personal Property	35,000	-	Income Taxes Payable		
Other Assets (describe):			Other Taxes Payable		
			Other Liabilities (describe): V.I.V.B. Tr.	25,000	-
			FJB - Goldlea	5,000	-
TOTAL ASSETS	246,700	-	TOTAL LIABILITIES	121,500	
			NET WORTH	124,900	
			TOTAL	246,700	

APPROXIMATE ANNUAL INCOME AND EXPENSE (Exclusive of ordinary living expense)

INCOME:		FIXED EXPENSES:	
Salary From Dept Com. Hous	$ 35,000	Insurance Premiums	$ 2700
Dividends from Securities and Interest Income	$	Rental Paid or Mortgage Payments	$ 15,600
Real Estate Income	$	Income Taxes (for 1985)	$ 12,000
Net Income from Business or Profession	$ 30,000	Other Taxes	$ 4,000
Other (Alimony, child support, or separate	$	Other (Include alimony, child support, or separate	$ 7200
maintenance income need not be revealed if you do	$	maintenance payments you are obligated to make)	$
not wish to have it considered as a basis for repaying	$		$
this obligation)	$		$
	$		$
TOTAL INCOME	$ 124,600		$ 41,900

Are the above valuations on assets conservative? Yes (If not, explain by separate letter.) Are any assets pledged or debts secured except as indicated? No If so, please itemize by debt and security.

Do you have any contingent liabilities for guarantee, endorsements, or otherwise? No $ Explain

Do you do business with any other bank? Yes If so, nature of business Checking, Savings, Loans

If you are married, are any of the above assets your spouse's separate property? No If so, please itemize on separate letter.

Marital Status: ☒ Married ☐ Separated ☐ Unmarried (including single, divorced, and widowed)

Are there any suits, judgements, tax deficiencies, or other claims pending or in prospect against you? No (If so, please explain by separate letter.) Have you ever gone through bankruptcy or compromised a debt? No Have you made a will? Yes Who is named executor of estate? [illegible]

H.D.C 1/20/87

11-35 R 9-85

PLEASE COMPLETE THE SCHEDULES ON THE REVERSE SIDE AND SIGN STATEMENT THERE

OGC 2870

UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:) MUR 2602

89 MAY 26 PM 2:15

Phoenix, Arizona
March 7, 1989

DEPOSITION OF CORTLAND SILVER

THACKER & ASSOCIATES, INC.
Court Reporters
2700 North Central Avenue
Suite 1201
Phoenix, Arizona 85004
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Prepared For:
Federal Election Commission
(Original)

By: Laurie A. Adams
Court Reporter

2404360148

The deposition of CORTLAND SILVER, a witness herein, was taken upon oral examination by the parties through their respective attorneys before LAURIE A. ADAMS, a Notary Public in and for the County of Maricopa, State of Arizona, at the Federal Building, 230 North First Avenue, Suite 4000, Phoenix, Arizona on the 7th day of March, 1989, commencing at 2:35 p.m. of said day.

COUNSEL APPEARING:

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2	Check from Riviera Capital Corporation in the amount of $5,000	26

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CORTLAND SILVER,

a witness herein, having been first duly sworn by the Notary Public to speak the truth and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MS. MILLER:

Q. We are here today in an investigation entitled Matter Under Review 2602. It is part of an investigation being conducted pursuant to Title 2 of the United States Code, Section 437-G.

The parties present today are reminded that these proceedings and all other proceedings in this investigation are governed by the confidentiality requirements of Section 437-G Subsection A.

The parties have stipulated to reserve all objections except as to form and foundation until the time of trial, if any.

My name is Colleen Miller, and I am an attorney with the Federal Election Commission. This is Jonathan Levin. He is also an attorney with the commission. The deponent has been sworn.

Would you state your name for the record, sir?

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A. Cortland J. Silver, Sr.

Q. And your address?

A. 5650 Echo Canyon Drive, Phoenix, Arizona.

Q. Mr. Silver, are you represented by counsel today?

A. Yes.

Q. What is your counsel's name?

A. Jack Klausner of Burch and Cracchiolo.

Q. Thank you very much.

Have you ever been deposed before?

A. Yes.

Q. Let me review some basic instructions with you, anyway, just to make sure we know where we are coming from.

I will be asking you a series of questions. If you don't hear any question I ask you or don't understand any question, just say so. If you answer a question, I am going to assume that you heard it and that you understood it. If you don't know the answer to a question or can't recall the answer, again, just say so.

You need to answer out loud, not with a gesture or symbol or any sound that isn't a word, because a written transcript is being taken, and we need to record your answer that way.

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If you need to break at any point, if you want to stand up and stretch your legs or need to confer with your counsel, just say so and we'll do so. Do you understand these instructions?

A. Yes, I do.

Q. Did you bring any documents for this deposition today Mr. Silver?

A. I gave them --

MR. KLAUSNER: Well, we have the same documents I think we've already shown you. I mean, we have got checks, and I think that is it, checks.

MS. MILLER: Okay. We had discussed in a phone conversation that you were going to see if there might be any W-2s or tax forms or anything that might address --

MR. KLAUSNER: I asked the accountant, but I haven't gotten anything that shed any light on anything else.

MS. MILLER: Okay. We will consider the document request to be ongoing, and should anything turn up along the way, we will ask you to produce it.

MR. KLAUSNER: You bet.

Q. BY MS. MILLER: Where do you live, Mr. Silver?

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A. I just gave you my address.

Q. Oh, that's right, here in Phoenix. How long have you lived in Phoenix?

A. I have been here since 1977.

Q. Have you lived in Arizona all your life?

A. No.

Q. Where did you live prior to that?

A. St. Paul, Minnesota.

Q. Are you married?

A. Yes.

Q. What is your wife's name?

A. Lorraine.

Q. Do you have any children?

A. Two.

Q. Who are those?

A. Debbie and Cort, Jr.

Q. What are their ages?

A. I think Debbie is 37 or 38 and Cort's 35 or 36.

Q. Where are you employed?

A. At the Riviera Capital Corporation.

Q. And how are you employed there?

A. I am the chairman of the company.

Q. Could you describe for me what the Riviera Capital Corporation is?

2043600154

A. Yes. We own and operate and build primarily apartments and some other commercial enterprises at times.

Q. Is it a construction company?

A. Yes.

Q. Does Riviera Capital have any bank accounts at United Bank of Arizona?

A. Yes.

MR. KLAUSNER: Who?

THE WITNESS: Citibank, now.

Q. BY MS. MILLER: Citibank. Did it have those accounts there in 1985 and 1986?

A. I think so.

Q. When you banked with United Bank, did you primarily deal with a man named John O'Neill?

A. Yes.

Q. Do you know Mr. O'Neill?

A. Yes.

Q. How is it that you know him?

A. I knew him when he was at the Valley Bank. He was the manager there.

Q. Do you know him socially?

A. Some.

Q. Has he ever been employed by your company?

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A. No.

Q. Does he ever advise your company on your finances?

MR. KLAUSNER: As an independent or by virtue of him being the bank officer at Valley Bank or Citibank?

Q. BY MS. MILLER: Either way, any way at all.

A. I would say no.

Q. Does he give you any advice on investments or anything like that?

A. I don't recall any.

Q. Would he have any endorsement rights on your checking account?

A. Such as?

Q. Well, if a check were written out to Riviera Capital, could he endorse it and cash it?

A. I would say no.

Q. Has he made any loans to you or to your business personally outside of his employment with the bank?

A. No.

Q. At any point, has he ever made any loans to you?

A. No, ma'am.

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Q. Do you recall whether he was involved in the Rhodes for Congress Campaign in 1986?

A. Yes, I do.

Q. Do you know in what capacity?

A. I was told he was a treasurer. I think he was.

Q. Did he ask you to assist with that campaign in any way?

A. In what respect?

Q. Did he ask you for a contribution?

A. Yes.

Q. Did he ask you to solicit other people for contributions?

A. He did at one time.

Q. Did you do that?

A. I don't think I did.

Q. Did he ask you to sponsor any fund-raisers?

A. No, not that I recall.

Q. Did he ask you to attend any with him?

A. Pardon?

Q. Did he ask you to attend any fund-raisers?

A. Well, there were a number of fund-raisers. I'm not sure that he did or didn't.

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MR. KLAUSNER: Do you recall going to any fund-raisers?

THE WITNESS: Oh, no.

Q. BY MS. MILLER: For Rhodes to Congress?

A. No.

Q. Other than contributing money, was there any way that you assisted the campaign of Rhodes to Congress?

A. Well, if you'll tell me what reference you have, I maybe could answer.

Q. I am just -- I don't really have a reference. I am just asking if there is anything you did to help the campaign at all.

MR. KLAUSNER: Just for the record, Mr. Silver -- this was not the most important thing in his life in 1986, and he does not have a good recollection. We have tried to look at some of the materials, but I don't know if that includes the fact that your daughter worked for the campaign.

THE WITNESS: That is what I was asking.

MS. MILLER: Okay. We will deal with that separately. I had not been intending that.

MR. KLAUSNER: Other than the financial contributions which we've advised you of and the fact that his daughter worked and we covered those

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payments, I don't think there was any other -- you didn't do any work for them, write letters or anything like that?

THE WITNESS: No.

Q. BY MS. MILLER: Okay. Back in the years of 1985 and 1986, how often would you have gone into United Bank on an average in a week?

MR. KLAUSNER: You mean physically?

Q. BY MS. MILLER: Yes.

A. I don't keep track.

Q. Well, I don't need an exact number. Is it something you would do on a weekly basis or a monthly basis?

A. Oh, I might have gone in once or twice a month.

Q. Would it usually be to see Mr. O'Neill?

A. Not necessarily. I might have made a bank deposit.

Q. Did you ever notice on your visits Mr. O'Neill doing campaign work at the bank?

A. Well, the office there, I don't know what he was doing.

Q. But you never saw anything like that going on?

A. In the bank?

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Q. Yes.

A. I can't recall it.

Q. To your recollection, did Mr. O'Neill have a lot of responsibility with the campaign?

A. He seemed to.

Q. What sort of things gave you the impression that he did?

A. Well, I don't -- he was a financial chairman of the campaign.

Q. Anything else?

A. Well, he was a banker.

MR. KLAUSNER: Did he hire Debbie?

THE WITNESS: Yes. Well, she said she was going to get to that.

Q. BY MS. MILLER: Yes, that wasn't what I was leading to.

Did he seem to be -- did Mr. O'Neill seem to be knowledgeable of the campaign finance laws?

A. Well, he was my banker, and I never really asked him about it.

Q. It is not something that you ever discussed?

A. No.

Q. Do you ever recall him, in passing, complaining that he had this much work to do for the

campaign?

A. I thought he was quite -- he gave me the impression he was quite active.

Q. Can you recall anything that gave you that impression?

A. Just his mannerisms, I guess.

Q. Do you know whether he was attending a lot of meetings on behalf of the committee?

A. I think he mentioned that he was.

Q. Do you have any examples of the kinds of meetings he was attending?

A. No.

Q. You mentioned that you made a contribution to the committee the Rhodes to Congress committee?

A. Yes.

Q. Would that have been a contribution on July 14th of 1986 of $1,000 from you and $1,000 from your wife as provided in the answer? Is that what you are referring to?

MR. KLAUSNER: Okay, just -- and again, I don't mean to interrupt, but I know what -- you are taxing my client's memory, because he almost has no recall of this. We have tried to do an investigation to determine what happened here, and the best of our

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understanding is that two checks were given to Mr. O'Neill at his request, and that is all my client could tell you from his independent recollection. In fact, he doesn't even recall that. But we can look at checks, and we, in our initial investigation when we anwered interrogatories, had contacted both the Rhodes campaign people and Mr. O'Neill to try and come up with all the information. And from that, we came to the conclusion that there were two checks given to Mr. O'Neill. We ultimately discovered the uses of those checks, and as you asked, one of the ultimate results of a $4,000 check was that Mr. O'Neill bought two thousand-dollar checks; one that he indicated was a Lorraine Silver contribution and one a Cort Silver contribution.

But Mr. Silver did not independently in July go down and buy that check. I hate to put, you know -- but I am trying to tell you at least what our investigation has shown, and that is, I am sure, what he would testify if he could remember.

Q. BY MS. MILLER: Okay. My question on that account -- and if you don't know the answer to it, that is helpful also -- but my question was why that contribution was made in the form of a cashier's check rather than a personal check or corporate

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check, and I was wondering why the form of a cashier's check was used.

A. I don't know.

Q. Okay. Do you know whether that was a decision that you made or that John O'Neill made?

A. I think Mr. O'Neill made the decision as to disbursements of the funds.

Q. I don't want to do a deposition of both of you, and I am not quite sure how to go about this. But it appears that your counsel may have some of the information that I am looking for. Primarily, I am trying to sort out what these various checks were used for and how they came about. I guess I will ask you first the question, and if you don't know it, say so.

But if in your investigation, Counsel, you have some idea of how the checks were used, then I will entertain that answer.

MR. KLAUSNER: Okay.

MS. MILLER: Does that mean I have to have you sworn? I don't think so.

MR. KLAUSNER: I think lightning strikes when you try to swear in a lawyer.

MS. MILLER: I am sure.

MR. KLAUSNER: My statements, I guess, are on

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the record as an officer of the court, and I keep that in mind.

MS. MILLER: I was only kidding.

Q. BY MS. MILLER: Let me show you first, Mr. Silver, a document I will ask the reporter to mark as FEC Exhibit No. 1.

(Deposition Exhibit No. 1 was marked for identification.)

Q. BY MS. MILLER: Can you identify that document?

A. Well, it is a cashier's check.

Q. In the upper left-hand corner of the check is the name of the -- I guess it is typically the name of the purchaser. And the name there is Riviera Capital Corporation. Is that your company?

A. Yes, it is.

Q. And it is made payable to the order of John O'Neill, is that correct?

A. Yes.

Q. Can you recall purchasing this check?

A. I can't, but it is here.

Q. Do you recall any of the circumstances surrounding this check?

A. I had a -- yes. Are we going to talk about my daughter at this stage?

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Q. Sure.

A. Part of the funds were allocated to my daughter. And my daughter was -- her husband had Agent Orange. She married him when he was very active in the Republican party in Minnesota, and she was just a lost soul to speak of. And I asked John if he would put her in the campaign, and he agreed to do so. And I gave him the money to do it.

And the rest of the money I told him to write out a couple checks for my wife and myself, and that is what happened. And he paid her. To this day, I don't think she knows the money actually came from her father. It is a very difficult situation, and it is only recently she finally started to work. We also took care of our granddaughter.

Q. That would be her daughter?

A. We take care of our granddaughter pretty much. That is about it.

Q. Now, am I correct that your daughter was in the process of getting a divorce?

A. I think she got a divorce after that.

Q. After that. Can you recall approximately what time of year it was that she began working with the campaign?

A. Since this, I can't -- some of these

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things I found out since.

Q. Sure.

A. So I did call her up and asked her when she was working there, and I believe she was working there in July and August.

Q. Did you believe that it was the whole month of July?

A. I don't know.

Q. Okay. Do you have any idea what she did for the committee?

A. I think she just -- I don't know except what she told me.

Q. Okay.

A. And she worked in the office and did just general clerical work as far as I know.

Q. Did she do typing, that sort of thing?

A. Well, they had some computers down there. I think she did some computer work.

Q. Would she have organized fund-raisers?

A. I don't think so.

Q. Would she have solicited contributions?

A. I don't think so. I don't know.

Q. Okay. Did she have a title of any sort?

A. No, I don't think so. She worked for another lady that was her boss, though.

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Q. Do you know who that was?

A. I don't know who the lady was, but she ran -- she was a boss lady down there.

Q. She ran the campaign or the office?

A. I think she ran the office.

Q. Would you know the name if I mentioned it to you?

A. I doubt it. Maybe you can try.

Q. Okay. Would it have been Ann Brown?

A. I should know her, a name like that.

Q. Would it have been?

A. I don't know.

Q. Hazel Davis-Conley?

A. Brown name sounds most familiar to me.

Q. Okay. Whose idea was it to get your daughter a job with the campaign?

A. Mine.

Q. It was your idea?

A. Yes.

Q. Why did you pick the campaign? Why not the bank where Mr. O'Neill worked?

A. Well, I had to get something. My daughter was depressed. And as I mentioned at the start of talking about her that she was very interested in Republican politics. And so I thought

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it would be something that would get her interest.

Q. Okay. Who determined how much her salary would be? Was that a figure that you set or something that Mr. O'Neill set?

A. Oh, I think it was mutually agreed.

Q. How were the payments made to your daughter?

A. Mr. O'Neill paid her each week $250.

Q. I believe in your answer you provided one check that was for $260 and said you couldn't recall why that one was for a different amount. Do you have any other recollection about that now?

A. No, I do not.

Q. How were the payments made to Mr. O'Neill for your daughter's salary?

A. I think I mentioned out of the $4,000 check.

Q. Okay. I note that the date on the $4,000 check is May 30th, and it would have been a month or more later that your daughter started to work for the campaign?

A. I don't know exactly when she started.

Q. You testified that she thought it was in July and August of that year?

A. Might have been earlier, might have been

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TO Ms. Colleen Miller
Office of General Counsel
Federal Elecetion Commission
999 E. Street, S.W.
Washington, D.C. 20463

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left-hand corner of the check marked contra, and it has the word cash written in the box.

Q. BY MS. MILLER: Can you recall anything at all about the giving of the $4,000 to Mr. O'Neill?

A. Yes, I gave it to him.

Q. Do you remember in what form?

A. Cash.

Q. You gave him $4,000 in cash?

A. Yes.

Q. And by cash, you mean actual paper money?

A. Cash, yes.

Q. It means different things in different settings.

MR. KLAUSNER: Federal reserve notes.

MS. MILLER: Solid gold.

Q. BY MS. MILLER: All right. I want to make sure that I understand the situation with your daughter's employment before I move on to something else.

You were told by your daughter that she thinks she worked for them in July and August?

A. Yes.

Q. Is that correct?

A. Yes.

Q. But it may have been more than that?

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A. I don't think so. I don't know. She wasn't there too long.

Q. Do you recall why she decided to stop working for the committee?

A. I think Mr. O'Neill terminated her.

Q. Okay. Was there a specific event that might help us to figure out how long she worked there? Was there an event that caused her to be terminated?

A. I think you would have to ask Mr. O'Neill that.

Q. Okay. Do you know who else at the committee knew about the arrangements that you made with Mr. O'Neill for the payment of your daughter's salary?

A. I wouldn't know who we spoke to.

Q. Would the woman that your daughter worked for have known about the arrangement?

A. I can't speak for her, maybe.

Q. Do you know whether Jay Rhodes knew about the arrangements?

A. I can't speak to that.

Q. You never discussed it with him?

A. No. I don't know him that well.

Q. Now, this check is dated May 30th, and

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the two contributions that you and your wife were to have made were dated July 14th. Do you recall -- I think you testified that those two contributions came from this $4,000 payment; is that correct?

A. I thought they did.

Q. Do you recall why there would have been that length of time?

A. No, I can't.

Q. You are not certain that those two payments came from this $4,000?

A. Well --

MR. KLAUSNER: We're as certain as we can be. We have no other source of those two checks.

Q. BY MS. MILLER: Was it your intention at the time you gave Mr. O'Neill the $4,000 that all of it be used in one form or another for the Rhodes to Congress campaign?

MR. KLAUSNER: As opposed to what?

MS. MILLER: Well, we had two contributions of $1,000 each.

MR. KLAUSNER: I understand. I think I understood -- my question was as opposed to Mr. O'Neill taking his wife out for dinner or something like that?

Q. BY MS. MILLER: Sure. Was there any

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intention Mr. O'Neill could have any personal use of these funds?

A. Not at all.

Q. I will hand the reporter a document that I will ask her to mark as FEC Exhibit No. 2.

(Deposition Exhibit No. 2 was marked for identification.)

Q. BY MS. MILLER: Can you identify that document?

A. Yes.

Q. And what is it?

A. It is a cashier's check for $5,000 made out to me.

Q. Now, that is a real difficult copy to read. Would you have a better copy of that check?

MR. KLAUSNER: I have a little better copy. Well, not much, but this is a little better copy.

Q. BY MS. MILLER: At the end of the deposition, we will try to get a copy of that and see if we can do a little bit better with it.

Is there an indication on that check on the better copy of the check that that is a cashier's check?

MR. KLAUSNER: No, it's Riviera Capital.

THE WITNESS: Oh, I'm sorry.

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Q. BY MS. MILLER: Who is that made out to?

A. Made out to me.

Q. Could you read the signature on the check?

A. That is my signature.

Q. That is your signature. Would you look at the second page of that?

A. Yes.

Q. On my copy, it appears to be endorsed by John O'Neill. Is that the same on your copy?

A. Yes.

Q. How is it that Mr. O'Neill could endorse a check that was made out to you?

MR. KLAUSNER: I am sorry, our check has an endorsement of Mr. Silver over Mr. O'Neill's signature.

MS. MILLER: Ours does not. That should answer it. Okay.

MR. KLAUSNER: Let me show you our copy.

MS. MILLER: All right. That will be helpful. Can I take a look at the previous page?

MR. KLAUSNER: That is what I submitted to you, and I guess it just didn't make a good enough copy.

Q. BY MS. MILLER: So Mr. O'Neill did not

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have the authority to endorse checks that were written out to you?

A. No. I started telling you at the outset.

Q. Do you recall what this check was for?

A. Yes. It was a campaign contribution.

Q. To the Rhodes to Congress Committee?

A. Yes.

Q. Is that a check from one of your personal accounts or one of your business accounts?

A. Charged to my account, so that is my personal -- that is regarded as my personal funds.

MR. KLAUSNER: Well, all right. It is a business check that was made to Mr. Silver. So it was an advance to Mr. Silver, and then he, in effect, endorsed the check to Mr. O'Neill with the -- well, he just endorsed it and gave it to Mr. O'Neill with the understanding, but he treated it as personal funds.

Q. BY MS. MILLER: You have stated that the check was written to you, originally?

A. Yes.

Q. And it was endorsed over to Mr. O'Neill, and the part where it was written to you, was that a salary payment?

A. I have an account at the office, and they

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charge it to my draw.

Q. Your draw being your --

A. My salary.

Q. Your salary. So this would be an advance on your salary, basically?

A. Salary or draw, one or the other.

MR. KLAUSNER: This is a, I want to say, ma and pa type operation, you know. It does business, but it's basically Silver family operations. Rather than a regular paying salary, the company, on various occasions, pays Mr. Silver and then checks as a compensation-type account.

Q. BY MS. MILLER: This was a contribution to the Rhodes to Congress campaign, did you say?

A. Yes.

Q. Did Mr. O'Neill ask you for this contribution?

A. Yes, he did.

Q. Did he discuss with you any limits on contributing to the campaign?

A. I had -- no, he didn't, nor did I have any knowledge of the same.

Q. In your response to the commission, you stated that you had later discovered that this check was parceled out into five separate contributions?

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A. Yes.

Q. How is it that you discovered that?

A. I think -- I don't recall. I think I got that from Jack when our investigation --

MR. KLAUSNER: I think I got it from O'Neill.

Q. BY MS. MILLER: Okay. One of the persons to whom the contribution was attributed was your son, Cortland Silver, Jr.; is that correct?

A. Yes.

Q. Did he know about that at the time?

A. No.

Q. Do you have any idea why Mr. O'Neill chose the names that he did to attribute to these contributions?

A. None.

Q. Did he discuss it with you at all?

A. No. After all, he was my banker and friend. And the Rhodes family is well known, and I knew his father -- of his father. So he said they needed some funds for the campaign.

Q. Okay.

MR. KLAUSNER: Again, Counselor, our discovery of this took place after the requests were served on us. I think that is the first any of us learned what happened with the $5,000.

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Q. BY MS. MILLER: Do you know who Jay Rhodes is?

A. Yes.

Q. How long have you known him?

A. You mean the fellow, the contribution?

Q. Yes, the candidate in 1986.

A. I had lunch with him one time. That is all.

Q. You know his family?

A. Yes.

Q. Socially?

A. No.

Q. How is it that you know his family?

A. What I read about them.

Q. When did you have lunch with Jay Rhodes?

A. I had lunch with Jay Rhodes and John O'Neill, I just don't recall -- it was sometime before they asked me for the contribution.

Q. Would it be in the early part of this campaign?

A. Yes.

Q. Did Mr. Rhodes, Jay Rhodes, the candidate, discuss with you any of the limitations on contributing?

A. Never.

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Q. In that conversation, did he, Mr. Rhodes, appear to be concerned about fund-raising? Did it appear that it was going to be a problem for him?

A. I don't think fund-raising was discussed at all.

Q. Was the campaign discussed?

A. I think it was kind of a get-acquainted thing.

Q. Why don't we take a short break here and stretch our legs a little bit. And it may not go very much longer.

MR. KLAUSNER: Certainly hope not.

(Short recess.)

Q. BY MS. MILLER: We are back on.

Let me go back and ask you a question and make sure -- I thought I understood what you said, but I want to make sure.

You said that you knew somebody's father, somebody's family. Were you talking about Jay Rhodes' family or John O'Neill?

A. Jay Rhodes.

Q. You don't know John O'Neill's father?

A. No.

Q. That is what I thought you meant. I just wanted to be sure.

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I need to understand how some things worked at Riviera Capital. I get a salary, I don't get draws. So I am not quite sure I know what draws are. Do you receive those on a regular basis?

A. I get a salary weekly, then if I need any additional money, I have an account, draw account, and I can draw within reason what I need or want.

Q. Who sets the within reason?

A. I have not had anybody set within reason.

MR. KLAUSNER: He's the boss, if that is the question.

Q. BY MS. MILLER: You are the boss, so you are the one that would decide whether it was within reason or not?

A. Yes.

Q. Beyond the salary, the extra draws that you would make, how often do you do that?

A. They're frequent.

Q. Is it something that is done every week?

A. I wouldn't say every week. When I go to New York or whenever I do, if I need extra money I draw it.

Q. Do you usually make the draw for a specific reason?

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A. Not necessarily.

Q. Was the draw that is indicated in FEC Exhibit No. 2, the $5,000 check, was that specifically for the contribution to the Rhodes to Congress?

A. No. That was charged to my account, and it was made out to me as to do as I wish with it. I will make one further statement on that. My books and records will show that that check is charged directly to my account.

Q. Now, by charged to your account, do you mean that you had a separate account just for your draws?

A. Yes.

Q. There is a separate pool of money set aside for your draws?

A. Yes.

MR. KLAUSNER: I think he is answering yes and not listening to that last question. There is a separate account, and he can just say to the bookkeeper, "Give me an advance of 5,000, 10,000, $50,000," whatever he wants. It doesn't come out of a separate account, a separate bank account or separate pool of funds. But on the records, it will show a debit of 5,000, 10,000, $50,000 to Cortland

24043601

Silver, Sr.'s draw account. That is what he meant by separate. There is not a separate bank account or pool of funds. He does it frequently, but in one year the advances might be $100,000, could be 200,000, it could be $15,000. And then at the end of the year it is included in compensation by the, I imagine, by the accountant.

Q. BY MS. MILLER: So for income tax purposes --

A. I give that to my CPA and let him handle that.

MR. KLAUSNER: It's compensation.

Q. BY MS. MILLER: But the total amount of draws is determined at the end of the year when you are done making all your draws for that year? There is not a separate amount that is set aside at the beginning of the year; I can make $100,000 worth of draws this year, something like that?

A. No, it is not.

Q. I think you testified that John O'Neill was your banker at United Bank; is that correct?

A. At United Bank, that's correct.

Q. Could he call up any of your accountants at your business and tell them to make a check for a certain amount if one of your bank accounts was

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overdrawn or something like that?

A. No.

Q. Did he have the kind of authority that he could discuss something with you and then call the person that writes out your checks and say, "Cort Silver said I can have a check for $5,000"?

A. No, ma'am.

Q. He didn't have that kind of authority. Okay. Let me take you way back to a couple of checks that weren't produced in your answer and that we don't have copies of, so you may not remember anything about these.

There were two checks written to John O'Neill in September of 1985. That is basically six months earlier than what we're talking about here. One was for the amount of $10,500 and another for the amount of $19,500. Do you remember anything about those checks?

A. I do not.

Q. Would it refresh your memory at all if you were told that John O'Neill said these checks were written to him to convert to cash in order to avoid filing a currency transaction report? Does that refresh your recollection?

A. No, ma'am.

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Q. And I don't want to know why it was done, I was just wondering if those checks have anything to do with Rhodes to Congress?

A. No.

Q. There were some other checks produced in your answer that you didn't make reference to in your answer. Do you know what those checks were about?

MR. KLAUSNER: I have to answer that. It appears that the committee just gave us copies of a page, so that if there was a check that said Cortland Silver, Jr. on the page, they gave us their page that had one or two other checks that I knew nothing about or had names that mean nothing to us. So that was how we got it.

MS. MILLER: That is what we assumed it was. We wanted to make sure the checks that were produced in your answer all came from the Rhodes to Congress Committee.

MR. KLAUSNER: I don't think the $5,000 one did, and I can't remember how I -- hold on a second. Let me tell you what I think I got from the Rhodes committee. I have got -- the first page has a check at the top, No. 7116, from Marilyn Jean Eaton. The second page has a Cortland Silver check, 100608, and then followed by a couple checks.

2043600184

The next page has 100648 to Debbie Lorshbough, and then it has -- the next page has backs to that.

The next page has Lorshbough, Check 100678, and then the next page is the back of that.

The next page is Lorshbough, 100696, and the next page is, I guess, the backs of that.

Next page is Lorshbough, 101729 and the backs of that, and then the next page, Lorshbough, 101728, and the backs of that.

Next page is a crossed out check to Lorshbough, 100696, and then I believe the other materials we got were produced by United Bank.

MS. MILLER: And those would be copies of the cashier's checks?

A. I think we asked United Bank to give us everything to do with these matters, and I think that is probably how -- it is possible that is how that $5,000 check came up. I just don't recall. That was an item that when we discovered, you recall I did not think it was covered by your questions. But we wanted to fully disclose what our investigation was.

MS. MILLER: Okay.

MR. KLAUSNER: But I think our sources primarily were United Bank and the Rhodes campaign.

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MS. MILLER: Thank you. That is helpful.

MR. KLAUSNER: Oh, I should say this is even a long time ago to the investigation, but I believe United Bank had done an investigation, and so they had pretty well -- I mean, there were certain people that knew about this and picked out the checks for us that they felt had something to do with the Election problems.

MS. MILLER: Okay, thank you.

Q. BY MS. MILLER: Let me ask you one more question about Mr. O'Neill's relationship with the Riviera Capital Corporation: Would he have had any reason to make a loan to Riviera Capital personally, not the bank?

A. I testified earlier that he did not make a loan to our company.

Q. I just want to make sure I understand your answer. He did not make a loan to Riviera?

A. No. He had no connection with our company other than our banker.

Q. He didn't ever make out a loan to you personally, individually?

A. No, ma'am.

Q. Do you know Conley Wolfswinkel?

A. Yes. I know of him.

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Q. Do you know him socially?

A. No, I can't say that I do. I have seen him at a couple of social events. That is it.

Q. Do you know whether he supported the Rhodes to Congress campaign financially or otherwise?

A. I read about it.

Q. Did you ever have occasion to discuss Rhodes to Congress with him?

A. I don't think so.

Q. Does Conley Wolfswinkel do a lot of fund-raising?

A. I believe he does, yes.

Q. Do you know whether he does a lot of political fund-raising?

A. I don't know really much about him.

Q. Did anyone from the Rhodes to Congress campaign discuss any of the rules about contributing to campaigns with you?

A. No.

Q. Did they discuss corporate contributions or personal contribution limits, anything like that with you?

A. No.

Q. That would include Mr. O'Neill in that answer, Mr. Rhodes?

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A. I answered that earlier, but my answer is the same, no.

Q. Have you discussed this investigation with anybody other than your counsel?

A. I talked to Mr. O'Neill about it.

Q. When would that have been?

A. When I first got word of the letter.

Q. Was it your idea to talk to him or was it his idea to talk to you?

A. I don't recall whose idea it was.

Q. Was Mr. Wolfswinkel present at that meeting?

A. No.

Q. Do you recall what was discussed in that meeting?

A. Well, I wanted to find out something about it, because I didn't know anything about it. That is about all.

Q. Did Mr. O'Neill suggest any answers to you. Any ways that you should answer things?

A. No, he did not.

MR. KLAUSNER: Counselor, there was a meeting -- I questioned Mr. O'Neill as part of my investigation.

MS. MILLER: Okay.

2404360 1188

MR. KLAUSNER: And we had a meeting with Mr. O'Neill and Mr. Silver to try and find out exactly what happened, which is the basis for some of our answers was O'Neill told us what had happened.

Q. BY MS. MILLER: In the discussion that you, Mr. Silver, are referring to, is that separate from the meeting that you had with your counsel and Mr. O'Neill?

A. I don't know what my counsel did at all times. But when I was alone, we had lunch.

Q. When you met with Mr. O'Neill?

A. Yes.

Q. Prior to your contribution to Rhodes to Congress, have you given any financial support to other political campaigns?

A. Various and sundry from time to time.

Q. Did you give any contributions when you lived in Minnesota?

A. Yes.

Q. Did you ever work on a campaign at that time?

A. Yes.

Q. In Minnesota?

A. Yes.

Q. Whose campaign would that have been?

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A. Senator, Vice President Hubert Humphrey.

Q. In what capacity did you work on that campaign?

A. Oh, I was one of his fund-raisers and campaign guys.

Q. Do you recall what year that was?

A. That was in the late 60s.

Q. Was there anybody else, any other campaign you worked on?

A. I worked on many civic and political campaigns in my life. In those days they didn't have campaign laws.

Q. Have you worked on any since there have been campaign laws?

A. No, ma'am.

Q. Other than the contributions we have discussed today and your daughter working for the Rhodes to Congress campaign, have you provided any other assistance to Rhodes to Congress, any other money?

A. No.

Q. Any goods or services?

A. No.

Q. Any other employees?

A. No.

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Q. Okay. Let's take about a three-minute break, and I think we will wrap it up. I just want to review.

(Short recess.)

Q. BY MS. MILLER: I want to ask you just a couple questions about the luncheon that you had with John O'Neill after you got the letter from the Federal Election Commission.

I believe you said that you don't remember whose idea it was to get together with him?

A. I don't recall that.

Q. Do you remember what you discussed at lunch with him?

A. No, I do not.

Q. Do you remember whether you were angry with him or confused with him or just what your general state of mind was at the time?

A. I'd have to say the word, probably, is disturbed.

Q. Okay. Can you explain that to me a little bit?

A. No, just concerned about it.

Q. Did you at that time feel that he had some responsibility for you receiving this letter?

A. Well, he was the treasurer.

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Q. Of the committee?

A. Of the Rhodes campaign, yes. I felt he knew what he was doing.

Q. Did he offer any explanation to you?

A. I just can't recall the conversation.

Q. Do you remember whether he was generally apologetic or generally defensive?

A. Well, I think his feeling about it is that, you know, I had had my daughter there and he had helped and that was about the way it was.

Q. His feeling was that he had done you a favor?

A. Oh, I don't know about that.

Q. Okay. I am not quite sure that I understand your statement.

A. I can't speak for his feelings, to start with.

Q. Well, did you get any impression from him that he was apologetic?

A. I don't know whether he was or wasn't. That is two years ago plus, I guess. That is a long time to remember a conversation.

MR. KLAUSNER: Well, you are talking about the conversation when you got the letter?

Q. BY MS. MILLER: At lunch? Was the

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conversation that you had with Mr. O'Neill over lunch, was that after you received the letter from the commission or after the whole thing sort of hit the newspapers?

A. I'm not sure when it exactly was.

Q. You think it was two years ago?

A. I don't know if it was two years ago or not.

Q. Can you remember what time of year it was, whether it was summertime or wintertime?

MR. KLAUSNER: In Arizona it is a little difficult.

MS. MILLER: It is all about the same, I have noticed.

Q. BY MS. MILLER: Do you remember whether it was around the holidays or anything?

A. I don't.

Q. Can you recall whether it was in the last year, or was it more than a year ago?

A. I'd to have say it was more than a year ago. I don't know.

Q. Were you present at the meeting that Mr. O'Neill had with your attorney?

A. No.

MS. MILLER: Counselor, do you have any

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questions?

MR. KLAUSNER: No, I have no questions.

MS. MILLER: Okay. Is there anything that you need to say to clarify any of the investigation that you did?

MR. KLAUSNER: To clarify the investigation? No. My recollection was that I thought when I met with Mr. O'Neill, I thought you were there, but I am not so certain nor do I think it really is material, because I was the one asking O'Neill the questions. And as I recall, if Mr. Silver was there, his participation was simply as a listener anyway, since I was the one doing the investigation.

But other than that, no. My investigation told me that my client was relying on somebody that maybe he shouldn't have relied on and our investigation told us, as we admitted, that we think we technically violated these rules and statutes. But I think it was innocent. I think Mr. Silver believed that his banker and friend and election treasurer or finance chairman would know what the rules were and would not induce him into doing anything wrong. So he was relying on that and realized it was a mistake, and we've said technically we have violated the statute, but it was not known.

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MS. MILLER: Would you like to waive the signing of the transcript, or would you like your client to review and sign?

MR. KLAUSNER: You are going to order a transcript of this? I guess you are. No, I think we would like to look at it and sign. We wouldn't hold you up much.

MS. MILLER: It will need to be reviewed and signed in the reporter's office.

MR. KLAUSNER: If I buy a copy --.

MS. MILLER: No, we can't release extra copies because of the confidentiality. When it is closed, we can.

MR. KLAUSNER: Give the notice to me at Burch and Cracchiolo, 702 East Osborn.

MS. MILLER: You will receive a fee for your appearance today, which will cover your estimated mileage expenses. And I think we have your address on the record, so we will send it to your home address.

It is the practice of the commission to consider these depositions as continued in case anything comes up later on. But for today, we are done with the deposition.

(3:41 p.m.)

2043600195

UNITED STATES OF AMERICA
BEFORE THE FEDERAL ELECTION COMMISSION

In re:

NO: MUR 2602

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition of Cortland Silver was taken before me, Laurie A. Adams a Notary Public in and for the County of Maricopa, State of Arizona, on March 7, 1989; that the witness elected to sign the deposition before filing with the taking attorney; that the witness was requested by mail on March 23, 1989 to come to the offices of Thacker & Associates, Inc., 2700 N. Central Avenue, Suite 1201, Phoenix, Arizona, within 30 days to read and sign said deposition.

SINCE SAID LETTER has not been returned and the witness has not contacted our offices for an extension of time, and being charged with the responsibility for filing the original with the taking attorney, I herewith file said deposition.

DATED at Phoenix, Arizona, this 19th day of May, 1989.

SUBSCRIBED AND SWORN to before me this 19th day of May, 1989.

Laurie Adams
Court Reporter

March 30, 1993
My Commission expires

Rhonda D Thacker
Notary Public

CORTLAND SILVER

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STATE OF ARIZONA)
: ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition was taken by me; that I was then and there a Notary Public in and for the County of Maricopa, State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the whole truth and nothing but the truth; that said deposition was reduced to writing by me, and that the foregoing 49 pages constitute a full, true, and accurate transcript of the testimony of said witness to the best of my skill and ability.

I FURTHER CERTIFY that I am not related to nor employed by any of the parties hereto and have no interest in the outcome thereof.

DATED at Phoenix, Arizona, this 17th day of March, 1989.

Laurie Adams

Laurie A. Adams
Court Reporter

My commission expires April 20, 1990.

2043600198

100-4 R. 4/73

Riviera Capital Corp. MESA RHO

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100490
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTRA Cash.

MAY 30 '86
91-283 07-09

May 30, 19 86

PAY TO THE ORDER OF JOHN J. O'NEILL $ 4,000.00

UNITED BANK 4,000dols00cts DOLLARS

PURCHASER'S SIGNATURE Bank Use.

EXCH. FEE ☐ COLLECTED ☑ WAIVED

ADDRESS grb

AUTH. SIGNATURE

INITIALS

⑈100490⑈ ⑆122102831⑆ ⑈2141040070⑈ ? ⑈0000400000⑈

100-4 R. 4/73

Riviera Capital Corp.

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100490

91-283/1221

May 30, 19 86

PAY TO THE ORDER OF JOHN J. O'NEILL $ 4,000.00

UNITED BANK 4,000dols00cts DOLLARS

CASHIER'S CHECK

grb

Georgeann R. Boudet
AUTHORIZED SIGNATURE

MESA RHO C L DEBIT
ACCT NO 2141040070 SER# 100490
06-30-86 15:17 TELLER 0202 050 0503

⑈100490⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000400000⑈

Silver

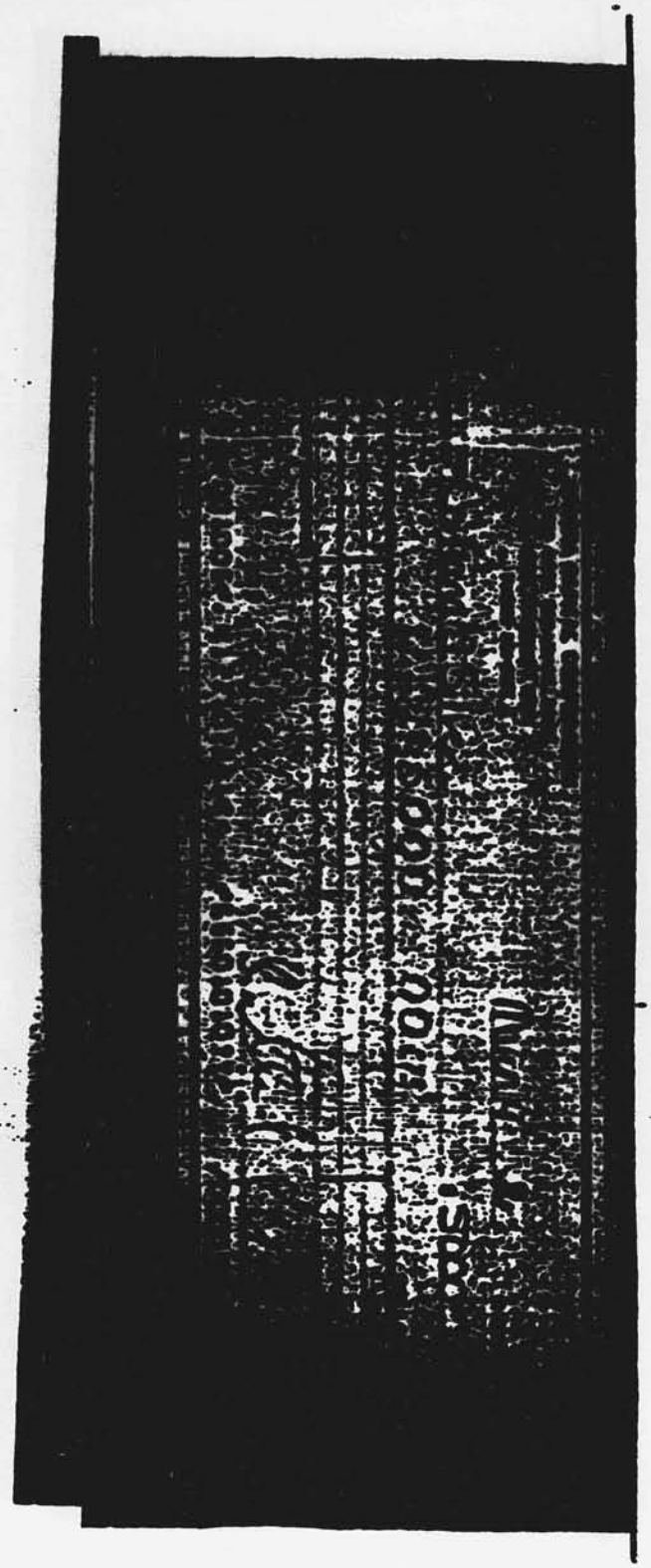
DEN. NO. 1 DATE 3-5-89
LAURIE ADAMS

- EXHIBIT #8 -

0007 16342
NOV 30 1990
LBLL 91028
MAY 30

Silver

EXH. NO. 2 DATE 3-7-89
LAURIE ADAMS



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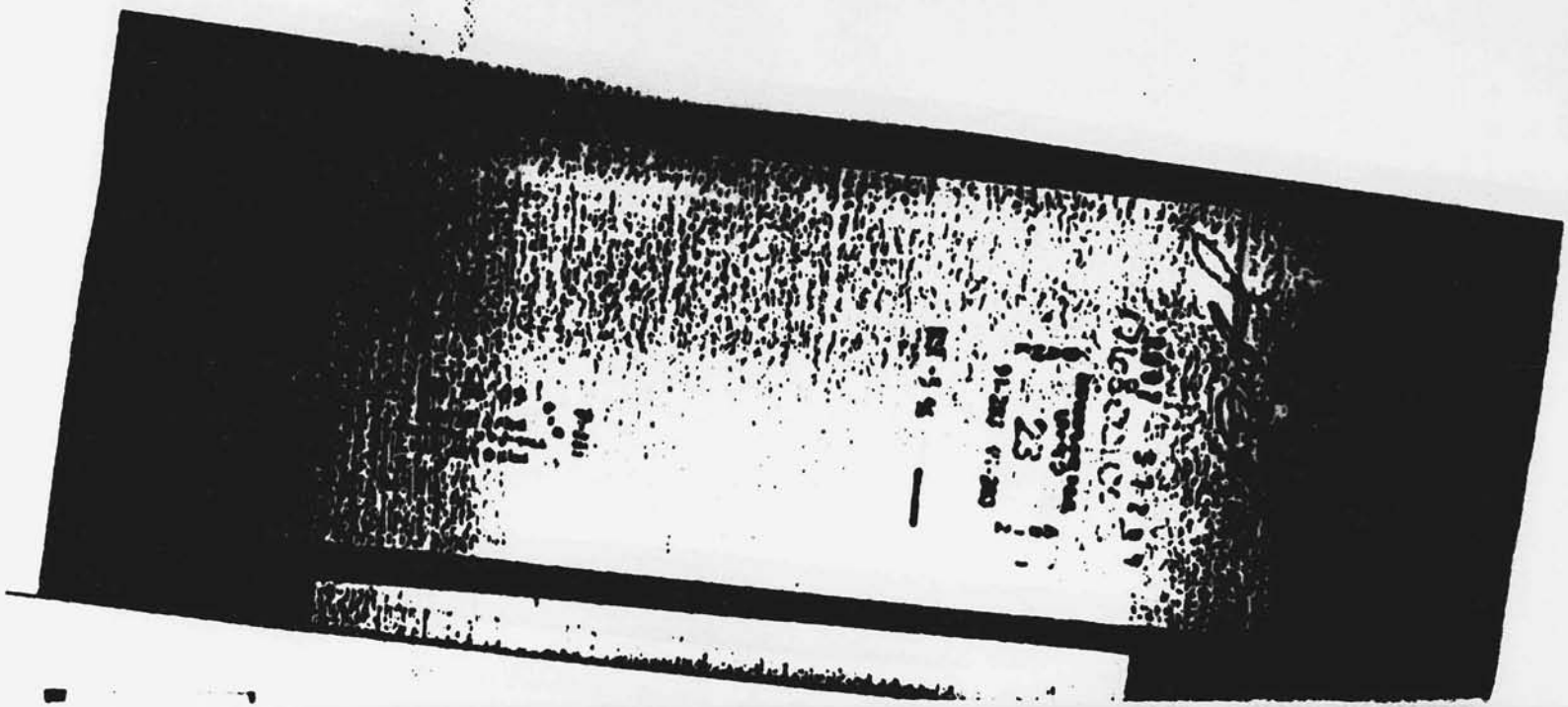

later.

MR. KLAUSNER: The checks we show paying her are in July and August, and we cannot account for that discrepancy. Also, let me make one point, because I am not sure that Mr. Silver or Riviera Capital Corporation was an original source of this cashier's check which is your Exhibit 1, check 100490, because the indication on the back-up documentation appears to me that Mr. O'Neill was probably the purchaser, because it says purchaser's signature bank use. And Mr. Silver, Riviera, is not authorized to make that designation. Why he put Riviera Capital Corporation on it, again, we don't know what the answer is. But I don't have a back up. I don't know what the back up -- whether there was another check to Mr. O'Neill or whether there was cash or what there was. But I don't believe Mr. Silver had -- he has no recollection of it at all.

But my indication is that it looks like cash was used to purchase this $4,000 check, and I don't think Mr. Silver or anyone at Riviera had anything to do with purchasing that particular check. He was the original source of funds.

MS. MILLER: Just to keep the record complete, I will note counsel indicated on the box in the upper

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TRANSCRIPT OF PROCEEDINGS

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

- -x
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IN RE: :
:
M U R 2602 :
:
- -x

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DEPOSITION OF ANN O'NEILL

Phoenix, Arizona

Tuesday, March 7, 1989

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UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:	)	
	)	MUR 2602
	)	
	)	
	)	
	)	

Phoenix, Arizona
March 7, 1989

DEPOSITION OF ANN O'NEILL

THACKER & ASSOCIATES, INC.
Court Reporters
2700 North Central Avenue
Suite 1201
Phoenix, Arizona 85004
(602) 279-4711

Prepared For:
Ms. V. Colleen Miller
Attorney at Law
(Copy)

By: Laurie A. Adams
Court Reporter

2043600205

The deposition of ANN O'NEILL, a witness herein, was taken upon oral examination by the parties through their respective attorneys before LAURIE A. ADAMS, a Notary Public in and for the County of Maricopa, State of Arizona, at the Federal Building, 230 North First Avenue, Suite 4000, Phoenix, Arizona on the 7th day of March, 1989, commencing at 9:31 a.m. of said day.

COUNSEL APPEARING:

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Mr. Jonathan M. Levin
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Attorneys for Federal Election Commission

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I N D E X

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2043600207

MR. CAMPBELL: Before we get started, let me say something about the marital privilege so you can understand where we are going.

MS. MILLER: Okay.

MR. CAMPBELL: Obviously, as you know, Mrs. O'Neill is married to John O'Neill, who you deposed yesterday. There is a marital privilege with respect to confidential communications between husband and wife. I am somewhat confused about the second aspect of the marital privilege, and I guess I say I am confused because the ramifications of the Trammell case as a place in this context are not entirely clear to me. But Mrs. O'Neill also has a privilege not to be a witness against her husband. She does wish to exercise her privilege both not to be a witness against her husband and with respect to confidential marital communications. So therefore, I suspect, you know, on the other hand, there are things that Mrs. O'Neill knows; for example, her own state of mind with respect to communications and with respect to contributions that she's certainly happy to testify to as long as it doesn't involve being a witness against her husband or a confidential marital communication.

So we will obviously have to proceed on a

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question by question basis, but I just wanted to state what our intentions with respect to the privilege were. If you have anything to illuminate me with as we go through, I can certainly use all the illumination I can get.

MS. MILLER: Thank you.

ANN O'NEILL,

a witness herein, having been first duly sworn by the Notary Public to speak the truth and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MS. MILLER:

Q. We are here today pursuant to an investigation being conducted on Matter Under Review 2602. It is an investigation that is being conducted as part of Title 2 of the United States Code, Section 437 G.

The parties present today are reminded that these proceedings are governed by the confidentiality requirements of that act in Subsection A, and all of these proceedings and any other proceedings relating to the investigation must be kept strictly confidential.

Parties have stipulated to reserve all

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objections except as to form and foundation until the time of trial, if there is any.

My name is Colleen Miller, and I am an attorney with the Federal Election Commission. This is Jonathan Levin, and he is also an attorney. The deponent has been sworn.

Would you please state your name for the record?

A. Ann O'Neill.

Q. What is your address, Mrs. O'Neill?

A. 1529 East Grandview. It's Mesa.

Q. Are you represented by counsel today?

A. Yes.

Q. What is your counsel's name?

A. Colin Campbell.

Q. Mrs. O'Neill, have you ever been deposed before?

A. No, unless you call my divorce one. I don't know.

Q. Okay. Let me just go over some basic Instructions with you, then. I am going to be asking you a series of questions. If you don't hear any of my question or any part of my question or you don't understand what I have asked, just say so and I will try to restate it or clarify it for you.

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If you answer a question that I ask, I am going to assume that you heard it and understood it. If you don't know the answer to a question or don't remember the answer to a question, just say so.

You need to answer out loud, because a gesture or shrug of the shoulders or something like that won't be taken up on the written transcript that is being taken today.

If you need a break for any reason, you become confused or just want to stretch your legs, say so. We will take a break.

Do you understand these instructions?

A. Yes.

Q. Thank you. Mrs. O'Neill, did you produce any documents today?

A. No.

Q. Where are you employed?

A. MeraBank.

Q. How long have you been there?

A. Be 16 years in August.

Q. What is your position with MeraBank?

A. I am a vice president and general sales manager.

Q. How long have you been in that position?

A. About three years.

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Q. So you would have been in that position in 1986?

A. Yes. I had just switched over to that position and moved from Mesa to Phoenix sometime during that year. I believe it was that year.

Q. In 1986 you moved from Mesa to Phoenix?

A. Uh-huh.

Q. When did you move back to Mesa?

MR. CAMPBELL: This is her job. She was at a Mesa branch and moved to the Phoenix home office.

THE WITNESS: I thought we were talking about my job.

MR. CAMPBELL: You were. It's a misunderstanding.

Q. BY MS. MILLER: Prior to your employment with MeraBank, had you worked with any other banks?

A. Back in New York I worked for Marine Midland Bank of Buffalo.

Q. How long had you worked there?

A. Just a couple years.

Q. Are you married?

A. Yes.

Q. When were you married?

A. February 14th of '87, two years ago.

Q. When were you engaged to be married?

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A. The year before.

Q. Sometime in '86?

A. Yes.

Q. What was your name prior to your marriage?

A. Ann Lorenzo.

Q. Mrs. O'Neill, I would like to discuss with you the Rhodes to Congress Committee and the activities that you were involved in in the years 1985 and 1986. Did you work on the Rhodes to Congress Committee?

A. Yes.

Q. As what?

A. My title, I believe, going back all these years, was co-finance chairman.

Q. Could you describe for me what that involved?

A. Really involved very little. I held that position since I worked in Mesa. My husband and I jointly held that position; however, you know, now I really -- I changed my job with the bank, and during that time I really -- I started with the campaign and probably spent the first month. We had a couple of breakfasts in the mornings and raised some money and that type of thing. But after that, I moved to

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Phoenix, and I really didn't have a whole lot to do with the campaign.

Q. Do you recall when you began your work with the committee, just approximately?

A. I think it was in the fall.

Q. Of 1985?

A. You'll have to help me with the year. Probably '85, yeah.

Q. Do you recall who asked you to take that position?

MR. CAMPBELL: Here is where, you know, if the answer requires her to testify about her husband, I have a concern that you would use the testimony against her husband. I guess maybe you can give us some clarification, you know. I don't have a -- as long as the testimony is not utilized against her husband, I don't have a problem with her answering the question, you know, so that we can proceed with the chronology and everything. I don't know if you can.

MS. MILLER: Perhaps I can ask the question in a way that it won't create a problem at this point.

Q. BY MS. MILLER: Do you recall whether Jay Rhodes asked you to take the position as co-chairman of finance?

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A. The way I remember it is my husband and I talked about it ahead of time. He told me I was going to have that position, and we were one night in a meeting when Jay was going through all the people on his list, and he said who his chairmans are. He said his chairman is John, and I'm co-chairman.

Q. He being Jay Rhodes?

A. Jay Rhodes.

Q. I would like to discuss some of the things that you might have done for the Rhodes to Congress Committee, so if you did any of these things just tell me so and describe for me what you mean by it.

Did you solicit any contributions to the committee?

A. I probably asked some people. I can't remember today if I actually got any dollars or didn't get any dollars.

Q. But you think you may have asked people for contributions?

A. Yes.

Q. Do you recall whether you would have done that in person or over the telephone?

A. I never did any solicitation over the phone. If I did any, it was in our little meeting

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groups that we would have had, you know, for raising funds.

Q. Did you organize or assist in organizing any fund-raisers?

A. We were involved in going to some, and we had one at my house.

Q. Do you recall when the one at your house was, the time of year?

A. It was either summer or early fall. I think it was maybe the first one he had just to get it going. I honestly can't exactly remember.

Q. Can you remember anything about that fund-raiser? Was it a breakfast or a lunch or cocktail party?

A. It was early evening, I don't remember what day of the week. We probably -- I don't even remember how many people it was; less than 50 people.

Q. Did you attend other fund-raisers?

A. Uh-huh.

Q. Was that yes?

A. Yes, I'm sorry.

Q. Can you recall approximately how many?

MR. CAMPBELL: You don't have to.

Q. BY MS. MILLER: You don't have to guess or speculate. If you are making a guess, tell us you

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are making a guess.

A. I am making a guess. I don't remember.

Q. I will take your guess.

A. A dozen.

Q. Other than fund-raisers, did you attend any meetings?

A. I attended -- very early on we had an organizational meeting in Chandler to get a group going in Chandler and one at the Mesa Country Club to get a group going in Mesa. And to my best recollection, I think those were the only two outside of maybe a meeting or two that Jay had early on to organize his group, his own working group.

Q. Can you recall at the meeting in Chandler approximately how many people were there?

A. Just around one table; maybe six, eight people.

Q. Can you recall where in Chandler that was held?

A. I believe it was their Chamber of Commerce building, but I'm guessing.

Q. Do you recall what was discussed at that meeting?

A. Not exactly. I think they wanted to really formally decide who would work the Chandler

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area, and I think that was about the extent of it, really, what I can remember.

Q. It was mostly discussing assigning responsibilities, that sort of thing?

A. Uh-huh.

Q. Can you recall at the meeting at the Mesa Country Club how many people attended that, approximately?

A. Approximately 12 to 15 people.

Q. Can you recall what was discussed at that meeting?

A. They were asking people if they would raise money for the campaign, not only through themselves but go out and ask people for money for Jay.

Q. So there was more discussion at that meeting of the actual contributions rather than the assignment of responsibilities?

A. Yes.

Q. Do you recall at that meeting whether they discussed whether it was permissible to get contributions from a corporation?

A. I don't recall.

Q. Do you recall any discussion of personal contribution limits?

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A. I don't recall it being mentioned. It could have been, I just honestly can't tell you.

Q. Was it among your responsibilities as the chairman of the finance committee to talk to the media?

A. No, I don't remember ever talking to the media.

Q. Okay. Did you attend any luncheons or meetings of other groups to solicit contributions?

A. Tell me what you mean by meeting of other groups. I attended a few functions, but --

Q. By meetings of other groups, I mean other than campaign committee meetings. Would you have gone to, like, a meeting of the Kiwanis or something like that to ask them for a contribution?

A. No. No, I never did that.

Q. Girl Scouts?

A. I never did that. Like I say, my job kind of changed, and I really didn't devote my time to that.

Q. When did your job change, can you recall?

A. I'd have to go back to the bank. My job changed so many different times, I can't exactly remember. I know I moved in December to Phoenix, but I know you had asked me earlier if I moved in '86 or

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'85. Now I have to go back and look. Must have been '85.

Q. When you say that your job changed, was it your location change or responsibility?

A. Both.

Q. But your title remained basically the same?

A. No, my title changed. Everything about my job changed.

Q. How would you find out when that change took place? How would you need to find that out?

A. I could go back and look through my personnel file.

Q. At the bank?

A. Uh-huh.

Q. When you were working for the Rhodes to Congress Committee, would you have assisted anyone on the committee in preparing any reports?

A. No, I was never involved with the reports.

Q. Would you have assisted in writing up the contribution cards that were kept in the records?

A. No.

Q. Writing any thank you letters?

A. No.

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Q. I'd like you to identify some people for me. If you know them, tell me what they did on the committee, if you know. I have a list of names that I will go through. If you don't know them, say so. If you know what they did or have any idea what they did on the committee, tell me.

Do you know who Benetta Uprew was? I may not be pronouncing that name right.

A. I know who Benetta is. Was she office -- I'm guessing. She may have been office manager.

Q. You do recall that she had a position with the campaign?

A. Yes.

Q. Would you have worked with her?

A. I know that we talked a few different times.

Q. About the campaign or socially?

A. About the campaign. But I knew Benetta before that, because I was on the board for Desert Samaritan Hospital, and she used to be the hospital administrator's secretary.

Q. Do you know who Hazel Davis-Conley is?

A. Yes.

Q. Did she work on the Rhodes to Congress committee?

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A. Yes. She had a position, but I can't remember what her position was.

Q. Would you have worked with her at all?

A. No.

Q. Did you have any conversations with her at all about the committee?

A. We may have talked. I can't recollect exactly, but we didn't plan or do any funds or anything together, no.

Q. Do you know who Rudy Campbell is?

A. Yes, I know who Rudy is.

Q. Did he have a position on the campaign?

A. I know Rudy's from Tempe, and I know he was at some of the meetings. Did he have an assigned position by Jay, I don't know.

Q. But he did work on the campaign?

A. Yes.

Q. Did you work with Rudy at all?

A. No.

Q. Do you know who Ann Brown is?

A. Slightly. I know she worked in the office, but I am not real familiar with who she was.

Q. By office, do you mean the campaign offices?

A. Campaign.

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Q. Did you work with her at all?

A. No.

Q. Do you know who Tom Rawles is?

A. Yes. Tom was going to run for office, and then he did not. And then he went to work for Jay. Exactly his position, no, I don't know.

Q. But when he went to work for Jay, was that on the committee, on the campaign committee?

A. Yes.

Q. Do you know who Kent Mulkey is?

A. Yes. He's from Chandler, and he had a position -- whether it was called treasurer or controller, I don't know.

Q. He did work on the campaign?

A. Yes. He had the title, but like I say, I was so far removed by that time, I don't know what any one of those people -- how they ever fulfilled their obligations, I can't tell you.

Q. Do you know whether he was the treasurer of the committee at the time that you were working with the campaign?

A. That was his title, yes, I believe.

Q. At that time?

A. Yeah.

Q. Did you work with him at all?

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A. No.

Q. Do you know who Benjamin Dodson is?

A. He was a young kid that worked in the campaign office.

Q. A young kid. Was he a teenager?

A. He may have been a college student.

Q. He did work on the campaign, though?

A. Yes.

Q. Did you work with him at all?

A. I think he called me a few times early on to ask me a few questions, but I can't really say that I worked with him, no.

Q. Do you know who Conley Wolfswinkel is?

A. Yes.

Q. Did he have a position with the committee?

A. I don't really think he had a position with the committee, no.

Q. Did he support Rhodes for Congress in any way that you know of?

MR. CAMPBELL: Let me -- by support, do you mean to include within a financial contribution?

MS. MILLER: In any way that she knows of.

MR. CAMPBELL: That would include financial contributions. I guess here if you have knowledge based solely on marital communications you need to

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tell me or if you will ask the question putting aside marital communications you may have had with your husband; do you have any knowledge of whether -- maybe that is a way to do it.

Q. BY MS. MILLER: Well, let's do it this way. Do you know whether he supported in any way, including financial, Rhodes to Congress in 1986? You weren't married to Mr. O'Neill in 1986, correct?

A. No, I was not. I don't know if he had financially supported the campaign in 1986. I know he supported Jay.

Q. Did you ever see him at any fund-raisers?

A. I can't really recall if he was ever at a fund-raiser.

Q. Do you recall whether he attended the fund-raiser at the Mesa Country Club or not, the fund-raising -- the planning meeting?

A. The planning meeting, no. I would say he was not there.

Q. Would he have attended the one in Chandler?

A. No.

Q. Do you know who Cortland Silver is?

A. Yes.

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Q. Did he have a position with the Rhodes to Congress Committee?

A. Not to my knowledge, no.

Q. Do you know whether he supported the Rhodes to Congress Committee in 1986 in any way?

A. No.

Q. Does that mean no, you don't know. Or no, he did not support?

A. No, I don't know.

Q. Let me jump you back to some of the planning meetings or the planning meetings that you mentioned, one in Chandler and the one at Mesa. Can you name any of the other people who were at those meetings?

A. I can't actually remember in Chandler. I think maybe Hazel was there. I'm not sure. Her husband is Howard Conley. But I am not sure if he was there. I think Ken Lenhart maybe was there.

Q. Who is Ken Lenhart?

A. He was also at our Mesa, I think, Country Club meeting. Ken was asked if he would raise some funds for Jay. He owns a business in Mesa.

Q. Okay.

A. I can't actually remember who else was at the planning meeting in Chandler.

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Q. Was Jay Rhodes at that meeting?

A. I am not sure.

Q. How about the one in Mesa?

A. Again, I am not sure if Jay was there. John was there, my husband. I would really be guessing. I really can't remember.

Q. Have you worked on any other political campaigns in any way?

A. I have never really, no, worked on any campaign.

Q. Did you assist in any way the Barr for Governor campaign?

A. I attended a few fund-raisers, but I was never -- at least I don't remember being a part of that campaign, no.

Q. Do you recall being on a regional steering committee?

A. I may have. They may have used my name. I may have gotten a call and they said, "Would you be on this?"

Q. Do you recall what year that was in?

A. I don't.

Q. Would that have been prior to your work with Rhodes to Congress or simultaneous or after? No recollection?

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A. I honestly don't remember, because it probably was a call that said they will use my name if I said yes, and I probably said yes. And when it was, before, during, or after --

Q. You don't recall?

A. I don't remember.

Q. Did you attend any planning meetings or fund-raisers or anything for Barr for Governor?

A. Now that you bring it up, I may have attended one. I honestly --

Q. You may have attended one fund-raiser or one planning meeting?

A. A planning meeting, maybe, for an east valley function.

Q. Okay. Do you recall anything about that meeting whether any kind of strategy was discussed or anything like that?

MR. CAMPBELL: Let me object to the form of the question. I think she indicated she is guessing she may have been at one. She hasn't said she has a recollection of ever being at one.

THE WITNESS: You are going so far back, and those things weren't real important to me, I guess, and I am just having a hard time remembering.

Q. BY MS. MILLER: You have stated that you

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may have attended a planning meeting. If you did, do you have any recollection of what was discussed at that?

A. No. I attend a lot of east valley things, and I just don't recall if it was really for that.

Q. Okay. Did you support the McCain for Senate campaign?

A. I supported John McCain.

Q. By that, do you mean financially or that you worked for John McCain?

A. I supported him financially. And again, did they use my name, if they would have called me, I would have said yes, and maybe there was some steering committee. But really, that was my extent of working, I think, on the campaign.

Q. Can you recall whether you attended any planning meetings or fund-raisers for John McCain?

A. I don't remember attending any planning meetings; fund-raisers I probably attended.

Q. Do you recall what year that was in?

A. No.

Q. You have said that you were on a lot of these east valley kinds of things. What do you mean by that? Are those political committees that you

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were on?

A. Both. There is a lot of community committees that I am on. I was an east valley manager for MeraBank, so, you know, every time they had an east valley committee it was, well, call Ann. She'll put her name on it or she'll do it. So there were many things.

Q. Among those many things, were there political campaigns?

A. Yes.

Q. Can you recall any of them?

A. I think you just mentioned them.

Q. Any others?

A. I can't recall any others, no.

Q. Do you recall how many of them may have been political committees that you served on? Would it have been half, 10 percent, one or two?

MR. CAMPBELL: I object; calls for speculation and guessing.

Q. BY MS. MILLER: Well, if you recall.

MR. CAMPBELL: No, don't guess or speculate. If you are going to guess and speculate, tell us that is what you are doing.

THE WITNESS: Okay. I am going to guess it's less than 20 percent of my time.

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Q. BY MS. MILLER: Okay.

A. Of committee work, not my time-time.

Q. Okay. Did you take a trip to Washington, D.C. in December of 1985?

A. Yes.

Q. Can you describe that trip for me, please?

MR. CAMPBELL: What do you mean by describe?

Q. BY MS. MILLER: Just anything you remember about it.

A. I remember going, because Jay was having a fund-raiser there one evening, and we attended the fund-raiser. And then one morning we attended -- and I don't know if you would call it Republican Headquarters or what, but my husband and I went down and met with a young fellow for about an hour, maybe, to talk about how do you really -- what kind of functions do you have to raise money for your candidate, how do you do a promotion, how do you, you know, get people together, what other, you know, what means do you use, that kind of thing.

Q. Do you remember where that meeting was held in Washington?

A. Like I say, whether you call it their Republican Headquarters, I really don't know. I am

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guessing.

Q. It wasn't a hotel?

A. No.

Q. It was an office of some sort?

A. Yes.

Q. Do you remember whether the young fellow that you met with discussed with you any of the financial limits on fund-raising; personal contributions, any of that sort of stuff?

A. Honestly, I don't remember. I know that we did not talk in length. We really went over how to raise the funds. Whether he mentioned the limits -- that might have been the extent.

Q. You recall the meeting lasting about an hour or so?

A. Yes. It was not, you know, a major portion of the day. I think it was the morning that we went.

Q. Do you remember how many days you were in Washington during that trip?

A. I'm guessing three days. I can't remember.

Q. Excluding John O'Neill, do you remember who else went along on that trip?

A. I know that Conley and Bernadette went.

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Q. That is Conley and Bernadette Wolfswinkel?

A. Wolfswinkel. I know Jay was there and Ann, his wife. I would be guessing. I want to say a few other names, but I'd be guessing.

Q. Do you recall whether Conley or Bernadette went to the meeting with you at Republican Headquarters?

A. No, they did not. It was just my husband and I.

Q. Jay and Ann Rhodes did not go to that meeting?

A. No.

Q. You may have mentioned this already. If you did, I apologize for not listening carefully. Did you attend a cocktail party sponsored by Jay Rhodes' father?

A. Yes. That was the reason we went.

Q. Do you remember where that was?

A. It was in the hotel.

Q. The hotel where you were staying?

A. Yes.

Q. Do you remember any of the people you met at that cocktail party?

A. No. Their names were probably very

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important, and I don't remember. True politician, aren't I?

Q. During your meeting with the young fellow at the Republican National Headquarters, did you get any written information from him, any handouts or anything?

A. No, I don't remember leaving there with anything.

Q. Did you see any visual presentations; any videos or slides or anything like that?

A. No, he just sat us down at a desk and went through a few things that other campaigns had done, and that was it. It was not formal at all.

Q. At any time during your trip to Washington, did you receive any written information on fund-raising or anything like that?

A. No, not that I remember.

Q. Or see any presentations or anything?

A. No presentations.

Q. Other than the cocktail party and the meeting at the headquarters, did you do anything else on that trip related to the campaign?

A. No, mostly just sight-seeing.

Q. Do you remember the name of the gentleman, first name or last name, the gentleman

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you met with at the Republican National Headquarters?

A. No, I don't.

Q. Do you remember what his position was or his title or anything?

A. No.

MR. CAMPBELL: It wasn't Lee Atwater, was it?

Q. BY MS. MILLER: Do you remember whether he was an attorney, whether he told you he was an attorney?

A. I don't --

Q. Remember?

A. I don't remember.

Q. In your position as co-chairman of the finance committee, did you receive any information from the Federal Election Commission, any mailings?

A. No, not that I recall.

Q. Did you get any books on campaign finance law?

A. No.

Q. Do you remember in the latter part of 1986 being interviewed by the Federal Bureau of Investigation?

A. Yes.

Q. Do you recall any part of that? Do you recall the substance of that interview? I'm not

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asking for you to tell me the substance right now. I am asking if you remember the substance of it.

MR. CAMPBELL: Well, you know, we asked for the opportunity to see whatever the FBI interview report was to refresh her recollection with that. So I'm not going to let her testify at all about any of her recollection about that interview, because I think it is unfair for her to do that without the opportunity to refresh her recollection. But I will let her answer yes or no whether -- all she's asking you is whether you have any recollection about the interview you had with an FBI agent today.

THE WITNESS: Yes.

Q. BY MS. MILLER: I am asking whether she has any recollection of the things that were discussed in that interview; not just the interview itself, but do you recall any of the topics that were discussed?

A. Yes.

Q. Do you recall telling the FBI agent that you had received some books on Federal Election laws?

MR. CAMPBELL: Well, I'm going to instruct you not to answer unless you have an opportunity to review and refresh your recollection with respect to the FBI report.

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MS. MILLER: What is the basis of the privilege you are asserting?

MR. CAMPBELL: The privilege -- I am not necessarily asserting a privilege. I think it is unfair to question with respect to prior statements without giving an opportunity to see the statement. I think that basic rules of evidence require when questioning a witness about a prior statement to give the witness the opportunity to see the statement. I think that is how the Federal Rules of Evidence --

MS. MILLER: That is not my understanding of the Federal Rules of Evidence.

MR. CAMPBELL: You are questioning her on a document you have right in front of you that you won't give us an opportunity to review. I think that is unfair. If you give us an opportunity to review that statement, I will let her answer any questions.

MS. MILLER: At this point I am not questioning her on that document. I am attempting to find out whether she has an independent recollection of any of those events.

MR. CAMPBELL: Well, I think it is unfair to question her about it. We would ask for an opportunity to refresh her recollection by reading the statement.

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MS. MILLER: If she has got an independent recollection, there is no need to refresh her recollection.

MR. CAMPBELL: I will revisit this at break. I will instruct her not to answer right now.

MS. MILLER: I would be interested in knowing what you consider to be a basis of that, because I don't think there is any foundation for your objection.

MR. CAMPBELL: I will reconsider on break when I have a chance to talk to my client.

MS. MILLER: I would like your client to state that she refuses to answer the question.

MR. CAMPBELL: My client will follow my instructions.

Q. BY MS. MILLER: Do you refuse to answer my question regarding the substance of the interview?

MR. CAMPBELL: I think all you have to ask her is whether she will follow my instructions. I have already told you, Counsel, I will revisit the issue at break when I consult my client. Come back to the issue later.

MS. MILLER: We will take this up again.

Q. BY MS. MILLER: Do you recall or did you ever discuss any of the rules concerning fund-

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raising with Benjamin Dodson, the young guy that you mentioned that worked for --

A. Not that I can recall.

Q. Do you recall discussing any of the rules relating to fund-raising with Jay Rhodes?

A. No.

Q. Did you discuss any of those rules with Ann Brown?

A. No, not that I recall.

Q. Do you recall discussing them with anybody at all?

A. No. I don't think anybody really ever sat down and told us all the rules except that, you know, we knew the thousand dollar maximum contribution and $2000 when you went through both primary and general. That was the only thing.

Q. Did you ever discuss anything about contributions from PACs, from Political Action Committees?

A. I know we solicited -- did we solicit? I don't know.

Q. Did you know at that time what the limit was for a contribution from a Political Action Committee?

A. On PACs? No. And I know the laws

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changed in the last few years, so I couldn't tell you exactly what it was.

Q. Were you aware at that time that there was a prohibition against contributions from corporations?

A. No.

Q. When you were working with the Rhodes to Congress Committee, were you ever aware of any telephone polls being conducted?

A. I know that they did one that I know of.

Q. Did you participate in it?

A. No.

Q. What do you know about that telephone poll? Do you know where it was conducted?

A. No, I can't recall that I do.

Q. Do you recall what the purpose of it was?

A. I thought they were just taking a poll to see how Jay stood among the other candidates.

Q. Do you have any knowledge of how many people were involved in conducting a poll?

A. No.

Q. Do you remember any other polls other than that one that you just mentioned?

A. No. There may have been a few, but I really don't recall.

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Q. We have been at it about 40 minutes. Why don't we take a short break.

(Short recess.)

MS. MILLER: During the break an off-the-record discussion was held regarding questions which were put to the witness concerning an interview that was conducted by the Federal Bureau of Investigation. It is the position of the Federal Election Commission that we are entitled to the witness's independent recollection of those interviews and the substance of those interviews without providing any documentation to refresh that witness's recollection at the time of the questions.

Counsel for the deponent has a contrary position. Would you care to state it?

MR. CAMPBELL: It is our position that under the Federal Rules of Civil Procedure a party who is being deposed is entitled to any statement he has made or she has made. We have made that request to the commission. The commission refuses to turn over to us statements made by this witness. Even under the Federal Rules of Criminal Procedure a party is entitled to his own statements, you know. There are no rules governing these procedures that you have been able to point out to me to indicate that

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different rules other than the Rules of Civil or Criminal Procedure apply to this deposition.

So I have a concern that the manner in which the deposition would be conducted is unfair to the witness in asking her questions about an interview without allowing her the opportunity to review her prior interviews, which have been reported by the FBI agent. So it is something I would be happy to revisit if you could point me to some authority you guys have to operate outside of the Civil or Criminal Rule of Evidence.

MS. MILLER: Attorneys for the commission have pointed out to you this deposition is not being conducted pursuant to the Federal Rules of Civil Procedure, and we have indicated as well we do not consider the issue to be resolved and that we will attempt to seek the answer to the questions we have asked concerning the FBI interview.

With that in mind, let's go back to some other -- let's go back to some areas I discussed with you earlier where I need to ask you some follow-up questions to make sure I have asked you everything I am supposed to here.

Q. BY MS. MILLER: You mentioned in your job for the bank your involvement in community committee

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work, and you said it would be less than 20 percent of that committee work that has anything to do with political campaigns. How much of your time do you spend on community committee work?

A. Today I spend hardly no time. I serve on two committees. Three or four years ago, I probably served on eight to ten committees. I probably spent a couple nights a week out in the community. Sometimes I gave my weekend to different functions. It is hard to put a percentage of my time on it, because it depended on what month, how much, what kind of event.

Q. But on the average, you are saying it might have been a couple nights a week and maybe some time on the weekend?

A. Yes.

Q. You testified a little bit earlier about a couple of organizational meetings; one that was held at the Mesa Country Club and one that was held in Chandler. Can you recall who ran -- who organized the meeting or conducted it in Chandler?

A. I honestly can't.

Q. You can't recall. Can you recall who organized the meeting or conducted it in Mesa at the Mesa Country Club?

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A. I believe that my husband did. I am guessing, but I think he did.

Q. Okay. And I want to make sure that I understood some testimony that you gave. I believe you stated that there may have been a couple of organizational meetings that you attended prior to the Chandler and the Mesa meetings; is that correct?

A. I think they were prior, because they were Jay's meetings to announce who all his, you know, who all his people were that were working.

Q. Can you remember where those meetings were held?

A. One was at a friend's house. They may --

Q. A friend of yours or a friend of --

A. Friend of Jay's. I can't remember exactly whose house it was, but I know it was in a home. Maybe that was the only -- I can't really remember.

Q. Do you remember who ran that meeting, the one that you remember in the home?

A. I remember Jay getting up and talking with a flip chart. If he had somebody else that chaired the meeting, I don't really remember.

Q. Can you remember anybody else that

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attended that meeting?

A. There were probably -- there was a table of people there. My husband was there with me. Jay and Annie were there. I think Hazel Conley -- Hazel Davis-Conley was there. I don't know if Kent Mulkey was there or not. Now I would just be guessing as to who was there.

Q. Would it help you to recall who was at that meeting if I went through that list of names again?

A. I would just say, you know, I think Rudy Campbell was there. I don't remember for sure.

Q. I think you also mentioned that you had some conversation with Benetta Uprew about the campaign. Can you recall what any of those conversations were about?

A. No. They were --

MR. CAMPBELL: Don't guess or speculate. If you guess or speculate, say that.

THE WITNESS: I am just guessing.

Q. BY MS. MILLER: Do you recall whether she was giving you assignments for the day, anything like that?

A. I don't remember ever getting assignments.

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Q. Was she checking on your progress as finance co-chairman?

A. I can't remember if she ever called me to say how much money have I raised.

Q. Can you remember anything about your conversation with her about the campaign?

A. Not specifically, no.

Q. With it in mind that it is a general answer and that you don't recall the specifics, can you give me generally what you talked about?

A. She would call and say, "Do you remember there is a fund-raiser tonight? Are you going," or just to give you little reminders of things happening. But other than that, I --

Q. Would Rudy Campbell have ever made a call like that to you to remind you about something?

A. I don't remember, but I am guessing.

Q. How about Ann Brown?

A. I can't honestly remember.

Q. Okay. How about Hazel Davis-Conley?

A. I don't remember Hazel ever calling me, no.

Q. Do you remember whether Benjamin Dodson had any bookkeeping jobs at the committee, whether he filled out any forms or anything?

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A. I don't know.

Q. Did you ever see Kent Mulkey filling out any forms, working on any of the forms?

A. I never really actually saw him work on any. I know his title was treasurer, but --

Q. Okay. I think you mentioned earlier on that you knew about the $1,000 limitation for a personal contribution and $2,000 if you gave to both the primary and general elections?

A. Right.

Q. Where did you learn that?

A. I can't remember which, you know, if that came out in Jay's initial meeting or if it came out in, you know, the meeting at the Mesa Country Club. I don't remember.

Q. Okay. I may have asked you this question also. Forgive me and I will ask you again. You mentioned that a telephone poll -- you recall hearing that a telephone poll was conducted. Do you remember where that was conducted?

A. I can't remember. I know we were looking at different sites. I can't honestly remember.

Q. Do you recall any of the sites they were looking at?

A. I know they were looking for people that

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had a bunch of phones. I know they asked me if they could use my business place.

Q. Your business place being the bank that you work for?

A. Yes.

Q. Do you know whether they were considering any other banks as a place to conduct the poll?

A. They may have asked John, too. I think they were asking all of, you know, everybody where they had 10 or 15 telephones and it would be empty so they could come in and call.

Q. Did they make any -- when they asked you whether they could do it at your bank, did they make any offer to pay for the phones or reimburse the bank for the use of the phones? Do you recall any details?

A. Not that I recall.

Q. Did you make any contributions to the Rhodes to Congress Committee?

A. Yes.

Q. Can you describe them for me, please?

A. I made two contributions; one during the primary and one during the general.

Q. Do you recall what the source of the funds for those contributions was?

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A. How I gave it, you mean, a check or --

Q. Whether it was your own funds or someone else's?

MR. CAMPBELL: Let me object to the form of the question. I think that is vague and ambiguous. One could be gifted money.

Q. BY MS. MILLER: Do you understand the question?

A. Well, I guess, yeah, I want a clarification.

Q. Okay. I'll try to think of another way to ask it.

(A discussion was held off the record between the witness and her counsel.)

THE WITNESS: I believe the money was my money when I gave the money.

Q. BY MS. MILLER: Okay. First of all, I want to point out for the record that you answered that after a brief consultation with your counsel.

Why do you state it that way that you believe it was your money?

MR. CAMPBELL: That statement for the record was uncalled for. The witness leaned over and spoke to me. She has a perfect right to speak to me.

MS. MILLER: Certainly. I didn't mean to

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imply --

MR. CAMPBELL: I don't know why you stated it on the record unless you mean something derrogatory. I took offense, and I would ask that you agree to strike that.

MS. MILLER: Nothing is really ever stricken from a deposition transcript, but --

MR. CAMPBELL: I take offense to that.

MS. MILLER: I will state it was just to make a complete record, and nothing derrogatory was intended; just to keep the record.

MR. CAMPBELL: I don't want my witness intimidated if she wants to talk to me just as you have a right to confer with your co-counsel any time you want to throughout the deposition.

Q. BY MS. MILLER: I want you to understand you do have a right to confer with counsel at all times. I do not mean you do not have a right to confer with your counsel. You do have that right throughout the deposition anytime. Even if you want to take a break to confer with your counsel, you certainly may.

You stated that you believe the money was your own money. Why did you answer in that way?

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A. Because I know it has been questioned before by the FBI.

Q. It has been questioned what the source of the funds was?

A. Yes.

Q. Let's take a short break. I think we are just about done here.

(Short recess.)

MS. MILLER: Back on the record. There is currently an existing disagreement between Counsel for the deponent and the Federal Election Commission concerning the deponent's right to review a summary prepared by the FBI of an interview that was conducted of the deponent. Recognizing that that is not wholly resolved at this point and may be in the future, there may be some additional questions that I would ask you that would implicate your right not to testify against your spouse.

In order to try to resolve these controversies ahead of time before recalling you, if that becomes necessary, there are a few questions I need to ask you in order to test the basis of your assertion of that right, not to testify against your spouse. Understand that I am not asking you to tell me anything about your spouse right now. I just need

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to ask some sort of back-up facts for your assertion of that right.

Q. I believe you stated that you were married February 14th, and the year was 1987; is that correct?

A. Yes.

Q. Can you recall more specifically when you were engaged?

A. In the summer. We knew in the summer that we would.

Q. There wasn't a specific date or anything like that?

A. I know there was a specific date he asked me. What date that was, I don't know.

MR. CAMPBELL: I won't tell him.

Q. BY MS. MILLER: Since February 14th, 1987, have you testified before a grand jury as to any of the activities your husband may have had with the Rhodes to Congress Committee?

A. Have I testified before a grand jury? No.

Q. Have you been interviewed since February 14th, 1987 by the Federal Bureau of Investigation concerning any of these investigations?

A. I don't think so. I think they were all

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prior to. They came and saw me three or four different times. But I don't think it was after.

Q. Have you been interviewed or examined in any way by the United States Attorney's Office?

MR. CAMPBELL: Exclusive of the FBI?

Q. BY MS. MILLER: Yes, since February?

A. The FBI is the only people that came to see me.

Q. Have you been interviewed by the Federal Deposit Insurance Commission, FDIC, concerning these activities since the time you were married?

A. No.

MS. MILLER: Okay. I think I have no further questions. Counsel, do you have any questions?

MR. CAMPBELL: I have one line of questioning I'd like to pursue in an attempt to see if we can resolve the differences between us, see if we can satisfy you.

EXAMINATION

BY MR. CAMPBELL:

Q. Mrs. O'Neill, do you have any recollection of seeing at any time either a book, a notebook, or some compilation of materials having to do with campaigns or campaign laws or campaign

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contributions?

A. Yes.

Q. What was it you saw?

A. I don't exactly know. John brought a book home one day or to my home one day and said, "Here's a book on the campaign." And he took the book with him. I never opened the book or read the book.

Q. Okay.

MR. CAMPBELL: Do you wish to pursue that any further?

FURTHER EXAMINATION

BY MS. MILLER:

Q. Did he suggest to you that you read it or look at it at all?

A. I think he said, "Here's a book that we are supposed to read to help us on the campaign." I can't exactly -- remember exactly what he said. I knew it was on the campaign. I didn't look at it. I didn't keep it.

Q. Do you remember why you didn't look at it?

A. It was a thick -- it was a big book. I don't know why I didn't want to read it, probably just because I didn't care to get that involved.

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Q. Okay. Recognizing that there is an existing disagreement, we will end this deposition for today but consider it to be continued until that disagreement can be resolved.

MR. CAMPBELL: Wait a minute. I want to try and resolve all our disagreements. I understood you wanted to ask about the FBI stuff because you wanted to attempt to refresh her recollection about having seen any book or records, which was my purpose of pursuing that line of inquiry, was to see if we could some how get around this obstacle and satisfy you that you have asked the questions you wanted to ask. If there is some area of inquiry we haven't gone into you want to ask about, let's explore it. I will be happy to do it off the record. But I want to get this done rather than having a disagreement between us.

MS. MILLER: Let me try an additional question. We'll see if this can resolve any of our controversies.

Q. BY MS. MILLER: Do you have an independent recollection of the substance that was discussed during your interview by the Federal Bureau of Investigation?

A. Certain things come back to my mind, yes.

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Q. What are those certain things?

A. They wanted to know about my contributions. I had to give them -- I think I gave them my checking account statement as to when the money went in. I think I gave them the deposit slip. I had to give them the actual checks. They questioned me on the trip to Washington.

The man was very rude. He wanted to know if John and I had a common law relationship. He came back and questioned me on a check that John had deposited into his account. Those were the major things that I remember.

Q. You said they came back and asked you about a check. Did they interview you on more than one occasion?

A. Yes.

Q. Do you remember how many occasions?

A. I think there were three or four. They just kept coming back and sitting outside my office.

Q. They interviewed you at the bank each time?

A. Yes.

Q. Do you remember any other areas that you may have discussed with them during the interview? I am just looking for your independent recollection at

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this point.

A. At this point, you know, those were the ones I remember they were drilling me on. Anything else they may have been asking me -- they probably asked me who was with the campaign. I mean, I just don't know. I was so nervous and upset. I didn't like the guy, and he was rude.

Q. Do you have any independent recollection of what you told them during the interviews?

A. Exactly specifically what I told them?

Q. Well, let's start with generally.

A. Well, I think I just told you what I think.

Q. Okay. I am trying to give you as much opportunity as you need to tell me what your independent recollection of the interview was. So if there is anything else that you can remember from those interviews that you would like to tell me about right now, please do so.

MR. CAMPBELL: Well, if you exhausted your independent recollection today, that is fine. Don't guess or speculate.

Q. BY MS. MILLER: Absolutely. I am only interested in what your independent recollection is, but I want to make sure you have an opportunity to

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tell us everything that includes your independent recollection.

A. I think the other thing they may have asked me about was the $30,000 check.

Q. That being the $30,000 from -- do you remember who from?

A. From Conley.

Q. Wolfswinkel?

A. Yes. I don't remember a lot. That didn't pertain to me, so I guess I remember in my mind more of the things that pertained to me.

Q. Anything else?

A. I can't remember, but I'm sure there were other things. We sat and visited for too long.

Q. Did you review anything in order to prepare for this deposition today?

A. I just reviewed -- I don't know if it was your letter or whatever letter I got that said we were having this.

Q. Okay.

A. Colin's letter that responded once before, just three or four letters.

Q. Just correspondence?

A. Uh-huh.

Q. You don't keep a diary or anything like

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that that you reviewed?

A. No.

Q. Well, it may well be that there will be no further need to question this witness, but in accordance with the policy of the Federal Election Commission and especially in light of the disagreement that we have, we will consider this to be a continued deposition.

MR. CAMPBELL: We do not. We consider it terminated.

MS. MILLER: Okay. Do you wish to waive the right to review and sign the deposition?

MR. CAMPBELL: No, we will review and sign. We want copies of the transcripts, if we can get them.

MS. MILLER: Okay. At this point, it will be necessary to review and sign the transcript at the reporter's office, and we will consider that you have made a request for copies of the transcript to the commission, and we will respond to that separately.

You will be provided with a fee for your appearance today, and that will include estimated mileage expenses. And I think we have your address on the record, so that is all we need.

(11:15 a.m.)

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STATE OF ARIZONA)
: ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition was taken by me; that I was then and there a Notary Public in and for the County of Maricopa, State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the whole truth and nothing but the truth; that said deposition was reduced to writing by me, and that the foregoing 55 pages constitute a full, true, and accurate transcript of the testimony of said witness to the best of my skill and ability.

I FURTHER CERTIFY that I am not related to nor employed by any of the parties hereto and have no interest in the outcome thereof.

DATED at Phoenix, Arizona, this _____ day of _____, 1989.

_____
Laurie A. Adams
Court Reporter

My commission expires April 20, 1990.

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TRANSCRIPT OF PROCEEDINGS

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

- -x
IN RE: :
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DEPOSITION OF MARIA EVANS

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Phoenix, Arizona

Wednesday, March 8, 1989

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UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:	)	
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Phoenix, Arizona
March 8, 1989

DEPOSITION OF MARIA EVANS

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Prepared For:
Federal Election Commission
(Original)

By: Laurie A. Adams
Court Reporter

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The deposition of MARIA EVANS, a witness herein, was taken upon oral examination by the parties through their respective attorneys before LAURIE A. ADAMS, a Notary Public in and for the County of Maricopa, State of Arizona, at the Federal Building, 230 North First Avenue, Suite 4000, Phoenix, Arizona on the 8th day of March, 1989, commencing at 10:37 a.m. of said day.

COUNSEL APPEARING:

Mr. Jonathan M. Levin
Ms. V. Colleen Miller
OFFICE OF GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
999 E. Street N.W.
Washington, D.C. 20463
Attorneys for Federal Election Commission

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EXHIBITS MARKED

NUMBER		PAGE
1	Cashier's check dated August 13, 1986 in the amount of $5,000	57

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MARIA EVANS,

a witness herein, having been first duly sworn by the Notary Public to speak the truth and nothing but the truth, was examined and testified as follows:

EXAMINATION

BY MR. LEVIN:

Q. Good morning, Miss Evans. My name is Jonathan Levin. I am an attorney representing the Federal Election Commission along with Colleen Miller, also an attorney for the FEC.

This deposition is being taken pursuant to an FEC subpoena in connection with an investigation under Section 437-G of Title 2 of the United States Code. The confidentiality requirement of Section 437-G A 12 A are in effect, as you may have been informed in the letter to you accompanying the subpoena.

Would you state your full name for the record?

A. My name is Maria Irma Evans, I-R-M-A.

Q. Now, you do have the right to be represented by counsel. Have you chosen to have counsel with you today?

A. No, I have not.

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Q. I am going to ask you a series of questions. Let me ask you first have you ever had your deposition taken before?

A. Once in conjunction with an accident, an automobile accident.

Q. Well, I will just run through a few things.

A. Okay.

Q. I am going to ask you a series of questions. If at any time you don't hear a question or don't understand it, say so and I will repeat it. And if you really just don't understand the question, I will repeat it or try to rephrase the question so that you do understand it.

Now, if you fail to tell me that you don't understand a question and you answer it, I will assume that you understood the question. And if you become confused or you want to take a break, just let me know.

In addition, your answers should be audible, because a nod or a shake of the head or a sound that is not a word like uh-huh will not be sufficient for the record.

So do you understand these instructions?

A. Yes, I do.

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Q. Miss Evans, could you state your home address?

A. 2616 North Jay, Chandler, Arizona 85224.

Q. And your present business address?

A. 4500 South Lakeshore Drive, Tempe, Arizona 85282.

Q. And what is at that business address?

A. Aztec Financial Group.

Q. And what do you do there?

A. I am the president of the corporation, and we do international investments and trading.

Q. And how long have you worked there?

A. About a month and a half.

Q. And where was your place of previous employment?

A. I was trying to remember the address; the Northern Trust Bank. I was vice president in their Mesa office on Dobson Road and Baseline.

Q. And what were your duties there?

A. I was a commercial loan officer.

Q. What did that entail?

A. Analyzing and approving commercial and high net worth individuals for large credits.

Q. Where did you work prior to that?

A. The United Bank in Mesa.

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Q. And what were the dates of your employment there?

A. From October 15th -- I am trying to remember the year. I spent two years at the Northern.

Q. '85?

A. '85 to October 15, 1986, because I spent one full year there.

Q. What did you do at United Bank?

A. My position at United Bank was the same. I was a commercial lender, assistant vice president in their commercial loan center.

Q. And so that dealt -- did you have to deal with cashier's checks at all when you worked there?

A. We signed cashier's checks as a disbursement of commercial loan proceeds, and once in a while a customer would have another transaction that needed a cashier's check.

Q. You mean a loan customer?

A. A loan customer, right.

Q. What about a normal bank customer, did you deal with that?

A. Not normally, no. We normally didn't handle the day-to-day transactions. If it was over

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everyone's limit on the first floor, they would come up to us if the manager was gone because our limits were higher than the branch manager's lending limits as far as an authorized transaction. So we could sign up to our loan authority.

Q. What was your loan authority?

A. I think it was 100,000, but I can't remember. It was a substantial sum.

Q. Does that mean you could sign cashier's checks up to 100,000?

A. Right, and make loans up to that without approval.

Q. You say the second floor. That was --

A. The commercial loan center, yes, where the loans were made.

Q. I do want to come back to that later. But just before I do that, is there any other aspects of your job at United Bank?

A. No. Those were my basic duties at United Bank. Of course, they did entail getting involved in community affairs; cultural, civic, anything. They encouraged us to do that.

Q. They encouraged bank personnel to get involved in the community activities?

A. That's right.

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Q. Before I come back to duties of the bank, I just want to ask you, did you speak to anybody about your testimony today?

A. No.

Q. Did you speak to anybody at Citibank or what was United Bank about any matters pertaining to John O'Neill before today?

A. There is no one left at Citibank that I worked with at the same time that that occurred, no. So, no, I haven't talked to anyone since during the investigation. I think the FBI talked to me.

Q. During October of '86?

A. Right. And we were, at that time, told that we weren't to talk to each other. So after that investigation, I had lunch with John. And we talked, but nothing in specific or it was -- because it came out in the newspaper, and I -- not in the newspaper, in the news media on TV -- that I heard his name. And I mentioned it to him, and he said, "Yeah," and nothing more came of that conversation because we didn't discuss any details.

Q. So that was the only conversation you have had with him with this whole controversy?

A. Yes.

Q. And was that the extent of your

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conversation?

A. Yes, it was the extent of our conversation. It was after I moved to the Northern and he took me to lunch just as congratulations for a promotion type of thing.

Q. So would this have been around --

A. It was approximately a year and-a-half ago, almost two. Okay, it was after I left United Bank, and he was no longer at United Bank.

Q. So this would have been still during 1986 or 1987?

A. Into 1987 I am sure, because it was way after the event.

Q. Spring of 1987?

A. Right.

Q. And when did you go to Northern Trust?

A. In October.

Q. Of '86?

A. I believe so, yes.

Q. Now, you were also interviewed by a bank investigator too?

A. I don't remember a bank investigator. I remember a lot of operations officers and a lot of -- we had an investigation of the loan portfolio after John left to see if there were any losses or

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anything, so I talked to a lot of auditors. So I can't remember a specific bank investigator, one. We had a whole crew of people.

Q. While you were working at United Bank, whom did you supervise?

A. I supervised just my secretary.

Q. Who was that?

A. That was Debbie Bonsteel at the time.

Q. Could you spell that?

A. Yes, Debbie, D-e-b-b-i-e, B-o-n-s-t-e-e-l.

Q. Did you work at all with Georgeann Beaudet?

A. On occasion. If my secretary was gone and I needed something done, Georgeann would do it for all of us. We all interworked that way, you know. I didn't have to wait for my secretary to come back to get something done if I needed it done that minute. But on a day-to-day basis, no.

Q. So in those pinches she would function as your secretary?

A. Right.

Q. How about Ann Unsicker, did you have any contact with her?

A. Oh, Ann was the supervisor of the note

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department, and any time we needed a loan booked or there was research to be done or a problem on an account, I talked to Ann.

Q. Okay. Explain that about loan booking and research and the problems.

A. She took care of the bookkeeping, the actual placing of the loan on the computers. And so she was our computer, more or less, our computer expert. And any time we had a problem with a credit as far as accounting, accrual, or having put something on immediately that couldn't wait for another day, she would -- she had direct input into the computer and was our expert. So we relied on her heavily to get the computer work done, the accounting done.

Q. So she would retrieve information that was on the computer records for you?

A. Right; order duplicates or do research. Also she was the head of that department.

Q. What do you mean by research?

A. Well, let's say if there was a discrepancy in the way the customer felt that loan proceeds were applied or rather loan payments were applied, interest versus principal or there was an error as to how something was done, she would do the

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research and provide us with either a hard copy or just a written copy so we could get back to the customer and clarify a problem.

Q. So would she be able to retrieve a document?

A. Oh, yes.

Q. Could she analyze a document, or was that left up to someone else?

A. It depended, usually. All of us were so well versed in credit that we could look at an item and figure out what happened. If we wanted further analysis or if it was something we couldn't understand, she would try to get into the details of why something happened. But normally we kind of just by looking at what happened, the physical copies, we could figure out what was right or wrong. We didn't really rely on her that much for analysis.

Q. You mean why something happened from a record-keeping standpoint?

A. Record-keeping standpoint, right.

Q. Not from a credit-worthiness standpoint?

A. Oh, no. She had nothing to with the analysis of the credits or financial statements or anything in that regard. That was strictly our area. We were responsible for analyzing the credit.

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Q. Whom did you answer to at United Bank?

A. I had dual reporting, because like my immediate supervisor was Steve Todd. He was head of the department, but he was head of the department from a credit analyst standpoint. If it was over my limit and under his, I would talk to him about the credit. If it was over his limit then I would talk to credit administration downtown. But John was technically and realistically the head of the whole department.

Q. John O'Neill?

A. John O'Neill, right. So personnel management was technically John, but he relied heavily on Steve. So really all of us on a day-to-day basis reported to Steve Todd on almost everything. John was so involved in the community that we seldom saw him, you know. He was in the office in the mornings, and then sometimes that would be it. Or, you know, we tried to catch him if we needed something. If Steve wasn't there and we needed an answer we would go to John. But basically, we worked more with Steve Todd on the credit administratiion day-to-day. We didn't require a lot of supervision at that level.

Q. How many hours a day would you say that

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O'Neill would spend in the bank?

A. Oh, that is a really minimal amount of time.

Q. Two hours?

A. At maximum, okay, because his whole career was based on community involvement and service. And I worked with John at Valley Bank also, and it was the same. When he worked there it was, you know, a minimal -- he believed in minimal supervision, anyway. So he would get involved if there was a problem, but for the most part things were self-directed.

Q. So O'Neill was your sort of second line supervisor?

A. Right.

Q. And so in a sense that you were fulfilling your job, that is how you were working for him; that is, working on the loans and or occasionally with a cashier's check?

A. Well, yeah. Basically, John referred us customers. He could not handle the volume of loans that he generated personally, and we were there. A major portion of our job was to take the loan customers that he would bring into the bank. So a lot of times, John would get the initial contact

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because people knew him so well, and he would turn the customer over to us to do the analysis and to approve or disapprove the credit. If we got in a jam or if it was a difficult situation or politically sensitive situation, then he would get involved if we had to turn the credit down. Otherwise once we took a customer he became our customer.

Q. What do you mean by politically sensitive?

A. If the customer was married to or related to a director of the bank or some other official within the bank where it needed a particular tact to be turned down, then he would get involved in that. Or if the customer became abrasive and wasn't listening to reasons as to why we couldn't do the credit, John would step in and help us. But it didn't happen real often, but he was there for that purpose.

Q. Did you have any duties for which you didn't to have report to O'Neill ultimately, I mean officially?

A. No. He was really head of the department and the whole division. And we all reported to John although the day-to-day was handled by Steve.

Q. So how would you describe John's duties

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then?

A. John was the regional division head for United Bank, and everything that happened in his division, John was ultimately responsible for. In banking, at least in every bank that I have worked for, you always had two people to report to; one for credit who was interested in credit quality and production and one for everything else so that it would keep you straight on. Because usually, the division manager like John was more interested in production, and the credit quality guy was more interested in keeping the integrity of the portfolio in stack. So I was always used to having two people; one on business development, which would be John O'Neill, and one for credit quality, which was Steve Todd, and the credit administrator. So it is always a dual reporting system to keep you from getting unduly influenced by market conditions or profitability. It is a good system.

Q. What do you mean by unduly influenced by market conditions and profitability?

A. If you are always pressured to put on loans and to make money for the bank, you may make a loan that is not in the best interest of the bank ultimately. If there is only market pressure and not

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someone there as a watchdog to look at the quality of the credit to make sure you are not taking undue risk for the bank, there is a tendency to just go with market conditions as opposed to looking at the credit quality aspect.

So Steve's role was always to second-guess us to make sure that we were looking at all the risks and to make an objective eye that had no interest in or very little interest. Everyone was interested in profitability, but you soon lose profitability if you have losses. So it is a credit control function.

So basically, you have got a credit analyst and you have got your PR man. And that is basically how John and Steve interacted.

Q. With whom else did you work at the bank other than people you have mentioned? We mentioned Unsicker, Beaudet, Todd, O'Neill and your secretary. Anybody else?

A. Well, we would use the other loan officers as all of us would, go in and if we had something, a deal that was complicated or in somebody else's field of expertise, we would run deals by each other to make sure we were on the right track. And we had a good rapport with all the officers there.

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So in that regard we worked with each other closely.

So you might work on a deal that you maybe had some questions and doubts, and you would go into another officer and you would say, "Why don't you look at this and give me your feeling on it," or, "This is what I think. Am I missing something?" We kind of used each other to run deals off of to make sure that we were thinking along appropriate lines. Or if there was -- for instance, my expertise is not in contractors. We had several lenders who were contract specialists. Well, if I happened to get a contractor and I wasn't real comfortable with what I was looking at, I would go in and say, "Look at this. What do you think?" And it is an area that I had an interest in and I wanted to get better, but I didn't consider myself an expert. So I would go in and talk to that person about that field.

Q. So what were your areas of expertise?

A. Mine were the high net worth individual and the physicians and the professionals. I started in that area originally. They're difficult to handle. They're not financially astute or sophisticated. They need a little more hand-holding than the normal businessman. Part of my task was to keep them out of trouble, because they tend to get

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involved in hair-brained investments that can lose them a year's worth or two years' worth of work. And so half of my task was training them to ask me first before they got involved in an investment. So I did a lot more financial counseling than most of the other loan officers.

Q. How long have you known Mr. O'Neill?

A. I met John in 1978 when I was a loan trainee for Valley Bank. I was learning how to do car loans, and he was the manager of the branch where I was assigned to do my training. That is also the same time that I met Steve Todd. He was the head of the commercial loan center at Valley Bank where I also did some training. So I met them at the same time.

Q. Now, you said that you had had, I guess, lunch with O'Neill in '87?

A. Yes.

Q. Have you kept in touch with him at all since then?

A. When I was working at the Northern, part of my job was to get new business. And John knows everyone, so occasionally we would have lunch and I would ask him to refer me customers. And so it has not been a frequent contact, maybe once every six

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months or so. But always in relation to if there is a customer that needs some financial help. And when I moved to Mesa, he stopped by to have lunch.

Q. That was that time or there is a different time?

A. No, that was a different time. It was about a year and-a-half ago is when I moved to Mesa for the Northern. Because originally at the Northern they hired me to help them set up their lending division before they became a bank. So we were headquartered at 44th and Camelback.

Q. But you stayed with the same bank and moved to Mesa?

A. Into Mesa, right. So I think I have had lunch with John twice in the past three years. And other than that it has been he would call me or I would call him because we would run into somebody we both knew that we hadn't seen in a long time, people we worked with in the past at Valley Bank.

Q. But other than that one time that you did have that brief conversation with him about the matters that pertain to his activity at the bank that were being investigated and are being looked into, did you on any of those occasions where you had contact with him, did you talk to him about these

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things again?

A. John would never discuss any details on this investigation or what happened ever with me. If a comment was made, it was -- I think I ran into him or talked to him when I got the original subpoena for this, and he said yes, I got one too. And that was the end of the conversation. He will not discuss the matter, and I think it's because he was cautioned as we all were not to discuss the matter. And that is the extent of the conversation between us. Obviously, I have known John for a long time, but he's very good at keeping a lot of people's secrets because that is what his job has been all of his life as a banker.

Q. Let me ask you, now, you left United Bank in October '86. Why did you leave?

A. The Northern Trust offered me a great deal more money to help them set up their lending division.

Q. So it had nothing to do with --

A. Oh, no. No. The Northern is a private bank, and my original field of expertise is the professional executive area. And in order to become a vice president I knew I would have to move back into that field. And John and Steve recruited me

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when I was working at the Arizona Bank to help them start an executive professional division at United Bank. But for political reasons it never got started, because John and Steve wanted me to report to them. And the home office executive professional division wanted that person to report to them. So it was an internal political battle. In the meantime, I was sitting there as assistant vice president doing general lending. So a year later when the Northern came into town, they called me and said, "This is the kind of lending we're specializing in. Would you consider coming with us?" And so I talked to them, and the pay was, like, 40 percent higher. I just could not turn it down. And basically, that is why I left. Otherwise, I'd probably still be there. They eventually did get the division started, but it was a year and-a-half later.

Q. I have been talking to you about John O'Neill sort of specifically. What was his reputation as a banker?

A. His reputation as a banker was that he would go out of his way to put a deal together to make it work. He wasn't known as a fantastic analyst. He was known as a good judge of character. People that wouldn't pay anyone else would pay John

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O'Neill, because he would go out on a limb for them. So he made a lot of loans that perhaps analytically were not by the numbers another banker would not have made, but he would make them because he felt that the customer would pay him and would not let him down. And for that reason, we were even more critical because he often got bombarded with really strange investments, and people that had no way to repay it most of the time he would refer all of those to us so we could turn them down, okay, so he wouldn't be the bad guy. Once in a while he would do a loan to a widow or a divorcee to get them started into business that obviously had no secondary source of repayment, but they were small enough deals that were under his limit and eventually get paid off. A lot of times they needed some restructuring and some more time, but the losses were very minimal.

So he was known as a person who would take a little more risk, but he was also known to have very few losses. Because if you disappointed John O'Neill, very few people in the community would do business with you because he was loved, because he did a lot of good things.

Q. Did he have -- this sounds like a strange question after that, but did he have any reputation

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for dishonesty?

A. Absolutely none.

Q. Did he have any reputation for any lack of vigilance in monitoring accounts or loan repayments?

A. He had a reputation for taking on too much work and that he needed a strong support system to follow up internally. We were there to follow up on the details for John, because he didn't -- once he signed a deal and shook hands on it, he considered the deal done.

So there were times that I know of where a deed of trust wasn't filed with the county, not because he consciously didn't do it but because he got so busy he forgot to have the secretary file it or didn't follow up, okay, but not on any conscious level to put the bank in jeopardy.

Q. Did you or Steve or one of your company equals ever have to go to John and say, "What did you dump in my lap? How am I supposed to handle this?"

A. Well, there was an occasion where I had a teddy bear loan.

Q. What does that mean?

A. It was to finance a new product on the market. It was a stuffed teddy beer that held a baby

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bottle. And he made the investment to a very -- a local individual who had a guarantor who was very wealthy, so there was a secondary source of repayment in that case. And it was a new product, new on the market. I said, "How did you get into this?" He goes, "Well, it seemed like a good idea at the time." And because there was someone willing to stand up for him, we did the deal. But I know that it will cost us money to repossess the collateral. We don't want to pay the storage on all those teddy bear holders. I said, "Where are we with the guarantor? Have we made any contact?" He said, "I haven't had the time. That is why we need you to step in and start making her aware that we need to start collection procedures. Now it has been too long, so it never got past the critical point where we didn't have recourse. He would always try to cure a problem before that.

So we handled a lot of work-out situations. And again, they weren't typical banking loans that you would normally do, but they normally did have a way to get repaid.

Q. Did you want to say anything else?

A. No, that is basically it. That was his reputation at Valley, also, that when they got to

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look at his work after the credit control guy, the quality control person would start to complain that John was making too many unconventional loans, they would go in and investigate. And what they would find was that, yeah, they were a little off the wall, but the losses were always minimal, always. And that was his record at Valley Bank and at United. And our own internal officers were surprised when they did do the investigation when John left that we had very few losses, very few real problem situations that could not be worked out. They did require extra work; they weren't automatically paying like clockwork. You had to contact the customer and maybe take additional collateral, but they were pleasantly surprised that they weren't faced with tremendous losses there. And again, that was attributed to John's ability to read character.

Q. Do you remember when Mr. O'Neill left United Bank?

A. He left shortly after the investigation of this cashier's check issue. And I always presumed that it was. I heard -- nobody actually told me -- but I heard through the grapevine that it was a kiting situation with the Wolfswinkels, and nobody ever, you know -- it was more or less a rumor. I

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never heard the details of that, and it was, I think, after the FBI came to -- before the FBI came to talk to us about all kinds of different transactions that they were looking at in regard to the John Rhodes campaign because John was treasurer of that campaign.

Q. Because O'Neill was?

A. Yes, John O'Neill was treasurer of the Rhodes for Congress campaign.

Q. Now, when you say that there was talk of kiting with Wolfswinkel and that is when he left, and then you said they later discussed other aspects concerning the Rhodes campaign, the FBI was talking about that?

A. Right.

Q. This first part of the kiting, did that have anything to do with the campaign?

A. I was not aware of a connection, no. But like I said, no one would discuss the details. It was just kind of general gossip, because nobody would discuss what was going on. And obviously, bankers are generally good. When you tell them not to talk about something, they don't talk about it because you are used to keeping people's personal financial information private, a customer. The confidentiality issue is something you live with on a daily basis.

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So if anything, you heard the clerical people talking in the back room or something.

Q. Did you hear Georgeann Beaudet talk about it?

A. No.

Q. Did you hear Miss Unsicker talk about it?

A. No. I think -- what was it -- I heard one of the other secretaries say that Georgeann was just following orders and she got reprimanded as a result of something that happened with John, a cashier's check.

Q. Did you hear anything about that reprimand?

A. That she got a demotion as a result of that action; that under John's direction she went ahead and issued a cashier's check. And for that reason, she had been demoted, because I guess she didn't make sure of the funds before issuing the cashier's check. I was not given the details on that, so I really don't know. Those are the general reasons or why it wasn't formally discussed. It was a very informal kind of private reprimand, but everyone in the department knew she got demoted. So when the question was asked, "Well, she did something that was inappropriate but under John's direction."

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And that is the extent of my knowledge on that situation.

Q. So you told us everything you have heard about that? Don't be worried about that, because if you want to say, "Well, this is what I heard but I don't know this for a fact," you can tell me that and qualify it that way.

A. That is basically what I heard. But I didn't know what the details of it were. So basically, I heard that in some ways she issued a cashier's check where either the funds were not collected or not good or not there, and I did not find out what the details of that were. I did hear that they cured the situation with the Wolfswinkels that they either made them a loan or took some collateral. But I was not involved in that transaction either. I think Steve Todd took care of that personally, so we did not -- I do not know how they cured that situation. I just know that it was satisfied to the bank's satisfaction.

Q. Okay. That situation with the Wolfswinkels, that was not campaign-related, either?

A. No.

Q. It was not then?

A. No. As far as I know the two situations

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were totally separate. The first time that I heard that there was any connection was when the FBI man asked me questions.

Q. Any connection with the campaign?

A. Right.

Q. I am trying to make the transcript clear. It may be abundantly clear to all of us, but I want to make sure when you refer to curing of the Wolfswinkel thing, that did not have anything to do with the campaign, is that correct then?

A. That's correct.

Q. Okay. I wanted to make sure.

A. That was the Wolfswinkel transaction in a Wolfswinkel account that had, as far as I know, no connection at all with the John Rhodes campaign.

Q. Do you know what Miss Beaudet was demoted from, to what position?

A. I think her level was Level 3 secretary, regional vice president's secretary. And she was demoted to a Level 2, which is a regular secretary, and she was no longer the regional vice president's secretary. I think that Steve promoted his secretary to that position, because he became regional vice president. So it was a logical step.

Q. Do you know who Conley Wolfswinkel is?

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A. Yes, I do.

Q. What do you know about him?

A. Well, Conley's family has been in the Mesa area for generations, and when I was at Valley Bank he had extensive -- he and his bother had extensive borrowing from Valley Bank at one time because of a recession, he had gotten into a few problems. Eventually the loans were paid off. And he has a reputation as a developer who creates the projects on leverage, so he was known as a risk taker. But his projects always happened. They always worked. And he did a lot of buying and selling of real estate all over the east valley, and I ran into Conley's name at every institution I ever worked at either on a loan request or he would be the second or third buyer on the piece of property that we would take as collateral. So I ran into the Wolfswinkel name at every institution that I worked in. He is and was very well known as a developer.

Q. Would you run into his name on a problem account list of some sort?

A. No, but we all -- everyone in the east valley knew that if you were going to do business with Wolfswinkel you should take collateral, because he did leverage everything.

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When I worked at Valley Bank and I worked with Warren Langfitt, Warren Langfitt did not like the Wolfswinkels. He didn't want us to do business with the Wolfswinkels, because he didn't consider them prudent investors. But that was a personal opinion, obviously not held by the rest of the banking community, because everyone lent Conley money.

Q. Prior to the situation where the investigation began with the bank and the FBI, was Wolfswinkel known as a kiter?

A. Not that I know of, no.

Q. Now, I was wondering if you could tell me a little bit about O'Neill's -- before the problems began -- about O'Neill's relationship with Wolfswinkel.

A. Well, I knew that Wolfswinkel had a deal going with John and that he was a United Bank customer. I also knew that he wasn't, you know, we didn't -- he wasn't our largest customer by any means. I also knew that Conley was a large customer of Western Savings, of the Arizona Bank, and had large borrowing at Valley Bank also. So his name didn't come up in our loan meetings frequently. He was not a frequent borrower at United Bank. He was

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more or less one of the customers that John had, and that is basically, you know, I knew that but there were no problems that I was aware of and nothing that we discussed then in our loan meetings. He was never delinquent that I knew of, so he wasn't a frequent topic of conversation in our loan center.

Q. Did you know if O'Neill had any say in running Wolfswinkel's company?

A. No, not at that point in time. Subsequently he went to work for him, but when John was working at the bank, no. I was not aware that John had anything to say about Conley's company at all.

Q. Did you ever hear of a situation where, let's say -- not a specific situation -- but did you ever hear that, for instance, O'Neill could talk to Wolfswinkel and say he needed a check and then O'Neill could then call up Wolfswinkel's people and get the check, in other words, without any real details, sort of like Wolfswinkel saying to O'Neill, "Look, you can just -- you can take care of it. Call my guy at Wolfswinkel Group"?

A. No, because I wasn't even aware that they had a real close working relationship until later. And so no, I was not privy to how John handled the

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accounts at all. As far as I was concerned, he was just an account that came out on the printout.

Q. What did you find out about their real close working relationship?

A. Nothing except John went to work for him after he left the bank. So I never knew how John handled the account while he was working at United, because I just didn't know, you know. We were all overworked there. We had -- a lot of us had more of a work load than what we thought we should have, and it is still that way.

Q. So that was his account?

A. Right. You know, no one had -- none of us had time to chitchat with John. The most we ever got with John was an introduction to a customer that he didn't have time to handle personally. And once in a while he would make it to our once-a-week meetings where we would discuss either problem credit delinquency or new accounts. A lot of times John was so busy he didn't even have time for that. So none of us had, at least that I know of, the time to just chitchat with John. If John came into our office, it was on a business purpose. It wasn't to tell us how he was handling a credit. The volume was just too great for that kind of interaction to have taken

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place.

Q. When John went to work for Wolfswinkel, do you know if it had any relationship to the things being investigated?

A. No.

Q. Let me just say specifically, in other words, was he getting a safe harbor, for instance, anything like that?

A. No, I heard -- I think -- this is a personal opinion.

Q. Sure.

A. Okay, that the Wolfswinkels felt bad over the check situation, that they got John in trouble, and John got nothing out of the situation. He was just trying to help out a customer. And I think they offered him a job, and John took it. But I don't think it was that he was working with them before that, you know, for their interest or had any business connection or interest with Wolfswinkel. I can't see John doing that. He didn't have the time. He really was out there creating new business for the bank, and so I think that -- and again, this is a personal feeling.

Q. Sure.

A. Not based on any fact that I know of,

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that the Wolfswinkels just felt bad because John lost his job, or that is what we all heard over that situation, although technically, John resigned. Those of us who knew John real well only saw him as a banker and can still only see him as a banker today. He never fit into the development-type of person. I think John was, too, and is too honest for that.

Q. Prior to the investigation were you -- now, since 1986, you have seen or had lunch or talked to him very indirectly?

A. Or I will see him at a charity function or wave to him. We will say hello, but no real conversation.

Q. Prior to the investigation, the whole thing starting in the Fall of 1986, did you have more social contact with him?

A. No. No. My only conversation with John in regard to the campaign, to the John Rhodes campaign, was that John Rhodes was his customer. And since he became the treasurer of the campaign, he needed to hand over the credit to someone else. I got the credit. I had to handle John's personal accounts. I wasn't real happy with that, because I was working on the Lavis campaign who happened to be his opponent in the situation, and I really didn't

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want to be privy to John's personal, private information since I was working on the Lavis campaign. I was scared to death somebody would ask me a question, and I didn't like being in that situation. But it wasn't a major credit, it was a small credit that was paying as agreed. So there was no real reason not to help John out and take that credit since it was a sensitive issue.

Q. I mean in terms of social contact, your contact socially before. Were you friends with him?

A. No. No, we didn't move in the same circles.

Q. This is before October '86, I mean?

A. John's banking life was so intertwined with his personal life between his community involvement and all the charitable and artistic events and his public spirited work with the Chamber of Commerce and all these organizations that basically, John was a banker 24 hours a day. And his friends were all community leaders. And, for instance, I have never been to John's home, never had lunch with him outside of the few times afterwards when it was a business thing. So I can't count myself as a friend, a close personal friend of John's. We've been business associates, and that has

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been the extent of our relationship.

Q. Tell me what you know about John Rhodes' involvement -- I mean, John O'Neill's involvement with the Rhodes campaign.

A. John took over as fund-raiser for the Mesa area when Warren Langfitt died. He was kind of Warren Langfitt's heir apparent.

Q. This would be '85?

A. I can't remember when. I know -- I think it was '84 when Warren Langfitt died, because I left shortly thereafter and joined the Arizona Bank. Because I worked for Warren directly, and I could see Valley Bank was going to change a lot. So I decided to leave.

Q. Took over the handle of --

A. Warren Langfitt was the regional manager of Valley Bank, and John was looked upon as kind of heir apparent to that position as a community leader.

Q. Not just pertaining to Rhodes campaign as a community leader?

A. As a community leader, as a public spirited person who would raise funds for any cause that needed to be raised; funds as a public spirited community person, as a civic leader, more or less;

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not in the John Rhodes campaign, because it wasn't going at that time. So wherever there was some kind of campaign that needed fund-raising, John was automatically the treasurer. He would attract funds just by being there just because people had faith in all of the things that he did for the community. Whatever it was, if they could get John to be their treasurer, they would get money. He wasn't as effective as Warren, but he was close. He was the next best thing.

Q. Do you remember any of those campaigns, what campaigns those are?

A. He was president of the Chamber of Commerce and kind of a lightning rod when they went in to build a new building. He was also on the board of Hillaman Foundation, which is a non-profit foundation in Mesa. I mean, rehab, he was the treasurer of that organization when they wanted to get money to use for rehabilitation work. And they had an umbrella of 12 organizations, and he was instrumental in getting funding for them.

Q. I just meant political campaigns.

A. Oh, I don't know what other political campaigns John served on besides the John Rhodes campaign. I am sure he did, but he did so many

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things that, you know, none of us spent our time keeping track of what John was doing.

Q. So you are saying he would be the treasurer and that would apply to political?

A. That did apply to as well as charitable, wherever he felt there was a good cause. Or I know he was Republican, but he wasn't known as a Republican. I mean, he was known as a community spirited person. So as far as I know, he may have worked on some democratic candidates as well. I don't know.

Q. Do you know if he worked on the Willie Wong campaign?

A. He may have, because we had the Willie Wong people in our office all the time. I never saw him in those meetings or those people, but he did allow them to use our conference room for meetings.

Q. The conference room at the United Bank?

A. At the United Bank. But I can't remember whether or not he actively worked on that campaign too. He may have.

Q. Did he allow campaigns to use the bank facilities?

A. Yes. He allowed campaigns, symphony organizations, whatever community organization needed

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a meeting place. Our conference room was open to them if they could schedule it when there was no conflict with bank business.

Q. Would he ask for compensation?

A. Absolutely not.

Q. Do you remember what else he might have done for the Wong campaign?

A. No. No. We did have him come and talk to us once, Willie Wong.

Q. At the bank?

A. At the bank. And I can't remember the topic. I think it was just his announcement.

Q. How about the Schulz for Arizona campaign, do you remember O'Neill doing anything for that?

A. God, that is going back a long way.

Q. Yes. That is '85.

A. Yes. And I remember talking to Mr. Schulz personally, but I think it was Warren who brought him in. I don't remember that it was John. It could have been, though. I don't remember.

Q. How about Mayor Goddard's campaign? Did John ever do anything for that?

A. Not that I am aware of, but it could have been during the time period where I wasn't

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working with John.

Q. When I mention these names, there are a list of names. If you can recall what he may have done for those campaigns, whether it would be the use of, you know, the bank or what, maybe that he was a treasurer or something like that or fund-raiser, if you could tell me that, that is what I need to know, whatever you know of what he was involved in. Everything you know of his involvement is what I would be asking.

How about something called the Good Government Committee, do you know what that is?

A. I think he was. And again, I don't know, because he served on so many committees. I think he was a member of that committee. He was also a member of the east valley partnership.

Q. Which is?

A. Which is a group of the community leaders that decided to take up the issues that involved the east valley so that the central government, the Phoenix people, would be aware of our concerns and as a group of people as opposed to just Mesa people or just Tempe people or just Chandler people. He was instrumental after Warren started that in keeping it alive and keeping it a viable political institution.

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And also, I think he was instrumental in starting a similar organization for arts, for art groups.

Q. I am going to try to limit it to political.

A. Okay, but that is all I know about John in that instance, because I know that he was involved in political campaigns. But John refrained from talking about politics at the office. I never heard him speak out on an issue. I would hear that he was involved in this committee or that committee, but never really heard him expound on any particular person or issue. Again, I wasn't a close confidant of his, you know.

Q. That is what I am asking for, the extent of your knowledge, and that is with that understanding.

How about a committee called -- well, what about the McCain Senate campaign, John McCain, your Senator. Did he work on the McCain campaign?

A. Not the original one, because I worked on that one.

Q. You mean the house campaign?

A. Yes, the house one.

Q. '82 and '84 house campaign?

A. I worked with Peggy Rubach who is now

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current Mayor. Peggy was a good friend of mine at the time, and I was very closely involved in that political campaign for John's original election.

Q. You mean John McCain?

A. John McCain. After that, I kind of didn't get that much involved in political campaigns, so I don't know that John worked on that. He probably did, because he was close to Peggy, Peggy Rubach. So he may have worked on that campaign, because Peggy was very active in the John McCain campaign and remained so. So I know that Peggy and John worked close together on a lot of community projects, so I wouldn't be surprised. But I don't know that he did.

Q. How about something called Americans for National Interest? That is a committee that Governor Babbitt had before he ran for president.

A. My only knowledge of anything to do with Governor Babbitt was with Warren Langfitt, because Warren was a very close friend of Governor Babbitt. And sometimes Warren would tell me about their conversation. But I never talked to John O'Neill about Governor Babbitt.

Q. So you don't know if he worked for Governor Babbitt?

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A. No.

Q. The Good Government Committee we talked about. That would have been for Burton Barr. Do you know if John did any work for Burton?

A. No, no. I don't know.

Q. Do you know -- well, when talking about Babbitt, that would also have to be with Babbitt's gubernatorial campaign, not just his committee before he ran for president?

A. Yeah, that was a long time ago. That was when Warren was still alive. And my only conversations with Babbitt were with Warren and not with John.

Q. How about Mitchell for Mayor, did O'Neill work on that?

A. I don't know. I know that he was a good friend of Pomeroy. Pomeroy was also a previous Mesa Mayor, and I think he worked on that campaign. But on the other ones, I don't know. He normally would work on one candidate or another, but I don't know whether they were Republican or Democrat.

Q. That doesn't matter. The Sam Lena campaign?

A. No. Again, I have no personal knowledge of any involvement in John. I just know that he did

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get involved. Everyone would ask him.

Q. I will go through some of these. They might --

A. Ring a bell?

Q. Ring a bell, exactly. How about something called the House Victory Fund?

A. No, I don't have any knowledge of that.

Q. Do you know of anything he may have done for Governor Deukmejian in California?

A. No.

Q. How about Brooks for Mayor?

A. I know he knew Mayor Brooks. I don't know that he worked on that committee. But I know that he had ties with Mayor Brooks.

Q. How about L. Harold Wright or Harold Wright?

A. No.

Q. Keno Hawker, K-e-n-o?

A. I know that he had a long acquaintance with Keno Hawker, but I don't know that he worked on the campaign.

Q. Now, when I say work, I would also --

A. I understand that you mean any kind --

Q. Anything; could be contributing, could be fund-raising.

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A. Right.

Q. That is what you understood my question to mean?

A. Right. I did know that he was a friend of Keno Hawker's, so I wouldn't be surprised if he worked for him.

Q. How about Pat Blake?

A. No, I have no knowledge.

Q. Phyllis Ropacki?

A. No again.

Q. Gordon Driggs?

A. Well, Cordon.

Q. Cordon?

A. Cordon was a very prominent community leader in Mesa and with Western Savings, but I don't know that John worked for him.

Q. Do you know if he did anything for Paula Hawkins in Florida?

A. No.

Q. How about Lela Steffey?

A. Again, that was a local name, but I don't know if John's involvement in the campaigns -- I wouldn't be surprised, but again, I have no personal knowledge of what he did with or for them.

Q. That includes anything you might have

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heard as well.

A. Right. Right. I just was not aware.

Q. How about John Kyl, K-y-l, the congressman from around here also?

A. Again, I have no knowledge of any involvement.

Q. George Smith?

A. No.

Q. Jim Mack or John Mack?

A. No.

Q. He's also a congressional candidate.

A. No.

Q. Do you have any idea if Mr. O'Neill was aware of the campaign rules, you know, in other words, contribution limitations, their prohibitions?

A. The first time that I heard that John was a treasurer was in the Rhodes campaign. And so I really didn't know if John knew all the ins and outs, you know. I knew he worked with other people and supported people, but I really don't know what John's knowledge in that area was. I don't know if he had time to get technical.

Q. These names that we have mentioned, you mentioned that he had Willie Wong --

A. Used our conference room.

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Q. Did any of those other candidates use it?

A. They could have, but there were always meetings going on, so I didn't always ask, "Well, who is in our conference room this time?" I just assumed it was a community function or support.

Q. So it wouldn't have been unusual for a campaign to come and use the conference room?

A. Oh, or use our phones.

Q. Use phones?

A. That was common practice at Valley Bank and United Bank for either side, whoever asked.

Q. And how do you mean by using phones?

A. Well, to get vote drives they could use our phones in the evening.

Q. After 5:00?

A. After 5:00 as long -- if we didn't want someone in an office, we would lock it so they couldn't use that office if we had confidential information. We were always cautioned to make sure there was no customer information in the offices for anyone to accidentally come across. But our offices were available for that use.

Q. Would they conduct, maybe, polling by telephone?

A. Polling, get out the vote drives,

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campaigning by phone. They were available.

Q. And let's say United Bank would let them do this for free?

A. That's right. It was also common practice at Valley Bank, and it was imported by the bank in general as long as it helped, because they didn't really contribute a lot of money directly. They just wanted to be public spirited so that availability was available to whatever campaign asked as long as there was no conflict in the time. It was more or less who had the clarity of mind to ask for it or who knew about it.

Q. Did they ever do this during work hours?

A. No, never.

Q. Not at United Bank?

A. Well, the conference room was available during work hours as long as it didn't conflict with a bank meeting or function or a customer meeting. So that was done during bank hours. A lot of times when we had no use for the conference room, other people could use it. But as far as using our phones for solicitation or for campaign contributions or anything like that, that was strictly after hours when we were not in there.

Q. Would they do that, let's say, for an

evening or a week at a time?

A. It was generally a specific evening, because they had to arrange for the janitorial things. So it had to be done in advance. There had to be some preplanning. But since I didn't schedule that, I wasn't aware of how often it occurred.

Q. Now, were you aware of John O'Neill conducting various activities related to the campaign at the bank?

A. I didn't really realize that John was even that deeply involved, because he had so many other things going. I didn't see how he had time.

Q. Did you see him or hear of or know of him receiving contributions at the bank?

A. Not really. I didn't know what he did. I knew he was treasurer for the campaign, but he was treasurer with so many things, I didn't know if it was an actual working situation or just a title to attract the funds.

Q. I will run through a few things and see if it rings a bell; for instance, would he take care of having checks deposited? Let's say people would contribute to the campaign, and he would take care of having checks deposited?

A. I didn't have any knowledge of that in

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advance. I found out that he did do that later, you know. But I didn't know while it was going on that he was an active participant as treasurer and that he was actually collecting funds. It was only after the FBI investigation that I found out that he was actually doing that. So I didn't know that ahead of time. And it was only because I happened to sign a cashier's check that John asked me to sign on an entry that I even got involved on that situation. So I was not aware of what his actual role was until after the event.

Q. Well, we'll get to talk about that later. I will show you and we can talk about that.

How about the cashier's checks? What did you -- before the investigation broke, did you see him dealing with cashier's checks?

A. No.

Q. For the campaign?

A. No.

Q. Did you hear about that at all?

A. No, not at all. I was just totally unaware of John's transactions; not only in regard to the campaigns but in regard to his own personal customers. He just didn't talk about it.

Q. So he never said -- obviously, he never

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said anything to you about why he was issuing a cashier's check, you just didn't know?

A. No.

Q. What did you find out afterwards?

A. Afterwards I found out that he had been actively collecting funds for John's campaign and putting them into the accounts.

Q. Into which accounts?

A. The Rhodes accounts.

Q. At the bank?

A. At the bank.

Q. Do you know -- did you find out anything about why he was taking some contributions and making them into cashier's checks before they went to the campaign?

A. No. And the one time that he asked me to sign, I presumed that he was trying to keep an accurate -- rather than contribute cash that they wanted an accurate account of what was going on. That was a presumption on my part.

Q. In other words, for record-keeping purposes?

A. Record-keeping purposes.

Q. Okay. But I am just wondering if you found out anything afterwards, what you may have

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heard? And again, we know it is what you heard it is not, you know, a writ from God but it is what you heard.

A. Because of the questions that I was asked, the type of questions that the FBI was asking me, I think they were trying to determine whether or not someone had contributed in excess of what the law designated as an upper limit. So I presumed because of the questions that the FBI was asking that there may have been some contributions that were in excess of the dollar amount. Later that was confirmed through the news media when they announced it on local television that Wolfswinkel had contributed excessive amounts and that John Rhodes had returned those funds. So I found out about that through the media and not through any contact I had with John, because he just didn't talk about it.

Q. Did you ever find out what Georgeann Beaudet's role was with the cashier's checks? You mentioned one.

A. Just the one incident that I believe cost John his job, okay, that was the only incident that I know of where Georgeann was involved that I know of personally because that was a general knowledge issue on why she was demoted.

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Q. So let me get this. What you heard was that she signed a cashier's check or cashier's checks; you don't know whether it is singular or plural?

A. Right, I don't know.

Q. And that she didn't really check first to see if there was an offset for those cashier's checks?

A. Right.

Q. So you weren't aware of, let's say, Ann Unsicker typing out cashier's checks?

A. No. This is really vague for me to recall.

Q. Fine. That is fine.

A. Because I happened to be under medication at the time when John asked me to sign the one cashier's check I think that Unsicker typed out, that particular one. Because Georgeann wasn't there, because I remember him coming out of the note area. I happened to be walking by, and he said, "Maria, I need you to sign this cashier's check, because it is to the Rhodes campaign, and I can't sign it because I am the treasurer." That is when I found out that John was the treasurer.

So I went ahead and signed the cashier's

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check for him, and I believe that Unsicker typed it out, okay. But because I was under medication, I had injured my back a week before, and I had just come back to work. But I had to take pain pills and wear flat shoes. That is the only reason. Normally, I would remember in a lot more vivid detail. But I'm not real good with medication, and it does affect me severely.

Q. Why don't I make it easier for everybody. Maybe you don't want to recall this, you may not have a great memory, but we will introduce it.

I am going to ask the reporter to mark this as FEC Exhibit No. 1, and I am handing a copy to the witness, Miss Evans.

(Deposition Exhibit No. 1 was marked for identification.)

Q. BY MR. LEVIN: Now, Miss Evans, why don't you take a look at FEC Exhibit 1. It is a two-page document. Have you seen any part of FEC Exhibit No. 1 before?

A. Yes. I believe that the FBI showed me this cashier's check. I didn't even remember the dollar amount. That is how fuzzy I was. I thought it was $10,000. But I can see now it's $5,000. And I did sign this. Again, because of the medication,

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originally I didn't even remember doing this, so they had to show it to me. And that is my signature on the check, and then I recalled the incident where John asked me to sign this.

Q. Okay. When you would have gotten this check? What would you have seen? Or let's put it this way: What would you have not seen if you were to get a check like this to sign?

A. Normally, I would -- we were not allowed to initiate or sign on anything that had to do with ourselves. For instance, if I wanted a cashier's check and I wanted to send my mother, as I did in the summer months, money to care for my daughter, I could not sign my own cashier's check. I would have to make out the check, make it out to my mother and give it to somebody else to sign. So we did not sign our own cashier's checks either. If the money was coming out of our account or had in any way any connection with us personally, we could not sign it. So in this instance, the check was made out to John, and he asked me to sign it. And I didn't think anything of it, because I would have done the same thing.

Q. Did you see the contra up there, the account number?

A. To tell you the truth, because John asked

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me to sign it I was not paying attention.

Q. Do you know on the bottom part of the page, the non-tissue copy on Page 10 where it says CU0057057086, do you know what that would be?

A. No, I don't.

Q. How about on the tissue copy, the top where it says purchaser's signature, what is that, bank --

A. Okay, what I saw was the cashier's check in total, which is the first part, and I signed it. I did not look at the bottom copy at that point in time.

Q. You mean the tissue copy?

A. That's right. I didn't see when I signed it. I just signed all three copies at once, and I assumed that it was something to do with John or John's account or the campaign that he was working on. But I really didn't stop and ask him any questions on it.

Q. Sure. On the purchaser's signature, is that John's handwriting?

A. I couldn't tell you, because I am not that familiar with John's handwriting.

Q. Is that supposed to be something like bank use?

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A. It says bank RBPT, so I don't know what that means.

Q. Do you want to take a break, because we have been going for a while.

A. Sure.

(Short recess.)

MR. LEVIN: Let's go back on the record. Can you read the last answer?

(The last answer was read back by the court reporter.)

Q. BY MR. LEVIN: Let's move away from this document, briefly. I am going to come back to it later. Just for some further clarification -- now, as I said I was going to try to go through various activities and see if it rang a bell as to what O'Neill did for the campaign while on the bank premises.

A. Okay.

Q. Did he make phone calls pertaining to the campaign from the bank?

A. No. I would not know. I don't know.

Q. If you subsequently found out any of these things, tell me when you found that out. You didn't subsequently find that out?

A. No one has ever discussed with me the

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extent of John's activities for the campaign. I never saw him make any phone calls or do any active work on the campaign, basically, because he was in the office so infrequently that the few times that I was in his office was to get a signature. And he would be talking to any one of dozens of people that he knew, and it could have been either in relationship to a loan or in relation to one of his community activities. That was part of his job was to do the community activities from the office. So I wouldn't have been surprised to hear that he had done some of that work out of there. But personally, I did not have any knowledge of any of that.

Q. Do you have any knowledge of him meeting with campaign people on the bank premises?

A. Only when I saw the committee meetings in the conference room. As far as if they came in any other time, I wouldn't have paid attention. I would have presumed it was just another customer.

Q. Now, these committee meetings in the conference room, how many were there for the Rhodes committee?

A. I saw at least three of them, but there may have been more, because there were days when I was outside the bank on calls that I would -- if they

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had a committee meeting, I wouldn't have known.

Q. Do you remember who was at these meetings?

A. Only because I know Peggy Rubach, and she's a redhead, she was at the committees. The rest of the people aside from John Rhodes that I recognized, I don't know who they were. But it was generally a group of between five to ten people.

Q. So these were more strategy meetings?

A. Probably, yes.

Q. If I mention any specific names, would you know them?

A. I might. I know Peggy Rubach, but I might or might not know any of the other people.

Q. Ann Brown?

A. No.

Q. Ann Lorenzo?

A. Yes.

Q. She was at those meetings?

A. I don't remember if Ann Lorenzo was at the meetings or not. The reason I know Ann Lorenzo is she's married to John. But I know Ann by sight. I don't remember her being in those meetings. But she could have had her back to the window, though.

Q. What do you mean by back to the window?

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You could see through the window?

A. You could see through the window into the conference room. So sometimes you would get to see people's faces and sometimes you didn't. The reason I know Peggy Rubach was her hair is red, hard to mistake her back and front. But other than that, if the person wasn't facing the office area, I, you know, would have a hard time recognizing them.

Q. How about Kent Mulkey?

A. No. I don't know Kent.

Q. Ben Dodson?

A. No.

Q. Hazel Davis-Conley?

A. Hazel Davis, I vaguely remember being at one that I saw her at, but not, you know, I would recognize Hazel.

Q. Rudy Campbell?

A. No.

Q. You don't know who these people are?

A. No, I don't know these people.

Q. Ann Rhodes?

A. I don't really know her, you know. I have met her, but I'd have to be re-introduced to her. I don't know her real well.

Q. How about Conley Wolfswinkel? I never

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saw Conley there. Conley's real visible.

Q. How about Tom Rawles?

A. Tom?

Q. Rawles, R-a-w-l-e-s.

A. No, I don't know him.

Q. Did other people from the campaign -- this is other than O'Neill -- come in and use bank facilities besides these meetings that you know of?

A. Aside from the get out the vote drives and the conference room use, no. I don't know of anything else.

Q. Do you know of the use of phones just to come in and make an occasional phone call or anything?

A. Even the customers did that.

Q. So you would have no way of distinguishing?

A. No.

Q. Did they use any paper of the bank's or any pencils, things like that?

A. Not unless it was just there. But it wasn't provided for anybody's use.

Q. Now, you talk about this get out the vote drive. What do you remember of people coming in and -- now, let me put it this way. Do you remember

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people coming into United Bank after 5:00 to use the phones?

A. Yes.

Q. And you assume it was for a get out the vote drive?

A. Well, I would be there. Sometimes I would work late, and they would be there. And, of course, they couldn't use my office because I was there. But they would be out in the receptionist's area using the phones and in other offices. So I actually saw that happen, not only in this campaign, but in the John McCain campaign, because I worked on that. I was involved not only being there but actually doing the work that was required in that particular campaign.

Q. At Valley Bank?

A. At Valley Bank.

Q. Here at the United Bank with the Rhodes campaign, you were not a part of that?

A. No. Especially since I was handling his credit, I didn't want to be involved.

Q. Well, tell me about what they were doing; for instance, how many phones were they using?

A. They had an average of between five and ten people there at any one point in time. I

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personally saw them there only twice, because those happened to be the nights I was working. I don't know what other times they were there, but I know that the phones were available. Peggy Rubach was very good at lining up not only Valley Bank, she planned the phone banks for a lot of these campaigns. I can only guess she is the one that arranged for that.

Q. Do you know if the Rhodes campaign used phones in other banks?

A. No, I don't. I wouldn't be suprised if they did. But I don't know that they did.

Q. You hadn't heard that they had?

A. No. They were limited by the number of the volunteers they could get for the phones, so it just depends. I can only presume, because I saw only five to ten people, that they couldn't get any more.

Q. How do you know that it was a get out the vote as opposed to, let's say, polling?

A. I don't. They could have done both. I wasn't paying attention, because I was working.

Q. What kind of words would you hear?

A. Who were you going to vote for, who were you planning, what do you know about the candidates; basically informational things. Those are the

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questions I heard.

Q. Now, we talked about whom you might have recognized from those three meetings in the glass-windowed room. Now, with these, with this phone bank, or the use of the phones, do you remember who was there other than Peggy Rubach?

A. No.

Q. Do you remember if Ann Rhodes was there?

A. I think I remember Peggy introduced me or someone introduced me to Ann Rhodes there. I had never met her before.

Q. How about Ann Lorenzo, was she there?

A. Not that I recall, not the times that I was there. And I would know Ann, because I handled her account when I worked at Valley Bank when she managed the east valley branch, because I managed the same the branch across the street from her. She was at Mera Bank and I was at Valley. So I knew her before she married John.

Q. Who gave permission for the use of the phones for the campaign?

A. I don't know who handled the scheduling of the conference room or the phones. I don't know if it was Steve Todd or John O'Neill, but I know when I worked at Valley that all they had to do was

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coordinate it with the janitorial staff. So I don't know who gave permission for the use of the rooms.

Q. Do you know who might have suggested it?

A. I presume it was Peggy Rubach who suggested it, because she did that for all the campaigns she was involved in. She usually coordinated that activity.

A. And you think -- well, you don't know --

A. I don't know.

Q. -- whether she would have gone to John O'Neill for that?

A. Right, I don't know who she would have gone to.

Q. Now, you said you noticed it on two nights?

A. Right.

Q. How many hours each night would you say?

A. Well, on those particular incidences I only stayed like until about quarter to six, and I don't know how long they were there after that.

Q. So you know for at least 45 minutes each of those nights?

A. Right.

Q. Were these all within the same week, these two?

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A. No, I don't think they were the same week. I couldn't tell you the time span, because I wasn't again paying attention. But it was, you know, it was the John Rhodes campaign.

Q. Now, you said that at other banks they used -- campaigns would use the phones, and would they also use conference rooms?

A. Yes.

Q. Would they generally use bank facilities, for instance, as we've mentioned before coming in to use bank facilities?

A. Yes.

Q. Such as?

A. Well, at Valley Bank they had a conference room on the commercial loan floor, and then they had a massive conference room on the fourth floor. And people were allowed to use whichever one was not in use.

Q. But other than conference rooms, I mean, for instance, I mentioned before people using bank pens or pencils, paper, things like that?

A. Well, name tags. They were available for anybody's use for campaigns. We had a standing order to use name tags for any organization, public or private, as long as they told us how many they needed

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and we could get them for them. The bank used name tags as an advertising tool. They were always available; pens, if they had them, at Valley Bank especially. They had scratch paper with Valley Bank's name on it, name tags, all these things that banks give away. And those were available to anyone who requested them. So I knew that they used those on various occasions.

Q. So at United Bank when they had those conferences, they had United Bank name tags with Rhodes For Congress Committee?

A. Right, or their own names so they would know. If they had mixers or cocktail parties, people could come in and request some.

Q. Did they say Rhodes for Congress Committee?

A. Not necessarily, usually their names. I don't know what they had on them.

Q. Let's go back to this Exhibit 1, which is that check right in front of you.

A. Okay.

Q. Now, you said that you had signed this check and your signature is there under less than ideal circumstances as we have discussed?

A. Right.

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Q. What did Mr. O'Neill say to you before you signed the check?

A. Like I said, that conversation is very fuzzy for me because of the medication I was talking. But I think I recall that John said, "I can't sign this cashier's check. Would you sign it for me?" And I said yes. I cannot recall if he said it was in relation to the campaign or not. I presumed later that it was.

Q. You mean when the investigators came and spoke to you?

A. Right, because at the time that they came and spoke to me, I didn't even remember signing it.

Q. Do you recall what you said to him when he came to have you sign this?

A. I was walking by the office, by the note teller office, and he was walking out of the office with the cashier's check looking for someone to sign it. And I just happened to be walking by. He asked me to sign it. I moved over to the credenza and signed it and handed it back to him. So he said, "This is made out to me, so I can't sign it." And so I signed it.

Q. Now, subsequently, you found out it came from the $30,000 Wolfswinkel check; is that correct?

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A. I never found out where it came from. The investigator asked me if I knew where the funds came from, if I ever saw the offset to it, and I did not know. He didn't mention it to me.

Q. Am I the first one who has mentioned that to you?

A. Yes.

Q. Did you find out anything about where the other $25,000 went?

A. No. I don't know what the offset was to this. I don't remember, at least.

Q. And the only thing you may know is that may be something that Georgeann Beaudet -- some cashier's check that Georgeann Beaudet signed may have been related to that?

A. The only thing I ever heard about her involvement was the one cashier's check with the big Wolfswinkel deal. So I didn't -- I was not aware that she signed anything else.

Q. Do you know what Georgeann Beaudet knew about the Rhodes campaign?

A. No, I don't, because she never discussed it with me.

Q. Did you find out anything about what she knew about the Rhodes campaign?

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A. No. No.

Q. Did you find out anything or hear anything as to whether she knew what she was doing when she was signing these checks that she knew, let's say, that this was to facilitate hiding excessive contributions to the Rhodes campaign?

A. No. I did ask her a direct question once when she got demoted, and I said, "What happened?" Because we were all curious. And she says, well, she says, "I guess sometimes there is just too much loyalty. I just did what John asked me to do." And basically, that was the extent of the conversation. I could tell by that comment that she really didn't want to share any other information with me, so I dropped it. You know, we all felt bad for her, because she had been a valued employee. But none of us knew all of the circumstances, because we didn't talk to each other about it.

Q. Did you know of or hear about any other cashier's checks that O'Neill may have had drawn up for the Rhodes campaign?

A. No, but I will tell you when the FBI investigator came to talk to me he had a list of names and asked me if I recognized any of them. And there was a name there, and I can't remember what the

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first name -- all I can remember is the last name. It was Gillespie. The reason that that name rang a bell is because I knew that Wolfswinkel's wife's maiden name, Bernadette -- her maiden name was Gillespie. And the reason I know that is that years and years before that her father had been my customer at Valley Bank, and he was a well-known author and miner, and he wrote a book called Gillespie's Gold. And I had subsequently heard that Wolfswinkel had married a Gillespie, and one of the names on his list was a Gillespie. And so I then told him that -- that is what I said, it might be related to the same family. I don't know, and I don't remember today what the first name was.

Q. To your knowledge, was anyone above O'Neill at United Bank involved with the Rhodes campaign?

A. No, not that I know of.

Q. Was Mr. Simmons involved?

A. I don't know.

Q. That is Jim Simmons, the president?

A. Yes, I do know United Bank, like all PACs of PAC committees, and I believe that Mr. Simmons was a member or chairman. I am not sure of that, because usually it entailed the chief executive being on that

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committee. And I know that both at United Bank and at Valley Bank they made political contributions usually in varying amounts to both Republican and Democratic candidates, depending on their stances on, I guess, banking issues. I never served on the committees, so I don't know what their criteria for donations were.

Q. Want to take another short break.

(Short recess.)

MR. LEVIN: Let's go back on the record. Miss Evans informed us about two breaks ago, I guess, that she has a deposition to attend at 1:00. And so we feel it is best that we will continue this deposition and call Miss Evans back under the same subpoena, because the deposition is being continued.

(Short recess.)

MR. LEVIN: Back on the record. We went off the record so that I could clarify for myself with my co-counsel and with the court reporter what exactly is the situation on signing in this particular deposition, as it is continued. And it's continued because of the special circumstances today. And so first, I want to ask Miss Evans, do you wish to waive signature?

THE WITNESS: What does that mean?

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MR. LEVIN: Well, if you waive signature it would mean that you wouldn't have to come and review the transcript.

THE WITNESS: Oh, that is fine.

MR. LEVIN: You would rather have it that way?

THE WITNESS: Yes. That is fine. I don't need to review the transcript. And we're going to be sending you a check for the witness fee and your mileage. Is there anything else, Colleen?

MS. MILLER: No.

MS. MILLER: Well, this deposition is continued to another time, and we will see you then, Miss Evans.

THE WITNESS: Okay, thank you.

(12:40 p.m.)

(Signature waived.)
MARIA EVANS

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STATE OF ARIZONA)
: ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition was taken by me; that I was then and there a Notary Public in and for the County of Maricopa, State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the whole truth and nothing but the truth; that said deposition was reduced to writing by me, and that the foregoing 76 pages constitute a full, true, and accurate transcript of the testimony of said witness to the best of my skill and ability.

I FURTHER CERTIFY that I am not related to nor employed by any of the parties hereto and have no interest in the outcome thereof.

DATED at Phoenix, Arizona, this 17 day of March, 1989.

Laurie Adams

Laurie A. Adams
Court Reporter

My commission expires April 20, 1990.

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Evans

EXH. NO. 1 DATE 3-8-89

LAURIE ADAMS

100-4 R. 4/73

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

№ 101716

CASHIER'S CHECK

91-283/1221

REGISTER COPY

CONTRA 11502 0107

August 13, 19 86

PAY TO THE ORDER OF ********John J. O'Neill********** $5,000.00*

UNITED BANK 5,000dols00cts DOLLARS

PURCHASER'S SIGNATURE Bank, AB A

EXCH. FEE ☐ COLLECTED ☑ WAIVED

AUTH. SIGNATURE

ADDRESS

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Merabank

AUG 14 1986

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TLR 2801

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

№ 101716

91-283/1221

August 13, 19 86

PAY TO THE ORDER OF ********John J. O'Neill********** $5,000.00*

UNITED BANK 5,000dols00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈101716⑈ ⑆122102831⑆ ⑈214104007⑈ 0000500000

EXHIBIT #1

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AG 14
AG 15

OGC-2275

TRANSCRIPT OF PROCEEDINGS

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

- -x
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IN RE: :
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M U R 2602 :
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2:09 PM '89 24 JUL

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DEPOSITION OF KENT MULKEY

Phoenix, Arizona

Wednesday, March 8, 1989

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UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:	)	
	)	MUR 2602
	)	
	)	
	)	
	)	

Phoenix, Arizona
March 8, 1989

DEPOSITION OF KENT MULKEY

THACKER & ASSOCIATES, INC.
Court Reporters
2700 North Central Avenue
Suite 1201
Phoenix, Arizona 85004
(602) 279-4711

Prepared For:
Federal Election Commission
(Original)

By: Laurie A. Adams
Court Reporter

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The deposition of KENT MULKEY, a witness herein, was taken upon oral examination by the parties through their respective attorneys before LAURIE A. ADAMS, a Notary Public in and for the County of Maricopa, State of Arizona, at the Federal Building, 230 North First Avenue, Suite 4000, Phoenix, Arizona on the 8th day of March, 1989, commencing at 1:30 p.m. of said day.

COUNSEL APPEARING:

Ms. V. Colleen Miller
Mr. Jonathan M. Levin
OFFICE OF GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
999 E. Street N.W.
Washington, D.C. 20463
Attorneys for Federal Election Commission

24043603343

MS. MILLER: We are here today for a deposition pursuant to a subpoena of the Federal Election Commission for the appearance of Kent Mulkey at 1:30 this afternoon, March 8th, 1989.

It is now 1:45. Attorneys for the commission have been present since 1:30, and Mr. Mulkey has not appeared.

This deposition is therefore concluded for today.

(1:31 p.m.)

24033444

STATE OF ARIZONA)
: ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition was taken by me; that I was then and there a Notary Public in and for the County of Maricopa, State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the whole truth and nothing but the truth; that said deposition was reduced to writing by me, and that the foregoing 03 pages constitute a full, true, and accurate transcript of the testimony of said witness to the best of my skill and ability.

I FURTHER CERTIFY that I am not related to nor employed by any of the parties hereto and have no interest in the outcome thereof.

DATED at Phoenix, Arizona, this 20th day of November, 1989.

Laurie A. Adams
Court Reporter

My commission expires April 20, 1990.

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MUR 2602

TRANSCRIPT OF PROCEEDINGS

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

- -x

IN RE:

M U R 2602

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DEPOSITION OF BENJAMIN DODSON

Phoenix, Arizona

Wednesday, March 8, 1989

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UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:	)	
	)	MUR 2602
	)	
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Phoenix, Arizona
March 8, 1989

DEPOSITION OF BENJAMIN DODSON

THACKER & ASSOCIATES, INC.
Court Reporters
2700 North Central Avenue
Suite 1201
Phoenix, Arizona 85004
(602) 279-4711

Prepared For:
Ms. V. Colleen Miller
Attorney at Law
(Copy)

By: Laurie A. Adams
Court Reporter

> 40436033447

The deposition of BENJAMIN DODSON, a witness herein, was taken upon oral examination by the parties through their respective attorneys before LAURIE A. ADAMS, a Notary Public in and for the County of Maricopa, State of Arizona, at the Federal Building, 230 North First Avenue, Suite 4000, Phoenix, Arizona on the 8th day of March, 1989, commencing at 9:30 a.m. of said day.

COUNSEL APPEARING:

Ms. V. Colleen Miller
Mr. Jonathan M. Levin
OFFICE OF GENERAL COUNSEL
FEDERAL ELECTION COMMISSION
999 E. Street N.W.
Washington, D.C. 20463
Attorneys for Federal Election Commission

2043603348

MS. MILLER: We are here this morning for the deposition of Benjamin Dodson pursuant to a subpoena issued by the Federal Election Commission for a deposition at 9:30 this morning, March 8th, 1989.

It is now 9:40. Mr. Dodson has not appeared. The deposition is therefore concluded for today.

(9:41 a.m.)

24043603349

STATE OF ARIZONA)
: ss.
COUNTY OF MARICOPA)

BE IT KNOWN that the foregoing deposition was taken by me; that I was then and there a Notary Public in and for the County of Maricopa, State of Arizona, and by virtue thereof authorized to administer an oath; that the witness before testifying was duly sworn by me to testify to the whole truth and nothing but the truth; that said deposition was reduced to writing by me, and that the foregoing 03 pages constitute a full, true, and accurate transcript of the testimony of said witness to the best of my skill and ability.

I FURTHER CERTIFY that I am not related to nor employed by any of the parties hereto and have no interest in the outcome thereof.

DATED at Phoenix, Arizona, this _____ day of _____, 1989.

_____
Laurie A. Adams
Court Reporter

My commission expires April 20, 1990.

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TRANSCRIPT OF PROCEEDINGS

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UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

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IN RE: :
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M U R 2602 :
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DEPOSITION OF ANN BROWN

(NON-APPEARANCE)

Phoenix, Arizona

Thursday, March 9, 1989

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UNITED STATES OF AMERICA

BEFORE THE FEDERAL ELECTION COMMISSION

In re:) MUR 2602

DEPOSITION OF ANN BROWN

Phoenix, Arizona
March 9, 1989

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Phoenix, Arizona 85004-1119
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(Copy)

Prepared For:
Mr. Jonathan M. Levin

By: Elizabeth A. Lemke
Court Reporter

0043603523

The deposition of ANN BROWN, witness herein, was scheduled to be taken upon oral examination by the parties through their respective attorneys before ELIZABETH A. LEMKE, a Notary Public in and for the County of Maricopa, State of Arizona, at the Federal Building, 230 North First Avenue, Suite 4000, Phoenix, Arizona, on the 9th of March, 1989, commencing at the hour of 10:00 a.m. of said day.

COUNSEL APPEARING:

Mr. Jonathan M. Levin
Ms. V. Colleen Miller
Office of General Counsel
FEDERAL ELECTION COMMISSION
999 E Street N.W.
Washington, D. C. 20463
Attorneys for Election Commission

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(10:11 a.m.)

MR. LEVIN: A subpoena and order was issued by the Federal Election Commission for the appearance of and production of documents by Ann Brown, whom we understand is also known as Ann Brown Wendell.

Her appearance was to be at 10:00 a.m. on March 9, 1989. Attorneys for the Federal Election Commission Colleen Miller and Jonathan Levin have been in the appropriate deposition room at the United States Attorney's Office since before 10:00 o'clock a.m. on March 9, 1989.

It is now a little after 10 after 10:00 and Ms. Brown has not appeared. It appears that the subpoena has not been complied with.

The subpoena is still in effect.

(10:14 a.m.)

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COUNTY OF MARICOPA)
) ss.
STATE OF ARIZONA)

I, ELIZABETH A. LEMKE, a Notary Public in and for the County of Maricopa, State of Arizona, do hereby certify that the foregoing 3 pages constitutes a full, true and accurate transcript of the proceedings had in the foregoing matter, all done to the best of my skill and ability.

WITNESS my hand this 15th day of March, 1989.

ELIZABETH A. LEMKE
Court Reporter

My Commission Expires:
May 30, 1992

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TRANSCRIPT OF PROCEEDINGS

ORIGINAL

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

- -x
:
IN RE :
:
M U R 2602 :
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- -x

DEPOSITION OF BENJAMIN A. DODSON

Washington, D. C.

Tuesday, July 18, 1989

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UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

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IN RE :
M U R 2602 :
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DEPOSITION OF BENJAMIN A. DODSON

Washington, D. C.

Tuesday, July 18, 1989

Deposition of BENJAMIN A. DODSON, called for examination pursuant to subpoena and notice of deposition, at the offices of the Federal Election Commission, 999 E Street, N.W., Sixth Floor, at 9:30 a.m. before LEANNE P. DOTSON, a Notary Public within and for the Dsitrict of Columbia, when were present on behalf of the respective parties:

JONATHAN LEVIN, ESQ.
COLLEEN MILLER, ESQ.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D. C. 20463
On behalf of Federal Election Commission.

DANIEL J. SWILLINGER, ESQ.
DENIS L. VENTRIGLIA, ESQ.
Alagia, Day, Marshall, Mintmire & Chauvin
1000 Thomas Jefferson Street, N.W.
Washington, D. C. 20007
On behalf of the Deponent.

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by Mr. Levin	3

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0043600358

PROCEEDINGS

Whereupon,

BENJAMIN ALBERTUS DODSON

was called as a witness and, having first been duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. LEVIN:

Q My name is Jonathan Levin. I am representing the Federal Election Commission, along with Colleen Miller, who is also an attorney for the Federal Election Commission. We have an attorney sitting in, but he is not part of this case, Keith Morgan. He is not an attorney on this matter. He is merely observing to observe a deposition.

This deposition is being taken pursuant to a subpoena issued in connection with an investigation under 437(g) of Title II of the United States Code. The confidentiality requirements of 2 U.S.C. Section 437(g)(a)(12)(a) are in effect. As we mentioned before the deposition, statements of objections, except as to form and foundation, are reserved until the time of trial, if there is one.

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Would you state your full name for the record?

A Benjamin Albertus Dodson.

Q Mr. Dodson, you have the right to be represented by counsel. Is your counsel here today?

A Yes.

Q Would you please identify him for the record?

A Daniel J. Swillinger.

Q Now, Mr. Dodson, I'm going to read you a series of questions. I'm going to ask you a series of questions, I hope I don't have to just read them. If at any time you do not hear a question, say so, and I will repeat it. If you don't understand a question, say so, and I will either repeat the question or try to rephrase the question so that you do understand it. If you become confused or you want to take a break, let's say to stretch your legs, let me know. In addition, your answers should be audible. A nod or a shake of the head or a sound that is not a word will not be picked up by the reporter.

Do you understand these instructions?

A I sure do.

Q State your present home address.

A 1841 North Abrego, Green Valley, Arizona, 85614.

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Q Are you married, Mr. Dodson?

A No, I'm not.

Q I assume you have no children?

A I hope not.

Q And your present business address?

A Right now I am unemployed.

Q And how long have you been unemployed?

A I returned to school and I have just finished up schooling. I am in the process of a job search right now.

Q What was the last job that you held?

A I was staff assistant to Congressman Rhodes.

Q And when were you staff assistant to Congressman Rhodes?

A It would have been January of '87 to about July of '87.

Q What did you do as staff assistant to Congressman Rhodes?

A Constituent relations, case work.

Q Did you still do work with respect to his campaign committee during that time?

A No.

Q What was your employment prior to that?

0043600361

A I was assistant campaign manager for the Rhodes for Congress Committee.

Q And what were the dates of that?

A Approximately September-October of '85 to January of '86, or to -- yes -- December of '86, excuse me.

Q To December of '86?

A Yes.

Q To the end of the year or sometime in the -- sometime in December?

A My recollection was sometime in the middle of December, as near as I can remember.

Q And what was your employment prior to that?

A I was, again, at school.

Q And did you have a job before being in school, let's say the period prior to 1985?

A Just various summer employment.

Q Mr. Dodson, how old are you?

A 29.

Q Now, you said you were in school. What does that entail? For instance, where are you in school?

A The University of Arizona.

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Q What are you studying?

A I have got a degree in fisheries. I have just recently completed enough coursework to sit for the CPA exam.

Q So an accountant?

A Yes.

Q When did you begin your accountancy studies?

A It would have been shortly after I finished with the congressional staff. I took some independent study courses at that time. So probably July of '87, somewhere in there.

Q Had you had any accountancy courses prior to that?

A No.

Q Or any courses related to accountancy?

A No.

Q And when did you get your degree in fisheries?

A May of '85.

Q That is your only degree?

A Yes.

Q That is a bachelor's degree?

A Yes.

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Q Prior to your working with the Rhodes campaign, had you had any campaign experience?

A No.

Q This was your first encounter with a campaign, either state, local, or federal?

A Correct.

Q Had you had any experience or any occasion to read portions of the Federal Election Campaign Act prior to your working with the Rhodes campaign?

A No.

Q How did you come to be involved with the Rhodes campaign?

A My brother was acquainted with Peggy Rubach, or Margaret Rubach, who was acquainted with the candidate. They, through some chain of communication that I'm not really conversant with, they discovered that I was done with school, looking for work, and would meet their requirements.

Q What were their requirements?

A It is my opinion that they were mostly financial: "Who can we get that seems qualified or has a fair amount of schooling," which I have in numerous

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subjects, "that we can get cheaply," because --

Q What numerous subjects? You said you had a degree in fisheries.

A I have -- at that time I probably had almost 200 college credits, none of them in accounting.

Q Any in government or political science?

A Beyond the basic courses, no.

Q Who is Peggy Rubach?

A She would be on the --

MR. SWILLINGER: Answer the question directly.

THE WITNESS: Right now she is the mayor of Mesa.

BY MR. LEVIN:

Q What did she do for the Rhodes campaign?

A Just more or less political insight, advice.

Q So was it Ms. Rubach who contacted you about the campaign?

A No, it was my brother.

Q What ensued from there? Did you meet someone from the campaign?

A I met Mrs. Rubach.

Q Who explained your duties to you?

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A I would have to categorize that as I kind of learned them as I went along.

Q What were you told at the outset as to your duties?

A The only thing I can recall right now would be to shadow the candidate to events, set up appointments. At that time I was the only employee, so it was pretty much everything.

Q You said you were the only employee at that time?

A Yes.

Q Did you mean by that the only paid employee?

A Yes.

Q Who else was working on the campaign at the time?

A At the --

Q At the time you came aboard?

A I would have to ask you to clarify that a little more. Who was actively working?

Q Who else was actively working on the campaign at the time?

A Mrs. Rubach. There was someone whose name that

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I cannot remember at this time who was there before I was, just answering the phone, there was a day or two of overlap, and the candidate. It was very early. There was very little occurring when I arrived.

Q Was Ann Brown working on the campaign at the time?

A No.

Q This is September of '85?

A Yes.

Q Was Rudy Campbell working on the campaign at the time?

A I believe there was -- if only on paper, I believe there was a kind of very loose organization, that these were people we were going to tap into later on in the campaign, but actively working, no.

Q Was John O'Neill working on the campaign at the time?

A Again, if I qualified it as actively, no.

Q What was he doing at the time?

A I was aware that he had set up the paperwork system as it existed when I got there for handling contributions, and that he set up -- most likely set up

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the accounts of the campaign.

MR. SWILLINGER: Don't speculate. If you know, answer. If you don't know, say you don't know. He is entitled to know the facts. He is not entitled to speculation or opinion.

THE WITNESS: Given that, I would not know.

BY MR. LEVIN:

Q Where had you heard what you just told me?

A I had assumed it.

Q Did you -- now, I'm not talking about just at the beginning, but were you ever -- did you ever discuss the campaign laws with Mr. O'Neill, that is, the Federal Election Campaign Act and the Commission regulations?

A Beyond -- no, I don't believe so.

Q Let me try and be more specific. Did you discuss contribution limitations with Mr. O'Neill?

A No. I spoke with him very infrequently.

Q Did you discuss contribution prohibitions, such as corporate contributions?

A No. I have no -- no.

Q Contributions in the names of others; in other words, the idea that you might give a contribution but

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someone else's name -- the contribution would be attributed to someone else; a prohibition on that?

A No.

Q Did you discuss loans and loan signatures with him?

A No.

Q Did you discuss reimbursing people for contributions they had made, a prohibition on that?

A No.

Q Did you attend meetings in which Mr. O'Neill and Mr. Rhodes discussed campaign laws?

A Yes.

Q When were those meetings?

A We had more or less monthly meetings early on, and they increased in frequency.

Q Do you remember any specific meetings?

A No, not that I can fix in time.

Q How early on are we talking about?

A Early '86.

Q Did it appear to you from these meetings that Mr. O'Neill knew the campaign laws?

A I would have to ask you to qualify that. There

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is an entire spectrum of campaign laws.

MR. SWILLINGER: Again, if you know the answer, answer it. You don't have to speculate.

BY MR. LEVIN:

Q I just went through a list of the concepts of limitations, prohibitions, contributions in the name of another, loans, loan signatures, and by that I mean that if you sign on a loan it is as if you made the loan -- that sort of thing.

A Yes. The only one that I'm sure he knew was that there was a thousand dollar limit per election, per primary/general election cycle.

Q Now, what were these monthly meetings? Were they meetings just with O'Neill and Rhodes, or were they meetings of other campaign personnel as well?

A They would be other campaign personnel as well.

Q Do you remember a fundraiser at O'Neill's house in perhaps the summer or -- perhaps the early fall of '85?

A No.

Q Were you there?

A I believe I wasn't.

Q Do you remember an organizational meeting in

0043600370

Chandler early on, maybe six to eight people, perhaps in the Chamber of Commerce Building?

A Again, that is before I was there.

Q At this meeting, just to try to refresh your recollection, responsibilities of -- who had what responsibility was discussed?

A I am virtually 100 percent certain that that meeting occurred before I was even -- it was before they even considered me being hired.

Q But there was such a meeting?

A I have no knowledge of it.

Q Had you heard that there was such a meeting?

A No.

Q Why are you virtually certain it took place before you came on the campaign?

A I would be speculating, but it just follows the train. If I were doing it I would have meetings -- I am assuming you would be referring to a meeting of are we going to run, that type of meeting, and hiring an individual would occur later.

Q No, I would say a meeting in which people would say, "We have decided to run. Mr. O'Neill, you do this.

0243600371

Ms. Rubach, you do this," that sort of meeting?

A I have no knowledge of any such meeting.

Q Do you recall an organizational meeting at the Mesa Country Club, about 12 to 15 people, where fundraising was discussed?

A No, I don't believe so.

Q Do you recall anything like that meeting?

A Nothing like that occurring at the Mesa Country Club.

Q Somewhere else?

A Just the monthly meetings where we got together and reviewed where we had been, where we wanted to be on the campaign.

Q Now, these monthly meetings -- is this all through the campaign, until the end of 1986?

A Yes.

Q Tell me who was at these meetings.

MR. SWILLINGER: For what time frame?

BY MR. LEVIN:

Q Let's run through. Maybe some people dropped out and some people came on. Let's run through from your experience.

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A So are you asking for who is the --

Q Who were at these meetings. I don't expect you to remember every month, but generally who was there in the fall of '85, and then as you go through '86 who was there?

A Generally the candidate, the candidate's wife, myself, Benetta Dupree, who was the early campaign manager, an advertising firm.

Q Which firm was that?

A Parker, Johnson.

Q Mr. O'Neill, was he there?

A If I were to put a percent on it, 30 percent of all the meetings did he attend.

Q 30 percent until the fall of '86, or 30 percent until the end?

A All totaled, probably 30 percent.

Q Was Ann Lorenzo there, now Ann Lorenzo O'Neill?

A She -- probably three meetings, four meetings tops, in all that time.

Q How about Tom Rawles?

A Never. He was a candidate early on and would not have been admitted.

0043600373

Q How about later when he ceased to be a candidate?

A Later, meaning after the primary, yes. Before the primary, no.

Q So he came onto the campaign in September, September of '86; is that correct?

A Yes. Yes.

Q How about Kent Mulkey?

A He would probably have attended upwards of 80 percent of all the meetings.

Q How about a man named Conley Wolfswinkel?

A Never attended meetings, ever.

Q How about Cortland Silver?

A Once again, I have never met him, nor did he attend any meetings.

Q Do you remember a meeting in the home of a friend of Rhodes where someone used a flip chart to describe the organization of the committee?

A I don't remember it being in someone's home, but I remember a flip chart.

Q Would O'Neill be using the flip chart? Would he be the one explaining things?

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A No, it was my recollection that it was Mrs. Rubach.

Q When was this?

A I couldn't be within four months either way of probably -- I don't remember specifically at all.

Q At these monthly meetings they did make -- you were saying they did make reference to campaign laws?

A I would say rarely.

Q What would these references entail?

A The only reference I can specifically remember was that some people -- it was to say that there are limitations, and here is what they are, just the rudimentary $1000 per election, because there was some confusion with a lot of people as to what they meant by "per election," because they viewed the whole thing as one large election terminating in November.

Q Did they talk about various permutations of that thousand dollars, as to where it could come from?

A Other than from a noncorporate source, no.

Q Did they talk about that it must come from the person named?

A Not specifically, no.

0043600375

Q Describe for me what John O'Neill's role in the campaign was. And I'm talking about throughout the campaign, now.

A It was first explained to me as he was more or less the focal point of the fundraising.

Q Who explained that to you?

A Margaret Rubach, Peggy -- Mrs. Rubach.

Q Go on. I didn't mean to interrupt.

A That is all right.

Q Did you have more to say?

A Well, to kind of qualify that, I don't -- that is how it was explained to me. But he was rarely there, rarely did anything in the fundraising end of the spectrum.

Q What do you mean by "rarely there"?

A I have only spoken with him in the office probably over two years' time, or a year, 18 months, whatever it works out, if it would be 20 times I would be surprised, probably less.

Q So he would have been in the headquarters, when you say "rarely there"?

A Or even at the monthly meetings, speaking to

0243600376

him.

Q Where were these monthly meetings?

A They were --

Q They were not at the headquarters?

A Our original headquarters had a small conference room that was common to the building. They would have occurred in there.

Q Did you know that Mr. O'Neill was the finance chairman of the campaign?

A Yes. I believe that was his title.

Q Did he raise funds for the campaign?

A Yes.

Q Why do you qualify that, or seem to visually qualify that yes?

A He brought in money, but not, you know -- you expect a finance chairman to be doing the greatest -- the lion's share of the work, in networking and raising money. That to my knowledge never occurred.

Q Now, you said before that he set up the account system for the -- or the accounts for the committee. Did he oversee these accounts?

A I don't believe before that -- that I can say

0243600377

with any real assuredness that he did set up the accounts.

Q You had heard that he did, then, is that what you are saying?

A I assumed and believed he was the banker and it was his bank, so --

Q Did he make decisions as to the transfers of money from -- between the accounts?

A From the time I started work on, no.

Q Now, you had -- am I correct you had two accounts at the bank, at United Bank?

A A money market and a checking, yes.

Q Okay. Who made the decisions as to transferring moneys between those two accounts?

A It was transferred as the -- as the checking account ran down, either Kent Mulkey or myself would have a running balance, and call to the bank and have a transfer made.

Q Who made the decisions to arrange for loans for the committee?

A It is not within the knowledge I have. The loans would be above me in the hierarchical structure, if you will.

0043600378

Q Who in the hierarchy would be responsible for that, then?

A That would be speculating.

Q Who had you heard would be responsible for that?

A I would be speculating again.

Q Did you know if Mr. O'Neill had other campaign experience?

A No.

Q Had you had any?

A No.

Q Okay. I'm going to run through a few names in the committee. I know we have covered some of this territory indirectly before, but let's try to cover it directly about who they were, their functions in the campaign, what they did.

Ann Lorenzo, what was her position in the campaign, now Ann Lorenzo.

A I believe she had the title of assistant financial -- assistant fundraising chairman, or something to that effect, but I can't -- that is just a very dim recollection.

Q Do you know what she did for the campaign?

0043600379

A Attended very few events, made very few meetings, and beyond that I don't believe she did anything.

Q Is there a point in time where you didn't see her in the campaign anymore?

A I would have to qualify that by saying I didn't see her enough in the campaign to be able to discern that there was a point in time I didn't see her.

Q Did you ever speak to her about the campaign?

A Other than a very generic "how is it going?" kind of thing. Nothing in any depth.

Q Did you ever hear her talk about the campaign laws?

A No.

Q You seem rather definite about that.

A I have probably only spoken to her three or four times total beyond a courtesy hello.

Q How about Helen Davis-Conley?

A What --

Q What about Hazel Davis-Conley?

A That was it. What did she do?

Q What was her position.

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A I'm not sure of her title.

Q What were her functions? What did she do for the campaign?

A Once again, I would say besides attending a few fundraisers -- she was a guest. Nothing.

Q What was her interaction with O'Neill?

MR. SWILLINGER: I think you are really asking for speculation or opinion. You can ask him if he observed any interaction, and maybe he can answer the question.

BY MR. LEVIN:

Q Do you know if O'Neill would give her orders to do things -- or instructions, let's not say orders -- instructions to do things, or vice versa, she would give instructions to O'Neill?

A Very rarely did I speak with either of them, and I never overheard anything.

MR. SWILLINGER: Your answer is "I don't know"?

THE WITNESS: Yes. I don't know.

BY MR. LEVIN:

Q How about Rudy Campbell? What was his function with the campaign?

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A As I remember, he was -- I forget the exact title, but he was kind of at the top of the whole structure.

Q What was the relationship between him and O'Neill in terms of the structure of the campaign?

A Again, you would have to --

Q Did he give -- did Campbell give instructions to O'Neill or vice versa?

A Never that I observed.

Q What do you mean by Campbell being at the top of the campaign? What does that mean? What did he do?

A If I were to put it in a framework, he was kind of a figurehead, a well-liked former politician from an area where we were weak.

Q Who ran the day-to-day operations of the campaign?

MR. SWILLINGER: In what time period?

BY MR. LEVIN:

Q Let's go through the various time periods, if you can segment them out between September of '85 and the end of '86.

A Originally when I was the only employee, it

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would be myself, and then shortly thereafter, within two or three weeks, Benetta Dupree was hired. She then would have had the day-to-day office decision capability, and beyond -- until she left, and then Ann Brown took over.

Q How long was she in charge of the day-to-day operations?

A She --

Q We are talking about Ann Brown, now.

A A few months into 1986, but I am real vague, when -- that is when Ann started.

Q Until when?

A Until the end of the campaign.

Q What was her interaction with O'Neill?

A There is something that occurred to me in the last answer.

Q Sure.

A Ann Brown would have had the day-to-day operative control until the primary was over, and then Tom Rawles came in within two weeks after the primary occurred.

Q What was Ann Brown's interaction with O'Neill while she was running the day-to-day operations of the

0043600383

campaign?

A She spoke with him much more frequently than I did. I don't quite follow what you are asking me.

Q Did O'Neill give instructions to Ann Brown as to the financial aspects of the campaign?

A No.

Q Did Ann Brown give instructions to O'Neill?

A Other than "we need to raise money," no. Not that I am aware of.

Q You mentioned Kent Mulkey. When did he come on the campaign?

A He was -- he had just started or was there shortly before I started.

Q What was his function on the campaign?

A Treasurer.

Q How did his functions differ from your functions?

A I would say I was capturing the data, if your meaning is for the reports, and early on -- then I would process -- preprocess it, get it out to Kent, and then we would put the report together as a team.

Q Did Kent Mulkey -- was he involved at all in the

0243600384

preprocessing, as you say?

A No. As I say, he would occasionally receive checks that came directly to him, just because his address was listed for a while as the campaign address through some foul-up, so he got mail, but very rarely.

Q Now, you said that Ann Brown ran the day-to-day operations for a while, and then Tom Rawles took over during the general for the day-to-day operations. Who was the top decision maker in the campaign during their tenures?

A We would have to break it down into what level of decisionmaking.

Q Let me explain it this way. We know that there are day-to-day operations and there are policy decisions.

A Yes.

Q Who was above Ann Brown and who was above Tom Rawles?

A The candidate.

Q And that is it?

A Well --

Q How about as a practical matter?

A Yes, as a practical matter, that's right.

0043603385

Q Did Ann Brown know the federal campaign laws?

A Just very superficially.

Q What do you base your answer on?

A That I knew them better than she did, and I am -- I have no great depth of knowledge there.

Q How about Tom Rawles?

A That is not my -- I would be speculating. I don't believe he knows --

MR. SWILLINGER: Don't speculate, please.

BY MR. LEVIN:

Q Do you know if there was -- strike that. Why don't you tell me about your role specifically.

You used words like "preprocessing," and I would like you to break that down a little bit more in terms of collecting the contributions, recording them. Tell me what you did.

A We would receive the checks in the mail, whatever means they got to me by, and I would record them on a card system, taken from the front of an FEC guideline book, deposit the checks, collect the bills --

Q At United Bank in Mesa?

A Yes. That was the branch we used.

0043603886

Q All right. Go ahead. Collect the bills, you say?

A Collect bills, you know, just kind of categorize everything and take it out to Kent and we would write the checks for the bills and report the Election Commission reports.

Q And you would do a computer entry?

A Later on in the campaign we required a computer.

Q When was that?

A February-March, maybe, of '86.

Q Would you send thank you letters or acknowledgment letters to the contributors?

A Yes.

Q Would you send letters requesting more contributions to the contributors?

A On occasions when they hadn't met -- and we felt they hadn't met their full potential, we would send follow-ups.

Q Did you keep track of committee records, let's say things like deposit slips, reports from the bank, things like that?

A Yes. I believe all that was retained.

0043603387

Q That was part of your function?

A Yes.

Q With whom did you -- okay. You have said that you would take the deposits over to United Bank. With whom did you deal with at United Bank?

A Just the teller that was the shortest line.

Q Did you ever deal with a woman named Georgeann Beaudet?

A Yes. That is not how you pronounce it, but yes.

Q Was it Beaudet?

A You may be right.

Q Well, what did you -- what were your interactions with her?

A She would usually be the person I would call if I needed to transfer money from the money market to the checking account.

Q Did you have anybody at the bank watching against overdrafts?

A Not that I can specifically recall.

Q Do you know if O'Neill did that sort of thing?

A No. I wouldn't know.

Q Do you remember the campaign getting a $35,000

0043600388

line of credit from United Bank?

A I remember the $35,000 line of credit. I wasn't familiar with what bank it was, that I remember anymore.

Q Now, try to --

A Yes. I remember, it was the United Bank, because we could draw from that as well.

Q And how is it determined when you would draw from that?

A When there was no money in the money market and we needed to cover checks.

Q So how would that be? Would there be a separate account for the line of credit, apart from the money market account and the checking account?

A I'm not aware of the mechanics.

Q Let me see. If I say something, see if you recall.

A Okay.

Q Would the money go from the line of credit into the money market and then into checking, or would it be a more direct route of the money market into the checking account?

A I wouldn't be aware of the process.

0043600389

Q Okay. Now, Mr. Mulkey's functions were -- correct me if I'm wrong -- were to do more of the front end, or the end where -- actually the compiling of the report; is that correct?

A Yes. That's correct.

Q And you were involved in that, too. You and he did that together?

A As time allowed, yes.

Q What do you mean by "as time allowed"?

A Occasionally he did more, occasionally I did more.

Q Sort of a 50/50?

A Yes. If you averaged it I suppose that is what you would get.

Q Would you do it together?

A The end product, usually we both would do together.

Q Did you have other functions besides those related to collecting the records, keeping the records, and filing the reports?

A Yes.

Q What were those?

0043600390

A Sending the thank-yous, bulk mails, getting volunteers, phone surveys, everything short of the advertising end of the campaign and the fundraising, I guess.

Q The phone surveys, what did that entail?

A Pretty much your standard "have you heard of -- you know, "Do you recognize any of these names? Who would you vote for? Why?" That kind of thing.

Q Where did you do these phone surveys?

A We did them at the end of the campaign -- I believe we had a Phoenix company doing them, and before that we did them.

Q What do you mean, a Phoenix company? Did you have a bank of phones, or what did you do?

A Yes. I never saw the place. Whether they sent people home to phone or whether they had a bank of phones, I'm not aware of that.

Q And you said there was another phone survey that was done?

A They were done sporadically through the first part of the campaign.

Q Do you remember a phone survey being done at

2404360391

United Bank?

A Yes.

Q And when was that?

A My impression is sometime around June of '86, perhaps later.

Q What were the circumstances of that?

A Of --

Q Let me be more specific. Did you do that during banking hours?

A No. It was done from probably 6:30 to 8:30 at night.

Q Did you go into the bank's offices?

A There were offices on the third floor, I believe, which we used.

Q How many people were there to phone?

A Between five and 10.

Q And what were the purpose of these phone calls?

A The purpose --

Q Let me give you options so you don't have to think too hard about it. Was it to test the support for Jay Rhodes?

A Yes. To fine-tune advertising plans and just

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get a feel where we were.

Q Who arranged for your use of the phones for the campaign?

A I believe it was John O'Neill.

Q Were there any other -- were there any other phone surveys done at United Bank?

A Any other -- no.

Q In other words, you did this once in June. Did you do it another time?

A We did weekly surveys. I believe we did two, possibly three of them there.

Q Two or three surveys at United Bank?

A Yes.

Q The same thing?

A Yes.

Q 6:30 at night, five or 10 people calling up?

A Yes.

Q Who were these people?

A Volunteers, anyone we could get, basically.

Q Was the candidate's wife there?

A I know she stopped in. But did she stay and phone? I don't remember that.

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Q How about the candidate?

A I don't ever remember him being there.

Q How about Ann Lorenzo?

A I don't remember her there, either.

Q How about Ann Brown? Was she there?

A Yes, definitely.

Q She was there for all of the surveys?

A I think she probably missed one.

Q This was out of four?

A Well --

Q You said there was one, and then there were two or three others?

A Yes.

MR. SWILLINGER: Just to clarify, I'm not sure we have it clear whether Mr. Dodson was at all of these. I might just make that absolutely clear.

BY MR. LEVIN:

Q Mr. Dodson, were you there at these surveys?

A Yes.

Q At all of them?

A Yes, I believe I got through all of them.

Q Was John O'Neill there?

0043600394

A I don't think he was ever at any of them.

Q How about Hazel Davis-Conley?

A I don't recall specifically. She might have been, but --

Q How about Rudy Campbell?

A I don't think Rudy was ever there.

Q Did the campaign ever use United Bank for other purposes other than your walking over to deposit checks?

MR. SWILLINGER: Try to define what you mean by "other purposes."

BY MR. LEVIN:

Q Did you have meetings over at United Bank?

A On occasion we used their meeting room.

Q When was that?

A Just a month prior to the primary, perhaps two months, for our meetings.

Q Were these during working hours?

A No. They would be after.

Q Would you say after 5:00?

A Probably after 6:00, even.

Q You mentioned one meeting. Were there any others?

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A The weekly, towards the end -- there were weekly meetings towards the end.

Q Of the primary or the general?

A Right prior to the primary.

Q And how many weeks are we talking about?

A Four, perhaps six weeks.

Q Did the campaign ever pay for the use of the phones to United Bank?

A I don't have any knowledge of them paying for it.

Q Did they ever pay for the use of the conference room?

A I don't have any knowledge of that.

Q Who made the conference room available for the conferences?

A John O'Neill.

Q Do you know who he suggested that to? In other words, did O'Neill suggest to Ann Brown, "hey, come on, we can use the bank's conference room, we can use the bank's phones"?

A I don't really know who he communicated through to set that up.

0043600396

Q Let's go back to your functions with -- when you dealt with the recordkeeping and reporting.

A Yes.

Q When the campaign received a contribution, what date did you put down on the report? Was it the date that it came to the campaign?

A The date that I first saw the check was the date, so --

Q So in a sense, the date it came to you?

A The date it got to me.

Q As the recordkeeper of the campaign?

A Yes.

Q Did any contributions come to John O'Neill?

A I don't --

Q -- that he would then give to you?

A Yes.

Q Now, would he -- would the date that it came to you be the date that it was recorded or the date that it came to John O'Neill be recorded as the date of receipt?

A The date that it got to me.

Q Mr. Dodson, do you recall a controversy in September and October of 1986 as to contributions that

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came to the committee -- and you may have heard this -- out of a $30,000 check from Conley Wolfswinkel?

A Have I heard about --

Q Do you recall the controversy?

A Yes.

MR. SWILLINGER: It sounds like you are getting into a new area. Could we take a quick break before we start into that.

MR. LEVIN: Yes, a five-minute break.

(Discussion off the record.)

MR. LEVIN: Back on the record.

BY MR. LEVIN:

Q Mr. Dodson, before we broke I asked you if you recall the controversy in September and October, 1986, pertaining to contributions that primarily came to the committee out of a $30,000 check from Conley Wolfswinkel.

A Yes. I remember that.

Q Do you recall being handed cashier's checks by Mr. O'Neill sometime in August, 1986, for recording his contributions?

A Yes.

Q Okay.

24043600398

MR. LEVIN: I am handing the reporter a document to be marked as FEC Exhibit Number 1. I am handing a copy to witness and counsel.

(FEC Exhibit 1 identified.)

BY MR. LEVIN:

Q Take a look at that, please. Have you seen the checks on FEC Exhibit Number 1 before?

A Yes.

Q Can you identify them for the record?

A As -- that I have seen them before, yes.

Q Are these the checks that Mr. O'Neill brought in to you in August, 1986, that you later found out to come out of the Wolfswinkel contribution?

A Yes.

Q Have you seen all of this exhibit? Are there parts of this exhibit you do not recall seeing?

A I think I have seen all these checks before.

Q When you saw this check, did you notice the contra portion, c-o-n-t-r-a portion, in the upper left-hand side? Look at page 1 of the exhibit, on the first page.

A Okay. I think I misunderstood your previous

2404360399

question. I saw the check itself, not the entire -- the check and the stub that came with it from the bank. I saw -- I received from here down.

Q You are pointing to the bottom half?

A The bottom half.

Q Not the document that has "register copy" on it?

A Correct. I never had that opportunity to see those.

Q Now, on the left portion of the bottom half, let's just say for the record the first page of this exhibit, so it is the C. Miller check, there was a stub on the left-hand side. Is that what you are saying?

A The top -- the documentation on top, I have never seen that.

Q On the bottom half, though, was there also a stub that does not appear here?

A There was no stub that I recall.

Q Now, tell me how this came about. How did you receive these checks?

A They were handed to me by John O'Neill.

Q He came into the --

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A Into the campaign office and handed me the checks.

Q And what did you then do?

A I did my normal procedure for depositing checks.

Q Did Mr. O'Neill bring in other information that day pertaining to contributors?

A Pertaining to these contributors?

Q No, to other contributors, to 12 more contributors?

MR. SWILLINGER: It seems to me, Mr. Levin, you have to specify a time frame here. Before this? After this? At the same time?

BY MR. LEVIN:

Q The day that he brought in those checks, did he bring in other information that day pertaining to 12 contributors where he did not bring in checks?

A If you are asking do I remember that happening in the same day, I can't remember if it happened at the same time I got these, if I got other information on other people. I can't remember.

Q Now, this situation -- was there a time when

0 4 0 4 3 6 0 4 0 1

Mr. O'Neill came in just giving you 12 names, or thereabouts, without any accompanying checks, just contributor cards?

A Specifically 12? I don't remember. He did bring in some information on contributors.

Q Okay. Let's go back to these cashier's checks, Exhibit Number 1. Okay. Now, these -- when did you report the receipt of the contributions evidenced in Exhibit Number 1?

A I don't have the documentation in front of me, so -- they would have gone on the next report.

MR. LEVIN: Mark this, please, as FEC Exhibit 2. I am handing a copy to the witness and counsel. It is a three-page document. I will give the witness time to look at the document.

(FEC Exhibit 2 identified.)

BY MR. LEVIN:

Q Now, Mr. Dodson, you are looking at page 3, page 2 of 2 marked in the upper right-hand corner?

A Yes.

Q The last five names on the third page of Exhibit 2 corresponds to the checks, the names on the checks in

24043602

Exhibit 1?

A Yes. They do.

Q Now, Mr. Dodson, you were responsible for filing these reports; correct?

A Am I -- no.

MR. SWILLINGER: I don't think he has testified to that.

THE WITNESS: I'm not responsible for filing these.

BY MR. LEVIN:

Q Didn't you and Mr. Mulkey file reports of the committee to the Federal Election Commission or the clerk of the House?

A I know I helped prepare reports that were filed.

MR. LEVIN: I'm handing the reporter a document to be marked as FEC Exhibit 3. I am handing a copy to witness and counsel.

(FEC Exhibit 3 identified.)

BY MR. LEVIN:

Q I will ask the witness to look at the top part of that exhibit, the checking account deposit slip.

24043600403

A Yes.

Q Do you see on the first page, the front side, and the second page, the back of that deposit slip. Now, you were responsible for depositing checks into the bank accounts of the committee?

A That was one of my --

Q That was one of your functions?

A Yes.

Q On the first page, do you notice the date on that deposit slip?

A The 8/21/86 date? Yes.

Q Yes. That is the date you deposited those checks in the account?

A This was not a deposit I made.

Q Who made this?

A I have no idea who would have made this one.

Q This is not your handwriting?

A No. Not even close.

Q Is this Mr. Mulkey's handwriting, to your knowledge?

A I haven't seen his handwriting in such a long time, I would have no way of knowing.

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Q Is it Mr. O'Neill's handwriting, to your knowledge?

A Again, there is no way for me to know right now.

Q Mr. Dodson, who deposited the checks in FEC Exhibit 1?

A I would have deposited these.

Q And you would have filled out a deposit slip?

A Yes.

Q Mr. Dodson, looking at FEC Exhibit 2, which is the reports, on the last page of that exhibit, do you notice the date which those contributions are stated as received?

A 8/26/86.

Q Did Mr. O'Neill give you or Mr. Mulkey instructions to date the checks on those dates?

A To --

Q Date the receipt of the contributions on 8/26?

A I would have been -- how I arrived at that date -- I was told that date, but now --

MR. SWILLINGER: The question was did Mr. O'Neill tell you to put that date down.

24043605

THE WITNESS: I --

MR. SWILLINGER: Do you remember?

THE WITNESS: I don't remember.

BY MR. LEVIN:

Q Who told you that date?

A I don't remember that specifically.

Q Do you recall any discussions as to what date to report these five contributions, what date to put on the reports as the date received?

A Specific discussions?

Q What about general? Why do you qualify specific?

A That I remember relating exactly to these? No.

Q How do you explain the discrepancy between the 8/21 date and the 8/26 date?

A When I found out these checks had been deposited I would have asked when, and that is the date --

MR. SWILLINGER: Are you speculating or do you remember this specific incident?

BY MR. LEVIN:

Q Mr. Dodson, you stated you deposited these checks.

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A I deposited these checks on Exhibit 1.

Q Would you look at page 2 of Exhibit 3?

A Yes.

Q And the names on that slip?

A Yes.

Q Okay. This is an 8/21 deposit.

A Yes.

Q And an 8/26 recording. Do you recall any discussions by anybody as to the reason for that discrepancy?

A No. I didn't know it existed.

Q You say there is a deposit slip that you filed with respect to Exhibit Number 1, but it is not the deposit slip on FEC Exhibit 3?

A Correct.

Q Now, Mr. Dodson, had Mr. O'Neill done this before where he would come in with cashier's checks for you to deposit?

A He had brought in -- yes, other cashier's checks.

Q When had he done this?

A A specific time I can't recall, but he had on

24043600407

occasion brought in others.

Q Had he done this often?

A No. Not on what I would consider a regular practice.

Q So you noticed when he came in with five cashier's checks?

A Well --

Q Had he ever come in with that many cashier's checks before all at once?

A No.

Q Did you say anything to him when he came in with those five cashier's checks?

A To my recollection, he brought in the cashier's checks with the names, and I asked him for names, addresses, and occupations, which he supplied a day later.

Q Is there any other -- did you discuss anything else with respect to these contributions with him?

A These here, he asked me --

Q Yes.

A He said, "don't bother to thank these people."

Q What did you say?

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A I'm sorry.

Q Go ahead.

A That was it.

Q You were pointing to Exhibit Number 1?

A Yes.

Q When you say, "don't bother to thank these people"?

A Correct.

Q What did you say to him?

A I need to clarify that. He said he had already thanked those people.

Q Did he give you copies of acknowledgment, "thank-you cards"?

A No.

Q Did you ask him for those?

A No.

Q Did the committee keep records of thank-you cards?

A Of --

Q Or acknowledgements?

A No. They were computer generated.

Q You did not keep copies of those?

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A Generic boilerplate copies.

Q Had he ever done that before, say "I thanked these people already. Don't bother"?

A No.

Q Did that seem unusual to you?

A At the time, no.

Q Did Mr. O'Neill also bring in 12 names without contributor checks attached to them?

A 12?

Q Around that; a number of names of contributions in the thousand to two thousand range?

A Some would have been follow-up information that I requested on these people that had -- you know, I was given the name C. Miller and an amount, which was -- for the report it wasn't satisfactory, so I had to have more information. So that is -- if I am confusing you, that is where part of it lies. Because I got information from him on those as well.

Q Did he give you additional names other than those on the checks on FEC Exhibit 1?

A Did he --

Q Give you names and acknowledgment cards or

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contributor cards?

A I was given contributor cards.

Q When was that?

A A specific date?

Q In proximity to this event, the event referred to in FEC Exhibit 1.

A It was within a two-week time frame, but very specifically I couldn't tell you.

Q What did you say when he did that?

A I believe some of those were -- I asked him for more information and some of those occupations, so I could file the report. He brought them back.

Q Had he ever done something like that before, given you a list of names without the accompanying checks?

A No.

Q Did you ask him about that?

A No.

Q Did you send out acknowledgements to those contributors whose names he gave you without the checks?

A Yes. They received thank-yous.

Q Did you tell Mr. O'Neill you had done that?

A No.

24043600411

Q Going back to FEC Exhibit Number 1 --

A This?

Q Yes. Read off the date of those checks in the upper right-hand corner, let's say the C. Miller check, and you can go through.

A August 13 of '86.

Q And if you go through --

A They are all dated August 13 of '86.

Q Now, from FEC Exhibit 2 or Exhibit 3, pardon me, you see the deposit date.

A Yes.

Q And that date is August 21st?

A Yes.

Q Page 2 of Exhibit 1 you also see a deposit date, do you not?

A Well --

Q August 21st.

A Yes.

Q Does this refresh your recollection at all as to what happened on the deposit of these checks?

A Of the --

Q Of the checks in FEC Exhibit 1?

0 4 0 4 3 6 0 4 1 2

A No.

Q You notice the August 13th date that you have read off before. According to the deposit slip, Mr. O'Neill would have brought those to you eight days later, correct?

A Correct.

Q Did you question him about the lag time between the 13th and the 21st?

A No. At that time I was processing a lot of checks, and would not have even looked at that.

Q Would it refresh your recollection, Mr. Dodson, if I told you that the reporting period ended on August 20th?

A No, it wouldn't, really.

Q There was no conversation where someone asked "why weren't these brought in before the end of the reporting period?"

A No.

Q The first page, FEC Exhibit 1, the bottom signature there is John O'Neill; correct?

A Yes.

Q So you know that he would have received it

24043600413

before August 20th?

A I have no way of knowing when he would have received them.

Q Getting back to the checks, to the contributions without any accompanying checks, did Mr. O'Neill say what form the contributions came in? Did he say a check, a cashier's check?

A No.

Q Did you ask him?

A No, I don't believe so.

Q Did the campaign have a master contribution list?

A It would have been on the computer, of everyone who had contributed, certainly.

Q Do you recall Mr. O'Neill crossing off the names of the people for whom there were no checks from any such list?

A I recall him crossing off names. I didn't at that time correlate them with any -- with whether I had checks or not.

Q What does it mean, to cross off names?

A What did he tell me it meant?

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Q Well, what do you know it means to cross off names.

A Let me put it this way, those were the people he told me not to send thank-yous to, so he was crossing -- that was how he was denoting the people who shouldn't get any more correspondence.

Q When did he tell you not to send thank-yous to them?

A When he delivered the checks.

Q And you went ahead and sent thank-yous anyway?

A Yes.

Q Why did you do that?

A Because of the way the computer generated them, it was more difficult not to send them than it was to send them, for me, so I simply sent them.

Q Did you ask him why he told you not to send them?

A No.

Q Did he say why?

A He said he had already thanked them.

Q Now, did you ask Mr. O'Neill for any deposit slip record -- in other words, a carbon or something --

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for these 12 people?

A No.

Q You -- the campaign kept these records; correct?

A Correct.

Q That was part of your responsibility?

A Correct.

Q And you used to do that thing pretty faithfully, keep those deposit slip records?

A Very faithfully.

Q Why was this time different from all other times?

A We are working 80-hour weeks and I am doing the work of about seven people, and at the time they were going to show up as -- I was going to be able to find them off the bank statement at the end of the month.

Q At the end of which month?

A You know, when the bank sends out their bank statement to confirm what you have got in your account, so I had -- I was given them by a banker, so I figured he had done it correctly.

Q Would this have happened in August, these deposits, let's say shortly after the checks on FEC

24043600416

Exhibit 1?

A Would --

Q Would the depositing of the contributions for which there were no checks?

A Exhibit 3?

Q Well, I'm saying -- I am referring to the contributions on FEC Exhibit 1. Let me reask this question.

Referring to the checks on FEC Exhibit Number 1, and these -- now that we know these -- you know, I'm trying to ask you here, these 12 names would have occurred shortly after these -- the contributions in FEC Exhibit 1, these 12 or approximately 12 names?

A Sometime in that time frame, I assume after.

Q Did you notice on the records at the end of the month that you received from the bank that these names were not on there, the 12 names?

A The names would not have been on the records from the bank.

Q Right.

A The amounts --

Q What about the deposits?

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A The amount of the deposit would have been. That is what I would have been concerned with.

Q The individual deposit?

A The individual deposit and the amount.

Q And did you notice the absence of that?

A As I remember, that month balanced properly, so there was -- it had to have been recorded there.

Q Were you aware at this time of a line of credit from United Bank of $35,000?

A I believe we had it then.

Q Did you receive notices from the bank as to activity with the line of credit?

A Me personally?

Q The committee.

A They went out to Kent Mulkey's address and he would have collected those.

Q Would he then have given them to the committee?

A He would have kept them himself.

Q Did you see those notices?

A Not to my recollection. No.

MR. LEVIN: I'm going to hand the reporter two exhibits, one to be marked as FEC Exhibit 4, and I am

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handing a copy to the witness and counsel, and one to be marked as FEC Exhibit 5, and I am handing a copy to the witness and counsel.

(FEC Exhibits 4 and 5 identified.)

BY MR. LEVIN:

Q Mr. Dodson, have you ever seen Exhibits 4 and 5 before?

A No.

Q Have you ever seen documents very similar to that, either advice of charge or advice of credit, from United Bank?

A No.

MR. LEVIN: I'm going to hand the reporter an exhibit to be marked as FEC Exhibit 6. I'm going to hand a copy to the witness and counsel.

(FEC Exhibit 6 identified.)

BY MR. LEVIN:

Q Mr. Dodson, have you ever seen Exhibit 6 before?

A No.

Q Can you identify it? Have you seen something like it?

A Well, it is the banking activity.

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Q Who would get these statements?

A It goes to Kent Mulkey's office.

Q So you would never see something like this? You would rely on Mr. Mulkey?

A Yes.

Q Mr. Dodson, do you recall ever being notified of a deposit -- let me put this -- around the time of the checks in FEC Exhibit Number 1; in other words, late August, do you recall being notified of a deposit into the line of credit -- in other words, an $18,000 deposit towards the line of credit; in other words, a benefit for the campaign, as opposed to a further extension by the bank of $18,000?

A I recall that at some point in that time frame. This long ago I don't remember exactly what time frame I got it in, but I knew --

Q You knew at the time it occurred?

A At the time it occurred? I don't know.

MR. LEVIN: I'm going to hand the reporter an exhibit to be marked as FEC Exhibit 7, and I'm going to hand a copy to the witness and counsel.

(FEC Exhibit 7 identified.)

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MR. LEVIN: Do you want to take a break?

MR. SWILLINGER: No, unless you do.

BY MR. LEVIN:

Q All right. Have you ever seen Exhibit 7 before?

A No.

Q Do you know what it is?

A It has something to do with the line of credit, I assume, because it has an interest rate.

Q Mr. Dodson, I'm going to refer you down to the bottom of that document. There is a date there of 8/25 and it says $18,000.

A All right.

Q I know you have never seen this document before, but does that refresh your recollection as to when $18,000 would have been deposited into the line of credit?

A No.

Q Could it have been in late August?

A Easily it could have been.

Q Do you know where that $18,000 came from?

A No.

Q Did you hear that it came from those contributions for which you did not see a check?

> 4 0 4 3 6 0 0 4 2 1

MR. SWILLINGER: If you know. Don't speculate.

THE WITNESS: I know that at one point there was a paydown that went into this, but remembering it as being $18,000 or that -- that amount would have piqued my interest much more than I suspect having been paid in.

BY MR. LEVIN:

Q I don't understand. What do you mean by that?

A $18,000 would have been a big number as far as moving money around, so at the time had someone told me, my chances of having remembered $18,000 were pretty good. So I don't think I was really told how much it was. I knew there was a paydown.

Q But you don't know the sum?

A No.

MR. LEVIN: Let's take a break.

(Recess.)

MR. LEVIN: Back on the record.

BY MR. LEVIN:

Q Mr. Dodson, with respect to the reporting of the contributions without the checks, were you given any instructions as to what date to put for those?

A I believe I asked when they were deposited.

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Q Now, would 14 days be too long a gap between when you were -- when you dealt with the checks in FEC Exhibit 1 and the contributions, and those other contributions that didn't have checks? Does that seem too long a time frame?

MR. SWILLINGER: Between the time he saw the checks in FEC 1 and Mr. O'Neill told him about the others?

MR. LEVIN: Yes.

THE WITNESS: The ones in Exhibit 1, if they are dated on the last-minute contributions as what they are, then that is the date I receive them. How long they were in John O'Neill's hands or anyone else's, I wouldn't know that. I don't think I quite follow what you are getting at.

BY MR. LEVIN:

Q We have the checks in FEC Exhibit 1.

A Yes.

Q And then we have these 12 or so contributions that are not here but were ones Mr. O'Neill told you about.

A Yes.

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Q For which there were no checks. What there were were contributor cards; correct?

A Correct.

Q Would those have come in 14 days after these checks, after the checks in FEC Exhibit 1, or does that seem too long a time frame? In other words, does that seem too far after?

A I see. At this time I can't remember when they came in, and if --

Q Would they have come in -- would Mr. O'Neill have told you about these contributions without checks on the day of the primary? Does that seem right?

A Well, I'm sure it was before then.

Q Just a second.

MR. LEVIN: I am handing the reporter a document to be marked as FEC Exhibit 8. I am handing a copy to the witness and counsel.

(FEC Exhibit 8 identified.)

BY MR. LEVIN:

Q Mr. Dodson, have you seen FEC Exhibit 8 before?

A Yes.

Q You would have participated in filling that out?

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A Yes.

Q Do you see the names there?

A Yes.

Q Are these the names that Mr. O'Neill brought in without the checks?

A This long ago I don't remember if those are specifically the names.

Q If I showed you a subsequent report showing that these were the names, would that remind you?

A Yes.

Q Okay. I don't know if I can enter it as an exhibit. I can tell you where to get it or microfilm. I don't have extra copies, counsel.

MR. SWILLINGER: Do you have a copy?

MR. LEVIN: I have a copy that we can look at.

MR. SWILLINGER: That is fine. It is a public document, presumably.

MR. LEVIN: Yes. I will mark this as an exhibit. This will be marked as Exhibit 9, and I will have Mr. Dodson look at this report.

(FEC Exhibit 9 referenced but not identified.)

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BY MR. LEVIN:

Q Mr. Dodson, does this refresh your recollection as to whether those names were included -- does this refresh your recollection as to the names brought in by Mr. O'Neill without checks?

A Well, I would have to say yes, you know.

Q What dates were those contributions made?

A September 9th, October 26th.

Q October 26th matches up with FEC Exhibit 1; correct?

A Correct.

Q These other names are on September 9th, the names without the checks?

A Well --

MR. SWILLINGER: I think he means August.

THE WITNESS: I'm sorry. Yes.

BY MR. LEVIN:

Q So we have September 9th for the names for which there were no checks?

A Yes.

Q Do you recall the date of the primary?

A The 9th.

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Q Correct. Is there any reason why that name -- why those dates were used as the dates received by the campaign?

A The reason they would have been used, it is the date I would have found out, as the person who fills out those reports, that those contributions existed.

Q You were -- you just told me that these names were brought in to you before the primary.

A That was my recollection.

Q Was any instruction or information -- was any instruction or was anything said to you to fill it out November 9th -- September 9th as opposed to the date it came in?

A No. That is the date -- the date that I would put on these was the date that I found out they existed.

Q What do you mean by "found out they existed"?

A That this would be the -- if I put down the 9th, then the 9th was the day that I found out --

Q Are you saying the date Mr. O'Neill told you about these contributions?

A Yes, most probably that's right.

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Q Mr. Dodson, did you read the portions of the Federal Election Campaign Act while you were working on the campaign?

A Portions of it, yes.

Q Did you read portions of the Commission regulations in a book that looks somewhat like this?

A Yes.

Q I am holding up the January 1st, 1989, copy of the Code of Federal Regulations.

A I believe mine was orange, yes.

Q Your statute book was orange?

A Yes.

Q And you have another book that looks like the one I am holding up?

A Okay. Yes. You are right.

Q And how often did you read that?

A As required. If there was something that I felt I didn't understand, I would try and find it or call the 800 number.

Q Mr. Dodson, do you recall when the controversy emerged about the $30,000 contribution from Wolfswinkel?

A It was right in the neighborhood of the primary

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election, I thought. Not specifically enough that I would want to fix a date.

Q Was it after the primary election?

A Well --

Q Two weeks after, three weeks after, something like that?

A Well --

Q Somewhere around late September?

A Somewhere around late September.

Q What do you remember happening?

A How did I find out?

Q Yes, let's go with that.

A Tom Rawles, who was then assuming a kind of a -- he was starting to assume a higher profile position in the campaign -- he called me out into the hall and said --

Q The hall of the campaign headquarters?

A The hall outside -- there was a large room, so there was no -- and gave me kind of a thumbnail sketch of what they understood was happening.

Q What did he tell you?

A That there was what they believed to be an improper contribution -- improper contributions.

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Q Any details?

A That I know that came at that conversation? No.

Q Let me try to pique your memory, here. Do you remember the reference to a $30,000 check from Wolfswinkel?

A A $30,000 check, no. That there were some moneys, yes.

Q Do you remember references to any specific contributions, such as the one in FEC Exhibit 1 or those 12 or so other contributions we referred to for which there were no checks?

A Can I have that one more time?

Q Okay. Was there any reference to the contributions we saw in FEC Exhibit 1, five cashier's checks, or the 12 or so other contributions that Mr. O'Neill told you about for which he gave you no checks?

A There was a discussion going on as to how -- that we had bad names, and how to find those, that list of people, and put out -- whatever this exhibit number will eventually be. There was some discussion as to how to

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handle --

Q Exhibit 9?

A Yes, 9.

Q Okay. Go ahead.

A As to how to handle them.

Q What was said?

A I couldn't give you specifics, just that we needed to go through the records and try and find the people that we thought were -- I guess "bogus" is the word.

Q Did you hear anything or hear of anything that Mr. O'Neill said to committee personnel when this was discovered, when these, as you call it, "bogus" contributions were discovered?

A All I was told about Mr. O'Neill, was that he now no longer had any connection with the campaign.

Q Had you had at that point any knowledge of Mr. O'Neill resigning from United Bank?

A I had heard that, but whether it was at that time or sometime after, I couldn't place it.

Q Had you heard it maybe a week or two before the controversy emerged?

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A Like I say, I have no reference as to what the time was when I found that out. I think it would have been quite a bit after.

Q What was quite a bit after? Heard what, that he resigned --

A Resigned from the bank.

Q Did you hear discussions among other committee personnel when the controversy emerged about this situation, meaning the situation with the $30,000 contributions, bogus contributions?

A No. We tried to keep a low profile, I don't know what is going on.

Q Did you hear any references to O'Neill's culpability?

A No.

Q Did you hear any references to Conley Wolfswinkel's culpability?

A Other than that he was involved somewhere. You know, like I say, I got a very thumbnail sketch of what was happening.

Q Right, but -- now, do you understand I'm not talking about just your conversation with Tom Rawles, but

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any other conversations you might have had. Do you understand that I mean that?

MR. SWILLINGER: Mr. Levin, he has had conversations with me about this. I don't think you want to include that. So let's try to be a little more precise.

BY MR. LEVIN:

Q At the time that the controversy emerged?

A I'm sure I discussed it with Ann Brown, but we were -- it was probably more speculating as to what was going on, because we --

Q What did Ann Brown say to you?

A This long ago, I can't really remember. We didn't have much information early on in this.

Q Did you hear about anyone else's involvement? For instance, did you hear about Ann Lorenzo's involvement?

A No.

Q Was Ms. Lorenzo still with the campaign at the time?

A As I think we discussed earlier, if I had to define her as ever being with the campaign at all, it

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would be very much on the fringe, at best.

Q What was decided -- what did committee personnel decide to do as far as rectifying this situation?

A File this report, ultimately, the October 1st, '86, list of names that were erroneously reported.

Q Was there any talk about paying back, payments back?

A I believe that occurred prior to even this report.

Q But around the time that the controversy emerged; correct?

A Well --

Q In other words, in late September there was talk about paying back -- paying the money back?

A From the very first that was --

Q Do you know how that was done?

A To the best of my knowledge right now, I think they were paid right out of the checkbook.

Q Who would have drawn up that check?

A Well --

Q Would you?

A No, I would not.

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Q You participated not at all in the payment back?

A No, not at all. .

MR. LEVIN: Okay. I'm going to hand the reporter an exhibit to be marked as FEC Exhibit 10, and I am handing a copy to the witness and to counsel.

I am also going to hand the reporter FEC Exhibit 11 and hand a copy to the witness and counsel.

(FEC Exhibits 10 and 11 identified.)

BY MR. LEVIN:

Q There is another page to FEC Exhibit 11.

A All right.

Q FEC Exhibit 11 is four pages total. Can you identify FEC Exhibit 10? It is the lighter copy of the checks.

A Yes. Parts of it look familiar.

Q What part does not look familiar?

A I'm not sure about page 4. It is a very bad copy.

Q You might want to refer to FEC Exhibit 11, then. There may be a better copy, or at least partially better. Also on FEC Exhibit 10 there are two copies of the Bernadette Wolfswinkel check, so there may be a better

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copy in the page before the one you are looking at. Have you seen everything on FEC Exhibit 10 before?

A I couldn't say that I have seen everything. I have not seen, for example, the same as -- the same situation as before, the --

Q Before, meaning FEC Exhibit 1?

A Yes.

Q You have not seen the register copy?

A The register copy of the checks I would not have received.

Q Looking at FEC Exhibit 11, have you seen -- let's go to the top of FEC Exhibit 11.

A Yes.

Q Have you seen that deposit slip before?

A Yes.

Q Did you fill out that deposit slip?

A Yes, that is one of my --

Q Do you recall receiving contributions from the Conley Wolfswinkel family?

A Yes.

Q Who gave you the -- how did you receive the contributions? Did you receive them by mail? Did

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Mr. O'Neill hand them to you?

MR. SWILLINGER: If you remember.

THE WITNESS: I don't remember.

BY MR. LEVIN:

Q Mr. Dodson, did you compile the second quarterly report, in other words, the April 1st to June 30th, 1986 report of the committee?

A What year?

Q 1986.

A I would have had a part in it.

Q You would have seen that report before it went out?

A Yes. The final version possibly not, but I --

Q What before the final version would you have definitely seen?

A I would have seen the list of contributors and possibly, depending on how the division of labor was that month, the expenses, the list of expenditures.

MR. LEVIN: I am handing the reporter an exhibit to be marked as FEC Exhibit 12.

(FEC Exhibit 12 identified.)

MR. LEVIN: I am handing a copy to the witness

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and counsel. What I'm going to do here is, because these are pages from the report, I am handing for review to counsel for Mr. Dodson the entirety of the report for the second quarter of 1986. These reports are on the public record.

MR. SWILLINGER: I will put on the record that the Exhibit 12 that the witness is looking at is from the second quarter of '86 report, which counsel for the Commission has given me in its entirety.

BY MR. LEVIN:

Q Mr. Dodson, have you seen FEC Exhibit 12 before?

A Yes.

Q Mr. Dodson, looking back on -- were you given any instructions as to how to record the contributions from the Wolfswinkel family on FEC Exhibit 12?

A I know I asked questions of John O'Neill to get the occupations examined, the occupations and the employer information.

Q Mr. Dodson, I would like you to look at FEC Exhibits 10 and 11, particularly 11, and notice the figures for the Wolfswinkel family.

Do the contribution figures on these checks

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correspond to the contribution figures listed on FEC Exhibit 12, the individual contribution figures? Then look at 10 for clearer copies.

A I can see that.

Q I also call your attention to the deposit slip on 11.

A Your question was do they correspond?

Q Yes.

A No.

Q Were you told to report Mr. Wolfswinkel as having a $900 contribution as opposed to a $1900 contribution and Bernadette Wolfswinkel as having a $1000 contribution as opposed to a $2000 contribution?

A Was I told --

Q How did that come about?

A Okay. I informed Mr. O'Neill that they were over their limit and that we were going to have to return it, and I was told that it applied to the children.

Q Did you see any attribution notice with that?

MR. SWILLINGER: It might be helpful to explain what you mean.

THE WITNESS: I know what you mean.

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BY MR. LEVIN:

Q You know what I mean?

A And I don't recall any, no.

Q Let me hear more of this conversation with Mr. O'Neill. He told you to attribute it to the children.

A Well, I pointed it out, that -- the potential problem. He then --

Q What do you mean by "the potential problem"?

A That these would have put them over the limit, according to my records.

Q Yes.

A He then left, came back, and told me that in fact that part of it was for some of the offspring or some more Wolfswinkels. There is more than one family, and frankly, I can't -- probably even at the time I wasn't sure who was whom.

Q He came back how much later?

A Within 12 hours, a 12-hour period, either the same day or the next day.

Q Did he say he had spoken to someone in between that time with respect to these contributions?

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A Whether he told me directly -- my impression was that he had communicated with Conley Wolfswinkel.

Q What did he tell you of the substance of the conversation?

A That it was -- that it was all right to attribute it to the kids, or whatever -- what I presumed to be children.

MR. SWILLINGER: I'm not sure he understands your question. I think you were asking a different question. He was describing the conversation with O'Neill. I think you were asking about a conversation with Wolfswinkel.

BY MR. LEVIN:

Q I'm asking about what O'Neill told you with respect to his conversation with Wolfswinkel. To that extent, I guess you didn't answer what I asked.

A Okay. I have never spoken with Conley Wolfswinkel.

Q Did Mr. O'Neill say anything about his conversation with Mr. Wolfswinkel other than that it is all right to --

A No.

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Q And who did he say said that? Did he say that Mr. Wolfswinkel said that, or did you assume that that instruction was coming from Mr. O'Neill?

A Well, I would have no way of -- you know, my --

Q Did you hear anything about an underlying offset to these cashier's checks?

A I don't follow what you are getting at.

Q A check that went into the account or went into the bank so Mr. O'Neill could have these checks drawn up, these cashier's checks drawn up.

A No. I would have assumed that they came from an account that Mr. Wolfswinkel had at the bank.

Q Did you question Mr. O'Neill when he said to attribute it to the kids?

A No.

Q Did anyone else in the campaign know that this was being done with respect to the Wolfswinkel contributions?

A I don't believe so.

Q Did Mr. Mulkey know?

A No.

Q Did Mr. O'Neill cite any authority for his

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instruction to attribute these contributions to the children?

A No.

Q You assumed that he knew what he was talking about?

A Yes.

Q If you can recall, did he say this hesitatingly or did he say this almost offhandedly?

A I couldn't recall.

Q Do you know if this error was discovered prior to the FEC investigation?

A At the time I didn't interpret it as an error.

MR. SWILLINGER: Listen to the question. Answer the question.

THE WITNESS: No.

BY MR. LEVIN:

Q Did you know that -- do you recall if this activity -- let's not characterize it as then an error, then -- this activity whereby the Wolfswinkel contributions were attributed to the children was discovered before the FEC investigation began?

A I never discussed it or heard it discussed with

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anyone.

Q Do you know of any proposal by Conley Wolfswinkel to raise money for the Rhodes campaign?

A I know he had -- there was talk that he had -- that he was going to be one of our fundraisers, or part of -- one of the people to be contacted.

Q How many people were among those people to be contacted?

A I'm sure it was a list of a hundred or more people.

Q Was he prominent on that list?

A Well --

Q Would you say, "Let's go to Wolfswinkel before we go to Joe Blow"?

A That wouldn't have been anything I would have --

Q Who would have known about that?

A Possibly Ann Brown.

Q Did you know of any specific conversations involving campaign personnel and Wolfswinkel where an offer by Wolfswinkel to raise funds was referred to? Do you understand what I'm saying? In other words, did you hear of the offer from somebody? Did you hear someone was

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talking about it? Did you hear Wolfswinkel was talking about it?

A Yes.

Q How did you hear that?

A I believe at one of the weekly, or monthly, probably, at that time, meetings.

Q How early on in the campaign was this, if it is monthly?

A February of '86, in that time frame.

Q Do you know if Mr. Wolfswinkel was asked subsequently about any pledge he may have made to raise funds for the campaign?

A No. I wouldn't know.

Q Do you know of any effort to get the candidate's father -- in other words, John J. Rhodes II, the former Minority Leader of the House -- do you know of any effort to get him to cosign a loan for the campaign?

A No.

MR. LEVIN: I am handing the reporter a document to be marked as FEC Exhibit 13.

(FEC Exhibit 13 identified.)

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BY MR. LEVIN:

Q Would you look on the second entry, please, entry B of that page?

A Yes.

Q This would have been from the first quarterly in '86.

Mr. Dodson, do you recall entering this into committee reports, entering this entry B into committee reports? It says "Wolfswinkel foundation, fundraiser"?

A No, I don't recall doing that.

Q Do you recall what this would have been in reference to?

A No, not anymore.

Q Do you recall if the Wolfswinkels held a fundraiser for the Rhodes campaign?

A They did not hold one.

Q Do you know if Mr. Wolfswinkel was knowledgeable as to campaign laws?

A No.

Q You hesitate there. I wonder if -- can you tell me why?

A Well, he had fundraisers for other candidates.

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Q Federal candidates?

A State for sure. I'm not sure if there were any federals.

MR. LEVIN: Mark this, please, as FEC Exhibit 14. I am handing a copy to the witness and counsel.

(FEC Exhibit 14 identified.)

MR. LEVIN: I am handing the reporter a document to be marked as FEC Exhibit 15.

(FEC Exhibit 15 identified.)

BY MR. LEVIN:

Q I have handed you a copy of 15, sir.

A Yes.

Q Mr. Dodson, have you seen FEC Exhibit 14 before?

A Again, like Exhibit 1, I have seen -- I remember the Michael Simons check on page 3 and the one from Kimberley on page 1.

I remember all of them, yes.

Q You remember all of them?

A Yes. I remember the -- I remember recording the names, and I therefore assume the checks went through me.

Q I'm referring now to FEC Exhibit 15, the bottom

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part. Did you fill out that deposit slip?

A It looks like one of mine, yes.

Q Do you recall the circumstances of how you received these checks, the cashier's checks on FEC Exhibit 14?

A John O'Neill handed them to me in the campaign office.

Q Was there any conversation at the time?

A Not that I recall.

Q Were you curious at all as to five cashier's checks issued at the same time from these five people?

A Not.

MR. SWILLINGER: We only have three cashier's checks here. These are from Cortland Silver, Kimberley Simons, and Michael Simons.

MR. LEVIN: Bear with us a second.

Let's take a short break.

(Recess.)

MR. LEVIN: Back on the record. I am giving the reporter a Xerox copy of FEC Exhibit 10, I believe it was -- 9. I am also giving the reporter a replacement copy of FEC Exhibit 14, which has what I want to be the complete

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exhibit, and I am handing a copy to the witness and counsel.

(FEC Exhibit 9 identified.)

MR. SWILLINGER: Mr. Levin, we now have an exhibit with five cashier's checks on it.

MR. LEVIN: That is as it should be.

BY MR. LEVIN:

Q I was asking you, sir --

MR. LEVIN: Would you read back the last actual question.

(The reporter read the record as requested.)

THE WITNESS: No, I wasn't.

BY MR. LEVIN:

Q What had you assumed to be the genesis of these checks?

A My impression was that he had met with these people in his office during his regular banking business. On this set of five here, I believe -- I think it is the checks from Davis or -- Mary Davis and Kimberley. I think Kimberley might be his daughter, or Susan Davis. I think that was his daughter, so I didn't --

MR. SWILLINGER: By "his," who are you referring

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to?

THE WITNESS: John O'Neill's. I think part of this group of five is related to him, so it didn't click as anything --

BY MR. LEVIN:

Q Were these the first cashier's checks Mr. O'Neill had brought in as contributions to the committee?

A I wouldn't remember.

Q Did anyone but Mr. O'Neill bring in cashier's checks for the committee?

A No. He was the only one.

Q Did you inquire as to why they came in cashier's check form as opposed to a personal check?

A Like I just stated, my impression was that he -- when they were in his office --

MR. SWILLINGER: That is not the question. Answer the question.

THE WITNESS: Sorry.

BY MR. LEVIN:

Q Did you inquire as to why these contributions came in the form of cashier's checks as opposed to

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personal checks?

A No, not that I remember.

Q Did you and Mr. O'Neill discuss these contributions at all when he brought them in?

A No, not this set.

Q What do you mean, "not this set"?

A There was the set that he said not to send thank-yous to. That occurred much later than March 6 of '86.

Q Where did you get the -- now, you recorded the contributor information for these people; is that correct?

A Yes.

Q Where did you get that information?

A It came on a contributor card that had information that would have been relevant to the filing of the report, and then other information, like do you want to have a sign in your yard, and do you want to volunteer, that kind of card.

Q Who filled out these contributor cards for these five contributions in March of '86?

A I don't have any way of --

Q But you saw the card at the time?

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A Yes. The card would have come in with the check, usually.

Q Do you recall seeing the card, all five cards, in the same handwriting, or all five cards written by John O'Neill?

A Do I recall that? No.

Q Do you recall any conversations at the time as to the origins of these contributions at the time that you received them?

A No.

Q Do you recall any conversations later on, perhaps when the controversy emerged, as to the origins of these contributions?

A I spoke with Tom Rawles. We went back through to look for -- specifically for cashier's checks. Between that time, no.

Q Is that the first time that you found out that these contributors listed on the checks were not the real contributors?

MR. SWILLINGER: That question assumes something that you haven't established here.

THE WITNESS: Yes.

0 2 4 0 4 3 6 0 0 4 5 2

BY MR. LEVIN:

Q When you received these checks, did you think that these people were the original contributors, the people listed on the checks in the upper left-hand corners?

A Yes.

Q Did you ever find out differently?

A If they are not on that -- on the exhibit of the erroneously listed people, if they are not listed there, then no, I never found out differently.

Q Why would Mr. Rawles then tell you to go back and look at these checks?

A Because at the time when this all occurred we knew that the probability of a cashier's check being bogus, I guess is what I have been using, is -- that is where it seemed most logical to look.

Q Had there been any discussion before the controversy emerged -- in other words, before O'Neill leaving the committee -- where you talked about any problems with cashier's checks?

A No.

Q And I mean by that referring to what the origins

0 4 0 4 3 6 0 4 5 3

of those checks would be, or those sums would be.

A There was never -- it was never discussed.

Q Did you know of a problem with a contribution attributed to Jim Smets, a cashier's check?

A No.

Q By that I mean referring to a problem of its origins?

A No. I don't remember that being a cashier's check.

Q The name of R. James Smets?

A I vaguely remember the name.

Q Mr. Dodson, do you know of a Debbie Lorshbough?

A Yes.

Q Do you know her?

A Yes.

Q How do you know her?

A She was at the campaign office for I guess approximately three or four or five weeks, somewhere in there.

Q Do you know her from any other context outside the campaign?

A No.

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Q Do you know how she came to the campaign, to the Rhodes campaign?

A Other than John O'Neill was involved -- he communicated mostly through Ann Brown.

Q Before we go into that, what did Ms. Lorshbough do for the campaign?

A Ultimately she ended up doing what our other basically volunteer workers did. That is kind of -- stuffing envelopes, sorting mail, bulk mail preparation -- that kind of thing.

Q Did you know that she was being paid?

A Yes.

Q At the time she was working for the campaign, you knew she was being paid?

A Yes.

Q Did you know how Mrs. Lorshbough was being paid?

A What are you getting at, about how?

Q Was she being paid from committee funds?

A No.

Q And you knew that at the time, that she was not being paid from committee funds?

24043600455

A Yes.

Q How was she being paid?

A John O'Neill would bring her in checks.

Q And you knew that at the time?

A Yes.

Q How did the -- where did these checks come from? Were they from O'Neill's money?

A I have no knowledge of where they came from, other than from John O'Neill.

MR. LEVIN: I'm going to hand the reporter an exhibit to be marked as FEC Exhibit 16.

(FEC Exhibit 16 identified.)

MR. LEVIN: I am giving a copy to the witness and counsel.

BY MR. LEVIN:

Q Mr. Dodson, have you seen this exhibit before?

A No.

Q You have not seen any checks that were paid to Debbie Lorshbough for her service to the campaign?

A I saw them being handed to her, but specifically looking or reading anything that was on them, no.

Q When were they handed to her?

24043600456

A I believe she was paid at the end of the week on Friday.

Q And who handed them to her?

A John O'Neill.

Q Did anyone know where these funds originated from?

A Did --

Q Did they know that they were O'Neill's funds?

A If you are asking did I know, no.

Q Did you know if anyone else knew?

A No.

Q Did anyone else know that Ms. Lorshbough was not being paid from committee funds?

A Ann Brown would have known.

Q Did anyone else know besides Ann Brown?

A I'm sure John O'Neill knew.

Q Anyone besides O'Neill?

A No.

Q Who made this arrangement? Let's back up. What was the arrangement, as you know it?

A As I know it, she was to help out in the campaign was the first I heard of it.

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Q When did you hear of it?

A Probably a week -- a week before she actually arrived. What that date was, I don't know.

Q How did you find out about this?

A Ann Brown would have told me.

Q Go on. Tell me what you know.

A Well, just that we were -- we were going to get a person to help out with the office and, you know, someone that was computer-literate, and that was billed as being competent, which was ultimately what we did not get.

Q Did Ann Brown say why she was not being paid by the committee?

A Not to me.

Q Did you ask why she was not being paid by the committee?

A I don't remember asking that exact question.

Q Was there any discussion as to why she was not being paid by the committee?

A Well, Ann Brown and I discussed her more or less in general, that we -- our aim was to -- you know, we tried to minimize her involvement.

24043600458

MR. SWILLINGER: That was not the question.

THE WITNESS: Okay.

MR. SWILLINGER: Repeat the question, please.

MR. LEVIN: Read back the question, please.

(The reporter read the record as requested.)

THE WITNESS: Just between Ann Brown and I.

BY MR. LEVIN:

Q What was that discussion?

A I would have to paraphrase it.

Q Please tell me what the discussion was. I don't expect a verbatim response.

A Okay. That she was the daughter of Cortland Silver, and that she needed, from what I could -- or from what we were able to discern, not a job, but what eventually it turned out to be was more or less day care for us.

Q Did you discuss a way that the committee could pay these sums to Ms. Lorshbough?

A No.

Q Why was that alternative not explored?

A She was incompetent to perform any task we would pay her for.

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Q But you knew she was getting paid from some source other than the committee?

A Yes.

Q Were you aware of what an in-kind contribution was?

A Yes.

Q Was Ms. Brown aware of what an inkind contribution was?

A To a lesser degree, but yes.

Q Did you plan on disclosing these payments to the Commission?

A As it was originally discussed when we -- before Ms. Lorshbough arrived, yes.

Q Did that change at any point?

A Obviously it did, but the point at which it changed --

Q In other words, pursuant to an inquiry?

A I don't recall.

Q Pursuant to an inquiry outside the committee, an investigation?

A I don't see what you are getting at.

Q Before September 30th there was no intention of

24043600460

disclosing payments to Ms. Lorshbough?

MR. SWILLINGER: That is not what he said, counsel. He said that before she came there was an intention to disclose.

MR. LEVIN: I thought you said there was an intention not to disclose.

THE WITNESS: Before she came there was an intention to disclose.

MR. LEVIN: Thank you for the clarification, counsel.

BY MR. LEVIN:

Q Then what changed that?

A Shortly after her arrival we discovered what the -- that we would not have -- had we been paying her or had anything to do with her employ, we would have never kept her.

Q Clarify that. I don't quite understand what you said. Why would you -- what do you mean by you would have never kept her?

A She is -- she frustrated the people we had there, she aggravated volunteers, she was in every measure of her employment, if we were employing her, completely

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unacceptable.

Q How did that change the decision to disclose payments to her for working for the committee? I don't understand that.

A Well, how it eventually came to be viewed is that she wasn't working for us. She wasn't working -- what she was doing could barely be considered work.

Q Did you know at the time that Cortland Silver was paying originally for these payments to Ms. Lorshbough?

A Specifically did I know with 100 percent certainty, no, but that was my very strong belief, that he was giving her some sense of self-worth by letting her earn money.

Q What was your -- this was at the time of her working for the committee?

A Yes.

Q What was that belief based on?

A Just discussions with her, about her father.

Q Did you know that Mr. Silver had contributed to the committee already?

A I believe by then he had, yes.

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Q And yet you still intended to disclose payments to Lorshbough?

A By that time, no. Because in discussing it with her, it was obvious that was where she was getting her money from, anyway. It was just redefined.

(Discussion off the record.)

MR. LEVIN: I am handing the reporter an exhibit to be marked as FEC Exhibit 17.

(FEC Exhibit 17 identified.)

MR. LEVIN: I am handing a copy to the witness and counsel.

BY MR. LEVIN:

Q Mr. Dodson, do you recognize Exhibit 17?

A Yes. I believe so, yes.

Q Do you recall receiving these contributions?

A I recall a contribution for them. I assume I processed it.

Q Did you assume they came from Cortland and Lorraine Silver?

A Yes.

Q Now, looking back on FEC Exhibit 16, notice the date of the first check to Ms. Lorshbough.

24043600463

A 7/25/86.

Q Right. So you knew already that Mr. Silver had contributed a thousand dollars to the campaign?

A I believe so.

Q The maximum figure?

A Yes.

Q Did you know --

A He would have had -- there would have been a potential contribution in the general.

Q And so what were you thinking as to the Lorshbough contribution or the contributions for the -- let me rephrase that. What were you thinking as to the payments for the checks to be issued to Lorshbough? You said you believed they came from Cortland Silver.

A But not until -- she had been there probably nearly two weeks before I was able to -- before I knew who she was.

Q But you knew of the arrangement --

A I did not know at the very beginning that she was Cortland Silver's daughter.

Q So when you first learned of this arrangement -- forgive me for asking these things, I'm trying to

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straighten out what will appear to be confusing on the record -- when you first learned of this arrangement from Ann Brown, did you know that Cortland Silver was going to be the source of the moneys for the payment to --

A No, I did not.

Q To Debbie Lorshbough?

A No.

Q When did you find that out? You say two weeks into Lorshbough's employment?

A Within probably the first five days to two weeks, somewhere in there.

MR. SWILLINGER: Your question, Mr. Levin, was when did he find it out. I don't think he has testified that he found it out. He testified that he sort of figured out by putting things together.

THE WITNESS: Yes.

MR. SWILLINGER: I don't think he knows to date that that is the way it actually occurred.

MR. LEVIN: Okay.

BY MR. LEVIN:

Q Did you assume that then Ms. Lorshbough would be working for only four weeks?

2404360465

A There was never any discussion of how long she would be there.

Q Did anyone else besides you and Ann Brown and John O'Neill on the campaign know of Ms. Lorshbough being paid for her services for the committee?

A I don't believe anybody else knew.

Q Did Ms. Brown know that Cortland Silver was the origin of these funds?

A I would have no way of knowing.

MR. SWILLINGER: He can't know that.

MR. LEVIN: He can say that, what he just said. I'm asking the question. He can answer it.

BY MR. LEVIN:

Q At the time that you started to assume, educatedly, that Cortland Silver was the source how did you think this was going to be reported, the payments for Lorshbough's salary?

A By that time we didn't view her as an --

Q Now wait a minute, Mr. Dodson. We are talking about five or six days that you found out and you are talking about two weeks, from what I recall, that you realized she was not useful.

24043600466

A The first day we realized she was not useful.

Q Did anyone else discuss how this was going to be reported in terms of the possibility of an in-kind contribution from Cortland Silver? Did Ms. Brown or Mr. O'Neill discuss that?

A With me?

Q With you or with each other, that you heard of.

A Not with me and not that I had known that they were discussing.

Q Did you hear the phrase "loaned employee" with respect to Ms. Lorshbough?

A I would have to ask you to define "loan."

Q Just the phrase "loaned employee," did you hear that?

A Not that I remember.

Q Now, Mr. Dodson, we have referred before to a $35,000 line of credit, and you know it was extended by United Bank; is that correct?

A Yes.

Q Do you recall when it was extended?

A Specifically, no.

Q Does June, early June of 1986, sound familiar to

0 4 0 4 3 6 0 4 6 7

you?

A That would seem in the ballpark.

Q Were you involved in any of the arrangements for the line of credit?

A None of them.

Q How did you find out about it, then?

A The specific person I couldn't be sure, but I became aware that we now had more funds to draw on than we had previously had, and I was aware that it was coming before it actually --

Q Before June of '86?

A Within a -- I was aware of rumblings that there was a loan to be taken out.

Q And who was going to be involved in the setting up of that line of credit?

A I just heard that it was coming. Beyond that --

Q Well, specifically did you know that the candidate would be involved?

A I'm sure he would have been. But that is who I assumed was --

Q That it would be based on the candidate's credit?

0043600468

A Yes.

Q Did you know Mr. O'Neill would be involved?

A Specifically -- I didn't speak with him often enough at that time to know.

Q Do you know who ultimately made the arrangements for the line of credit?

A No.

Q Were you responsible for keeping records of the line of credit?

A No.

Q Were you responsible for keeping track of advances into the line of credit?

A No.

Q Were you responsible for reporting the line of credit on the committee's reports?

A No.

Q Who was -- whose responsibility was that?

A All of that material would have been sent directly to Kent Mulkey.

Q Do you recall the amounts of money extended to the committee out of the line of credit?

A Other than --

24043600469

Q Do you recall any specific extensions of money?

A No. Just, you know, that we had drawn it down just in general, none of the specific amounts.

Q As you said before, am I correct that you didn't see the money market tabulations that we used as an exhibit before?

A No. They would have gone straight to Kent.

Q Were you aware of a loan from the bank for the payment of utilities accompanied by a letter of credit?

A No.

Q A letter of credit to the Salt River project?

A I remember some discussion to get the power turned on that we had to do something.

Q What do you remember them discussing?

A I just remember someone had to go down and do some paperwork.

Q Who was that?

A At this time I couldn't even begin to remember.

Q Would Mr. O'Neill have been involved?

A It would have been a day-to-day operations kind of thing. I don't think he would have even known it was happening.

2404360470

Q Ms. Brown?

A I assume she knew more about it than I did.

Q How about the candidate?

A Not to my knowledge did he have anything to do with that.

Q Do you know if a loan was actually made for these utilities?

A No.

Q You don't know?

A I have just -- all I remember is that there was some activity involved around getting the electricity turned on, but any specifics of it I wasn't involved in.

Q Do you know who kept -- if there was anyone from the committee who oversaw the dealings with the $35,000 line of credit while you were there? Was that Mr. O'Neill? We are back to the $35,000 line of credit?

A By "oversee" --

Q Well, in other words, make sure that things were proceeding smoothly, that they were getting the advances, that they weren't being overdrawn --

A That would have been Kent, whenever we needed more money in the checking account.

24043600471

Q And you would have had no involvement in that whatsoever?

A No.

Q Now, did Mr. O'Neill handle things for the committee at the bank, in other words, in terms of the dealings between the money market account and the checking account and --

A We called a secretary at the bank.

Q Is that Georgeann Beaudet?

A On occasion her and another lady whose name I can't remember, if we needed -- we would say we needed a transfer of money from here to there.

Q Maria Evans?

A Well --

Q Ann Unsicker?

A I don't know. No, I'm sorry.

Q No to both of those?

A No to both of those.

Q Do you recall the committee receiving a $50,000 loan from Sun National Bank?

A Yes.

Q Do you recall receiving the loan proceeds?

0043600472

A I recall receiving a check, yes.

Q The $50,000?

A Yes.

Q What did you do when you received the $50,000?

A Deposited it with the day's deposits.

Q Into the money market account or the checking account?

A All deposits would have been made into the money market.

Q All campaign deposits go into the money market account?

A Yes.

Q Including the line of credit, the $35,000 line of credit?

A I have no real knowledge. That just existed somewhere, in my mind.

Q Did it exist as a separate account, perhaps, an account for the line of credit?

A I don't know.

Q You don't know?

A No.

Q All right. Now, how did you receive the check?

24043600473

Did someone bring it in -- I'm sorry, let me go back. We are discussing, now, the $50,000 loan from Sun National Bank.

A Yes.

Q How did you receive the -- I guess you referred to the check, the $50,000 check.

A Yes.

Q Did someone bring that in?

A John O'Neill handed it to me.

Q Did he say anything when he handed it to you?

A No.

Q Did you know that the campaign was attempting to get a loan like this, like a $50,000 loan?

A No.

Q Do you know if anyone on the campaign knew? Now, this would mean that -- things you might have subsequently learned.

A Did I --

Q The point is if you didn't know at the time, are you saying that you wouldn't know if anyone else knew?

A No one else that I knew of.

Q But subsequently, any information you have

24043600474

received subsequently, do you know if anyone else besides John O'Neill knew about this $50,000 loan, the taking before it happened?

A I don't know if anyone did or didn't.

Q Did you ask Mr. O'Neill how the campaign got that loan?

A I -- no.

Q This is a large sum of money, Mr. Dodson. Did you ask if anyone signed for the loan?

A No.

Q Did you ask if the candidate knew about it?

A No.

Q Did you ask if Mr. O'Neill guaranteed the loan?

A No.

Q Did you ever see any instruments pertaining to the loan?

A At that time?

Q Yes?

A Or even subsequently? No.

Q At that time you did not and you have not to this day?

A Well --

0043600475

Q Is that what you are testifying?

A The check came with copies similar to -- you know --

Q Similar to a bank or register copy?

A Similar to a register copy.

Q Did you subsequently learn if anyone else was involved in obtaining the loan besides John O'Neill?

A No.

Q Was there a discussion around this time -- this is early September of '86, September 3rd -- was there a discussion around this time of the campaign's need for money?

A A discussion that I had with someone else?

Q Or that you have heard -- that you heard about.

A That was --

Q Or that you heard.

A That would be --

Q You had, you heard about, you overheard.

A That would be a continual, all the way through the entire campaign. That was a topic of --

Q Was this a time of more critical need?

A I would say yes.

0043600476

Q Were loans discussed as an option?

A Not with me.

Q Do you know if Mr. O'Neill was involved in such conversations that may have occurred about loans?

A Not to my knowledge.

Q Did you hear anything about the campaign subsequently changing the guarantor on this loan, the $50,000 loan?

A Probably -- yes, I did.

Q When did you hear that?

A It was around about the time of the erroneous report listing -- the report listing the erroneous names.

Q What did you hear in connection with the loan around that time?

A Just that it needed to have -- to be changed on the guarantor.

Q Did you hear that there had been discussions about loans in early September or late October? I'm going back to the old question, but I am wondering if this refreshes your memory at all. Thinking back on these discussions at the time the controversy broke --

A It would not have been something that people

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would have discussed with me.

Q How about that you heard of?

A No.

Q What did you know of Mr. O'Neill's knowledge of election law at the time of, let's say -- in other words -- let me phrase that differently. To your knowledge, what was Mr. O'Neill's knowledge of election law in late August and early September?

A Of '86?

Q '86.

A He knew the $1000 limit, that I knew of. But beyond that I would have no real idea of what he knew.

Q Now, did you testify before -- correct me if I'm wrong -- that you do not know of anyone else knowing about this guarantee by Mr. O'Neill, or a guarantee on the $50,000 loan?

A I do not know of anyone.

Q Were you involved in any subsequent arrangements pertaining to the $50,000 loan, such as comfort letters, renegotiation of the loan?

A No.

Q Who would handle that?

0043600478

A That --

Q Was that Tom Rawles?

A I suspect that the candidate would have been involved.

Q Mr. Dodson, before you referred to meetings -- committee meetings at United Bank and use of the telephone for -- at the United Bank for the campaign. How often would people from the campaign go into the building, into United Bank building? For example, we know you went in to deposit checks.

A That would probably be the extent, other than the phone polling, and the meetings in the conference room, that anyone would ever have gone in there, to my knowledge.

Q Did you go in to discuss things with Ms. Beaudet with respect to the campaign?

A No.

Q Did committee personnel use bank paper and pens?

A No.

Q Did John O'Neill receive people to solicit contributions at the bank? Did he receive them at the bank?

24043604479

A I have no way of knowing.

Q You assume that he did from the March -- you had at one point assumed that he did, by your testimony on the March of '86 cashier's checks; is that correct?

A Yes. I had assumed he ran into people in his office.

Q What do you mean by ran into people?

A You know, as a banker, he has dealings with people. You know, I assume that he might have talked with them about the campaign, but conducting campaign business, no.

Q So you assumed those five people from the March contribution just happened to be in the bank at that time?

MR. SWILLINGER: I don't think that is a fair characterization, Mr. Levin, with all due respect.

BY MR. LEVIN:

Q Let me hear the answer to that.

A I assume he ran into those people somewhere.

Q Okay. Let me go into one final area before we break, Mr. Dodson. I am just wondering if you can help me out here. Now, you have said before that the money market -- all contributions to the campaign would be deposited in

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the money market account.

A Yes.

Q So that disbursements would come out of the money market account that go into checking to be disbursed out; is that correct?

A That is how it worked.

Q Now, you were on the campaign until December of '86?

A Yes. Correct.

(Discussion off the record.)

BY MR. LEVIN:

Q Mr. Dodson, who would be responsible for the actual accounting, bookkeeping work, for the campaign, taking in and going out, managing the accounts for the campaign?

A That would be a combination of myself and Kent Mulkey.

Q Mr. Dodson, I'm going to -- I am handing a document to be marked as FEC Exhibit 18 to the reporter and I am handing a copy to the witness and counsel.

(FEC Exhibit 18 identified.)

24043604831

BY MR. LEVIN:

Q Mr. Dodson, do you recognize this document?

A No. This would be one that Kent handled.

Q Would you see interaccount transfers at all? In other words, if the bank were to send a notice of a transfer from the money market to the checking account, would you have seen those?

A No.

Q Kent would have seen those?

A Yes.

Q Mr. Dodson, let me ask you this. Were you aware of any decision of the committee or anyone saying not to report all of the disbursements by the committee that were made from -- in the year end reporting period; that is, from November 24th to December 31st, '86?

A Would I have the first part once again.

Q This is very easy. Are you aware of any decision or any discussion where people said "let's not report on the disbursements" --

A It is very easy. No.

MR. LEVIN: We will take a five-minute break.

(Recess.)

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MR. LEVIN: I have no further questions. Do you have any questions, sir?

MR. SWILLINGER: I don't think so. I don't think so. It seems to me that between us we have pretty much exhausted the subject.

(Discussion off the record.)

MR. LEVIN: On the record.

MR. SWILLINGER: Speaking about the transcripts, it seems to me it is up to you. If you want a signed, corrected transcript, we will have to figure out some way to do that. If you don't, you know, that is your choice.

MR. LEVIN: I want to afford Mr. Dodson the opportunity to do that. My problem is this. We are in the middle of an investigation. You represent three other witnesses, and we -- under Section -- we have a confidentiality requirement, but more importantly, under 5 U.S.C. 555(c) we have an ability to withhold the release of these transcripts to other witnesses, and I want to prevent that.

Now, there is a conflict between what might be nice and what is your duty as a zealous advocate, and I would prefer that, in fact. The condition we would want

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is that Mr. Dodson review it at the court reporter's. Now, we have been using Thacker & Associates in Phoenix, so we can make an arrangement -- I guess they are the Ace affiliate in Phoenix, and we can make an arrangement with them.

I think we can accommodate that, although that assumes he is going to be in Arizona right now, because now he is looking for a job and he literally doesn't know. We can play that by ear, and there are Ace affiliates over the country; is that correct?

THE COURT REPORTER: Yes.

MR. LEVIN: We can coincide that with where you are and where the Ace reporter will be.

THE WITNESS: What time frame?

MS. MILLER: Transcripts are usually ready in about 10 days.

MR. SWILLINGER: You don't have to do it immediately. If you are in Phoenix or in Tucson, we can even do it there. I would prefer to do it in Phoenix. We can work that out. We have two more, tomorrow and Thursday, who are both in Phoenix. Presumably we can do all of them in the same place at the same time. But I

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mean, I do think we want to correct them, and presumably you want to sign them once they are corrected, so that seems to be the most sensible way to do it.

MR. LEVIN: Have you been presented with the witness fee? You have not.

MR. SWILLINGER: I don't think he has. Off the record.

MR. LEVIN: Off the record.

(Discussion off the record.)

MR. LEVIN: Back on the record. After a brief delay, I am handing Mr. Dodson his check for $30 for a witness fee.

THE WITNESS: Thank you.

MR. LEVIN: Now, this deposition is not terminated. We can still recall Mr. Dodson under the subpoena we have issued, but we are concluded for the day.

(Whereupon, at 1:20 p.m., the deposition was adjourned.)

BENJAMIN ALBERTUS DODSON

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, LEANNE P. DOTSON, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Leanne P. Dotson

Notary Public in and for the
District of Columbia

My Commission Expires JULY 31, 1993

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ACCT NUMBER 30C24456 | C1 | SEC. PART | OFFICER SDT CLOSED

...ER J RHODES III

PAGE 2

PHONE NUMBERS

INTEREST RATE	ADJUSTMENT %

SHORT NAME	NOTE DATE	MATURITY DATE	LAST RENEWAL	DATE LAST MAINT	DATE LAST POSTED	STOP ACCRUAL DATE

BALANCE INFORMATION

PRINCIPAL BALANCE	ORIGINAL PRINCIPAL	ADVANCES	PRINCIPAL ADJUSTMENTS	CURRENT BALANCE

INTEREST BALANCE	INTEREST EARNED	INTEREST ADJ

FEES DUE	FEES ASSESSED	FEES WAIVED

PAYMENT SCHEDULE

INTEREST INCR	START DATE	AMOUNT	P	FREQUENCY

DISCOUNT NOTE DATA

ORIGINAL NOTE AMOUNT	ORIGINAL FIN. CHG.	UNEARNED FIN. CHG.

NEXT DUE DATE	NEXT DUE AMOUNT
PAST DUE DATE	PAST DUE AMOUNT
BILLED THRU DATE	CURRENT BILLED AMOUNT

TIMES LATE

NOTE TO DATE BILLING DATA

PRINCIPAL BILLED	INTEREST BILLED	OTHER FEE BILLED

YTD INT COLLECTED

GUARANTORS NO:

NUMBER	CD	LIABILITY

COLLATERAL INFORMATION

DESCRIPTION	REFERENCE NO	VALUE	PERCENT

AFFILIATED ACCT. NO.	SYS

CATEGORIES FOR REPORTS

EXEMPT CALL	PROC CODE	PRE 49-A	COLL	PURP	BUS TYPE	BUS	SIC

TRAN.	DATE	AMOUNT	TRAN.	DATE	AMOUNT	TRAN.	DATE	AMOUNT
S4	04/05/88 I	058-	79	04/04/88	P 2,00000	78	04/04/88	I 2041
36204/05/88 I		001						

DEPOSITION EXHIBIT
FEC 8
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OFFICE OF RECORDS & REGISTRATION
1986 SEP 16 AM 9:41
FEDERAL ELECTION COMMISSION
U.S. HOUSE OF REPRESENTATIVES

SEP 12 1986
CERTIFIED MAIL

C00195909

MS-4

(IN 182)

CERTIFIED MAIL
September 11, 1986

Dear Sirs:

Enclosed please find a copy of last minute contributions form dated September 11, 1986 (2 pages) for the Rhodes for Congress Committee, ID #C00195909.

Sincerely,

Kent H. Malkey
Treasurer

Enclosure.

MLF
9/19

Paid for by the Rhodes to Congress Committee

SEP 23 1986

SCHEDULE A — ITEMIZED RECEIPTS

Last Minute Contributions 9-11-86

Use separate schedule(s) for each category of the Detailed Summary Page — PAGE — OF

FOR LINE NUMBER:

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

Rhodes for Congress Committee

A. Full Name, Mailing Address and ZIP Code Doris Roberts 5607 S. Outrigger Drive Tempe, AZ 85283	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 2000.00
Receipt For: X Primary X General ☐ Other (specify):	Occupation Aggregate Year-to-Date		
B. Full Name, Mailing Address and ZIP Code Victoria Roberts 2322 Rogers Estate 32 Mesa, AZ 85202	Name of Employer N/a	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 2000.00
Receipt For: X Primary X General ☐ Other (specify):	Occupation Decorator Aggregate Year-to-Date > $2000.00		
C. Full Name, Mailing Address and ZIP Code Carol Mass 4940 E. Chella Scottsdale, AZ 85258	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 1000.00
Receipt For: X Primary ☐ General ☐ Other (specify):	Occupation Housewife Aggregate Year-to-Date > $1000.00		
D. Full Name, Mailing Address and ZIP Code Barry Schmitz 673 E. Brown Rd. Mesa, AZ 85203	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 2000.00
Receipt For: X Primary X General ☐ Other (specify):	Occupation Construction Aggregate Year-to-Date > $2000.00		
E. Full Name, Mailing Address and ZIP Code Clifford Chappelle 8032 E. 3rd Ave. Mesa, AZ 85205	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 2000.00
Receipt For: X Primary X General ☐ Other (specify):	Occupation Concrete Construction Aggregate Year-to-Date > $2000.00		
F. Full Name, Mailing Address and ZIP Code Edwin T. Smigel, Sr. 2247 E. Jasmin Mesa, AZ 85203	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 2000.00
Receipt For: X Primary X General ☐ Other (specify):	Occupation N/A Aggregate Year-to-Date > $2000.00		
G. Full Name, Mailing Address and ZIP Code Mrs. Clifford Chappelle 8032 E. 3rd. Ave. Mesa, AZ 85203	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 1000.00
Receipt For: X Primary ☐ General ☐ Other (specify):	Occupation Housewife Aggregate Year-to-Date > $1000.00		

SUBTOTAL of Receipts This Page (optional) .....

TOTAL This Period (last page this line number only) .....

9 94 07 04 13 36 10 4

SCHEDULE A — ITEMIZED RECEIPTS

PAGE OF

Last Minute Contributions

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)
Rhodes for Congress Committee — ID #C00[illegible]

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Peggy Ann Sale 2502 E. Allen Phoenix AZ	N/A N/A $1000.00	9-9-86	1000.00
Receipt For: ☐ Other (specify): ☒ Primary ☐ General			
B. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
James Cramer 1050 W. Mountain View Mesa, AZ 85201	Self Dentist $1000.00	9-9-86	1000.00
Receipt For: ☐ Other (specify): ☒ Primary ☐ General			
C. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Michael Smigel 2247 E. Jasmin Mesa, AZ 85203	N/a N/A $1000.00	9-9-86	1000.00
Receipt For: ☐ Other (specify): ☒ Primary ☐ General			
D. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Edwin T. Smigel, Jr. 53 N. Miller Mesa, AZ 85202	N/a Construction $1000.00	9-9-86	1000.00
Receipt For: ☐ Other (specify): ☒ Primary ☐ General			
E. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Grace Gillespie 5812 N. 12th St #17 Phoenix, AZ 85014	N/A Retired $2000.00	9-9-86	2000.00
Receipt For: ☐ Other (specify): ☒ Primary ☒ General			
F. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Doris Roberts 5607 S. Outrigger Drive Tempe AZ 85283	N/A Retired $2000.00	9-9-86	2000.00
Receipt For: ☐ Other (specify): ☒ Primary ☒ General			
G. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: ☐ Other (specify): ☐ Primary ☐ General			

SUBTOTAL of Receipts This Page (optional) .....

TOTAL This Period (last page this line number only) .....

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CERTIFIED MAIL:
[redacted]

DEPOSITION EXHIBIT 9
FEC
7/13/89 LO

October 1, 1986

Certified Mail

Clerk of the House
1036 Longworth House Office Building
Washington, DC 20515

Dear Sir:

Enclosed please find a list that were erroneously reported as last minute contributions for reports submitted 8-20-86 and 9-11-86, and as such will not be reported on the 10-15-86 quarterly report.

Sincerely,

Kent H. Walkey, CPA
Treasurer, Rhodes for Congress Committee

KHW/bd

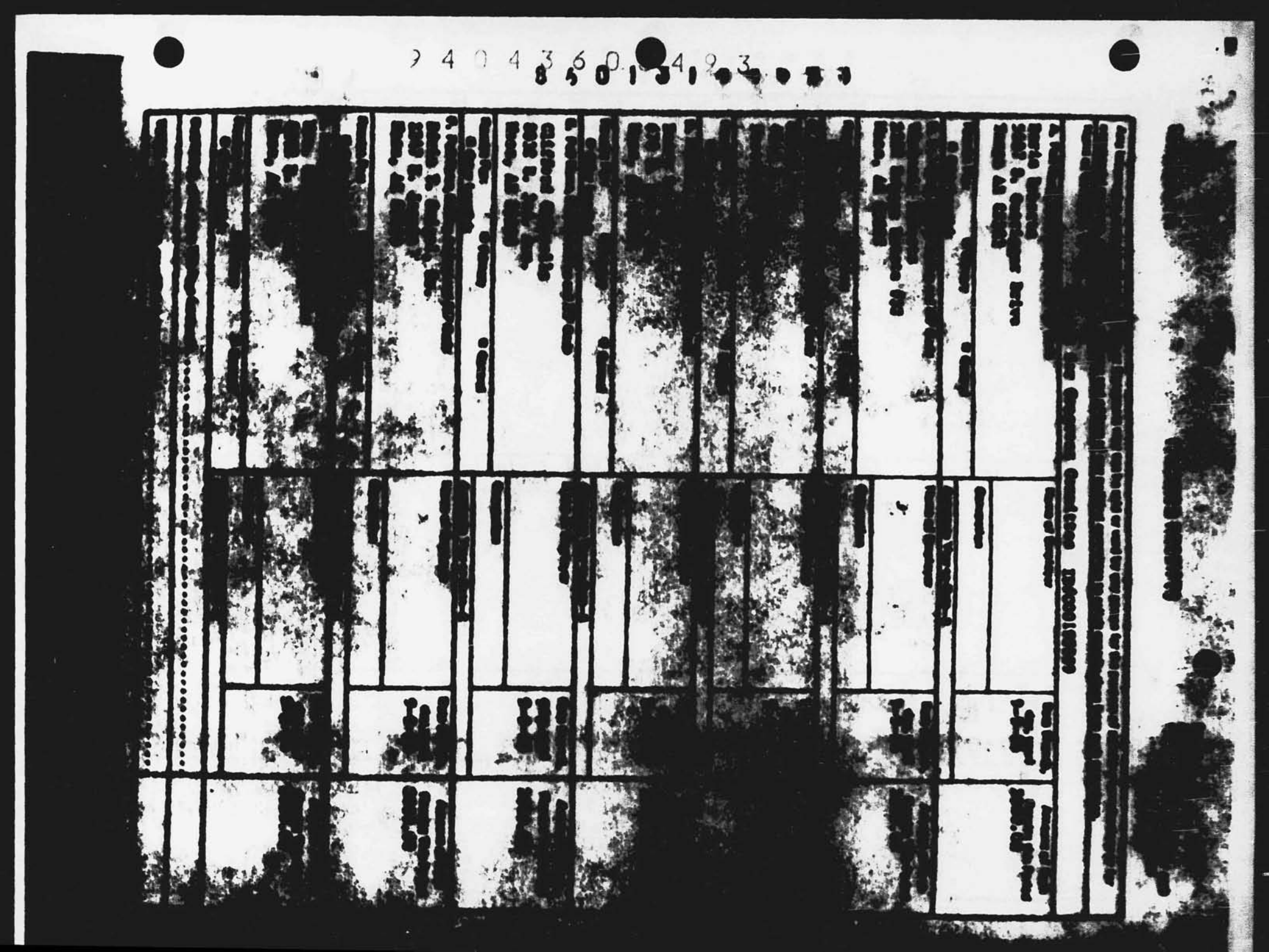
Paid for by Rhodes for Congress Committee

[redacted]

[redacted]

[redacted]

[redacted]



[redacted]

[redacted] for Congress Committee ID/C00195909

[redacted]	[redacted]	8-26-86	1000.00
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

DEPOSITION EXHIBIT
FEC 10
LD 7/18/89

MESA REGIONAL HOME OFFICE

Conley D. Wolfswinkel

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100568
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTRA 11502-01-072
91-283

Jun 30 '86

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ *1900.00

UNITED BANK 1,900dols00cts DOLLARS

PURCHASER'S SIGNATURE

EXCH. FEE. ☐ COLLECTED ☑ WAIVED

INITIALS AUTH. SIGNATURE

ADDRESS

grb
⑈100568⑈ ⑆122102831⑆ ⑈214104007⑈ 7 ⑈0000190000⑈

MESA REGIONAL HOME OFFICE

Conley D. Wolfswinkel

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100568

91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ *1900.00

UNITED BANK 1,900dols00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURES

grb
⑈100568⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000190000⑈

EXHIBIT #7

JY '86 01
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

JY '86 01
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

2 4 0 4 3 6 0 4 9 7

Bernadette Wolfswinkel

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100567

91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ..... $ 2,000.00

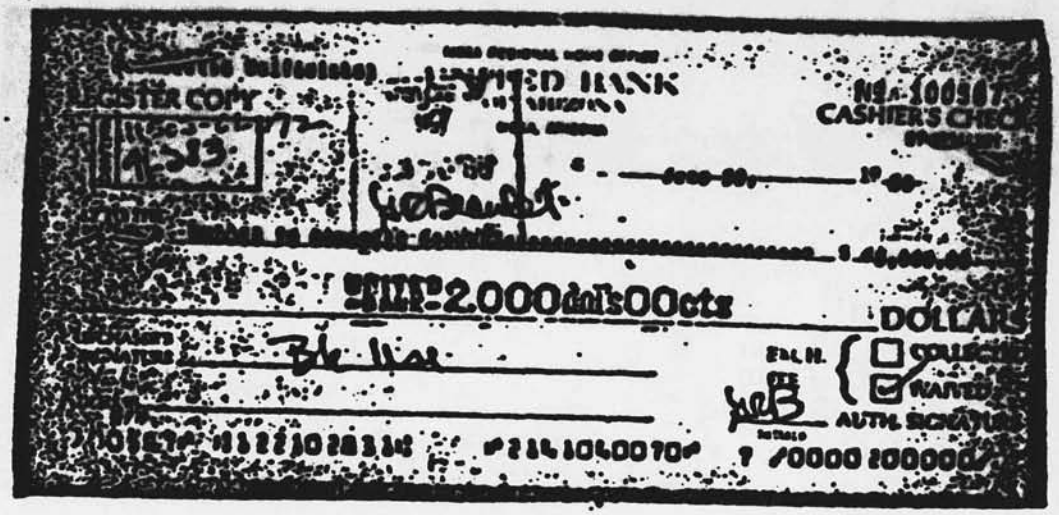
UNITED BANK 2,000dols00cts DOLLARS

CASHIER'S CHECK

Bernadette R. Blaudt
AUTHORIZED SIGNATURE

⑈100567⑈ ⑆122102831⑆ ⑈214100070⑈ ⑈0000200000⑈

9402436094998



Dustin Wolfswinkel

REGISTER COPY 072

CONTRA 11502-01 91-283

MESA REGIONAL HOME OFFICE
JUN 30 '86
COMPLIANCE

UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100566
CASHIER'S CHECK
91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK 1000dol's00cts DOLLARS

PURCHASER'S SIGNATURE BR Wolf

ADDRESS grb

EXCH. FEE { ☐ COLLECTED ☑ WAIVED

AUTH. SIGNATURE

INITIALS

⑈100566⑈ ⑆122102831⑆ ⑈214104007⑈ ? ⑈0000100000⑈

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Dustin Wolfswinkel

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100566
91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK 1000dol's00cts DOLLARS

CASHIER'S CHECK

grb

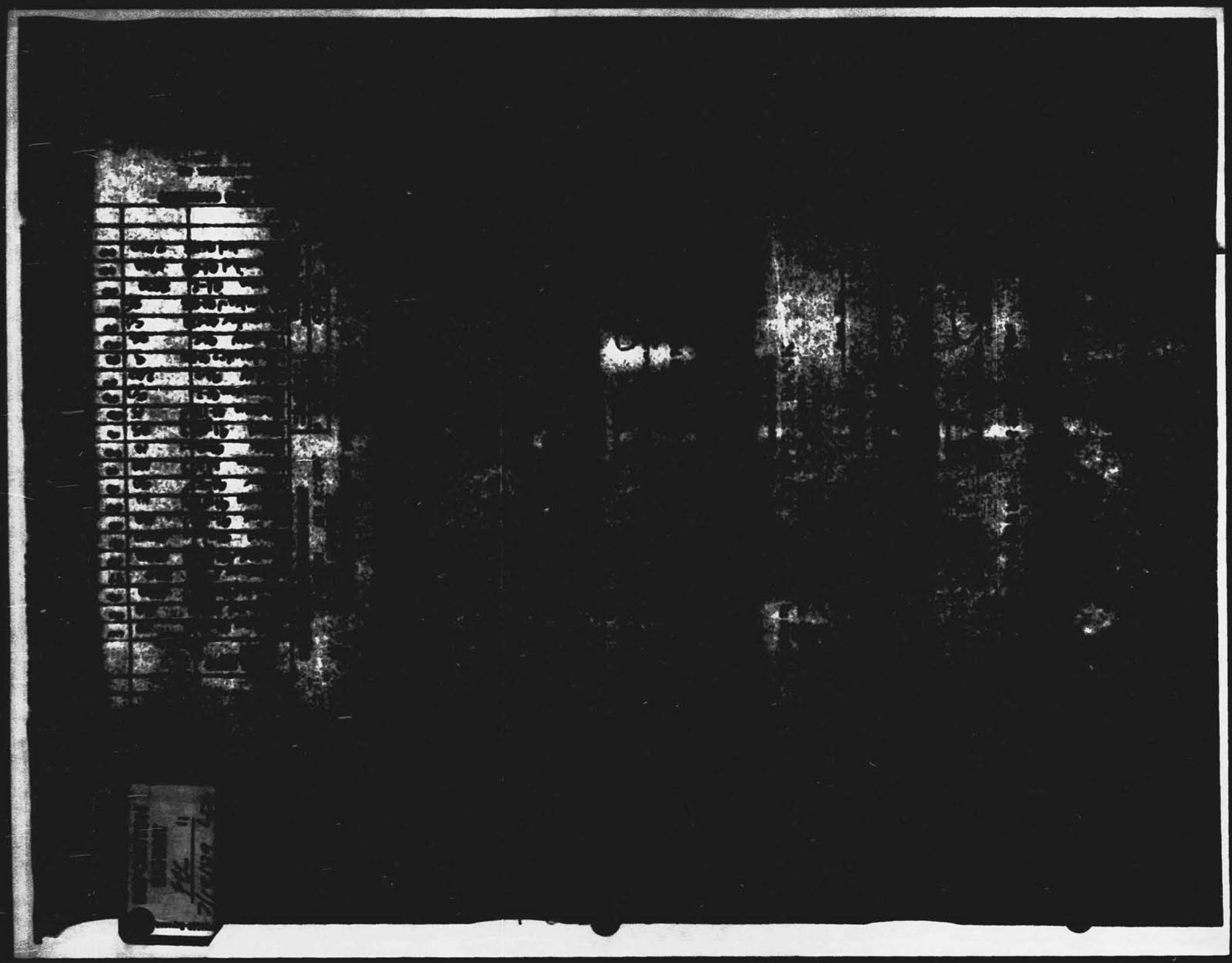
George R. Rhodes

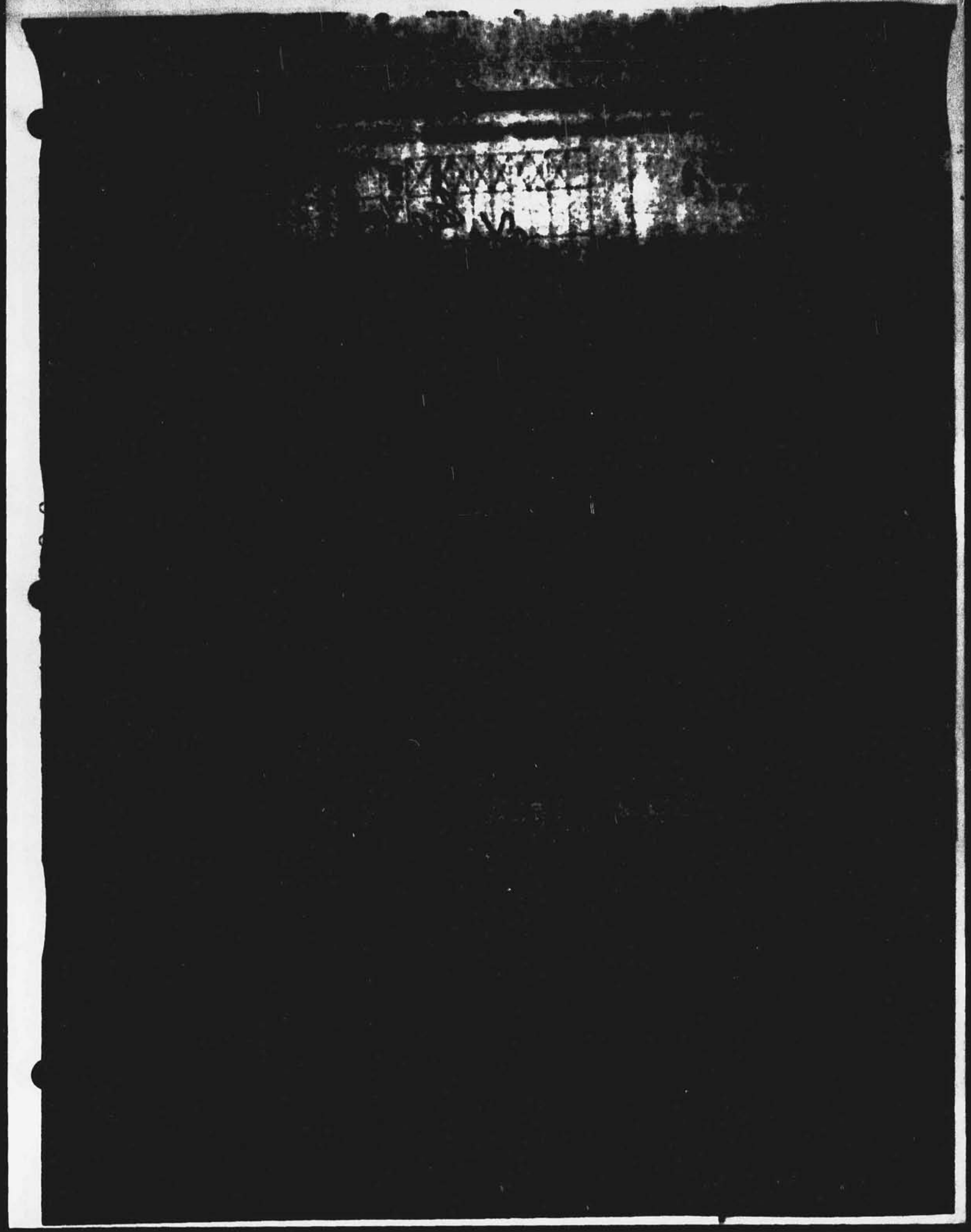
AUTHORIZED SIGNATURE

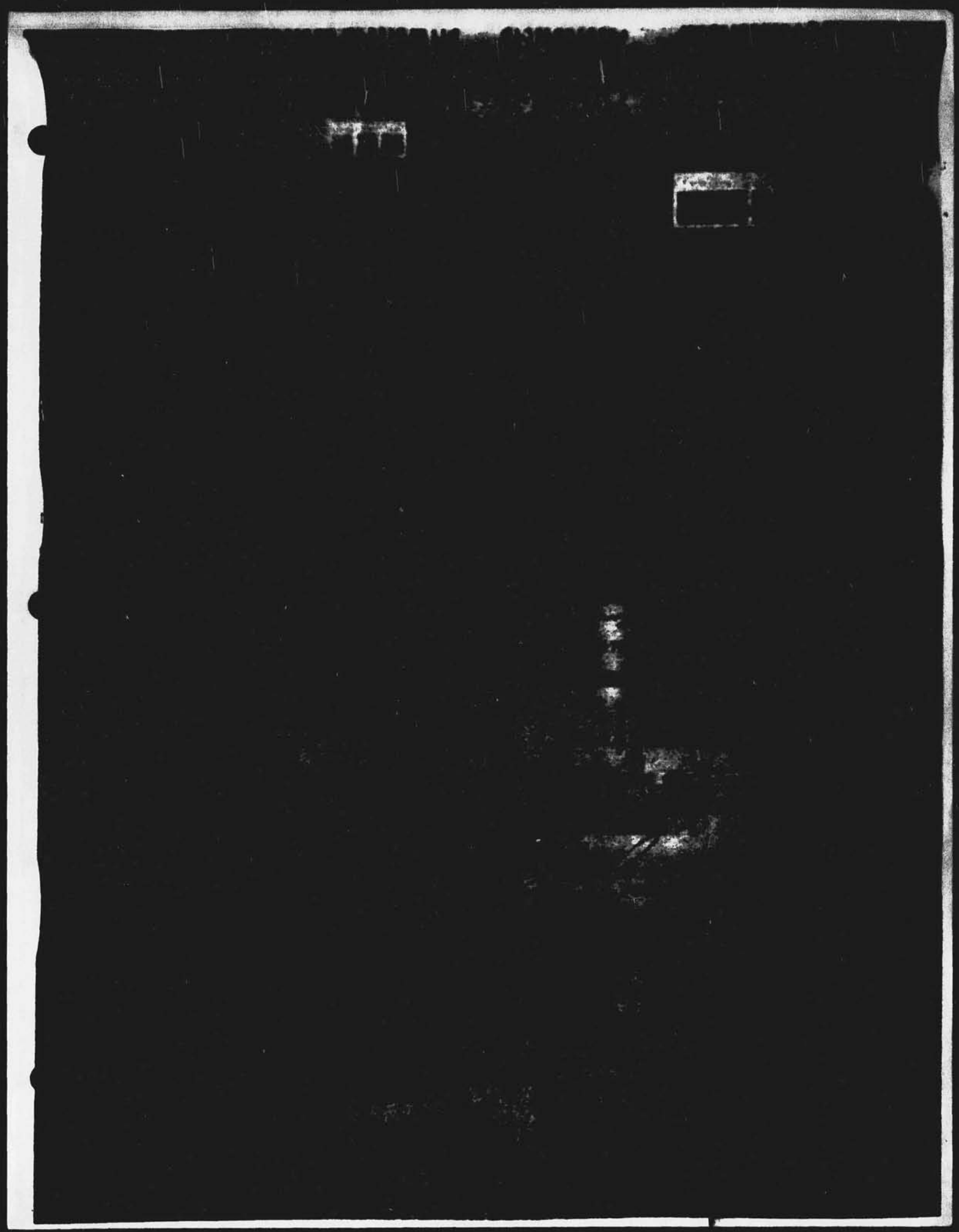
⑈100566⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

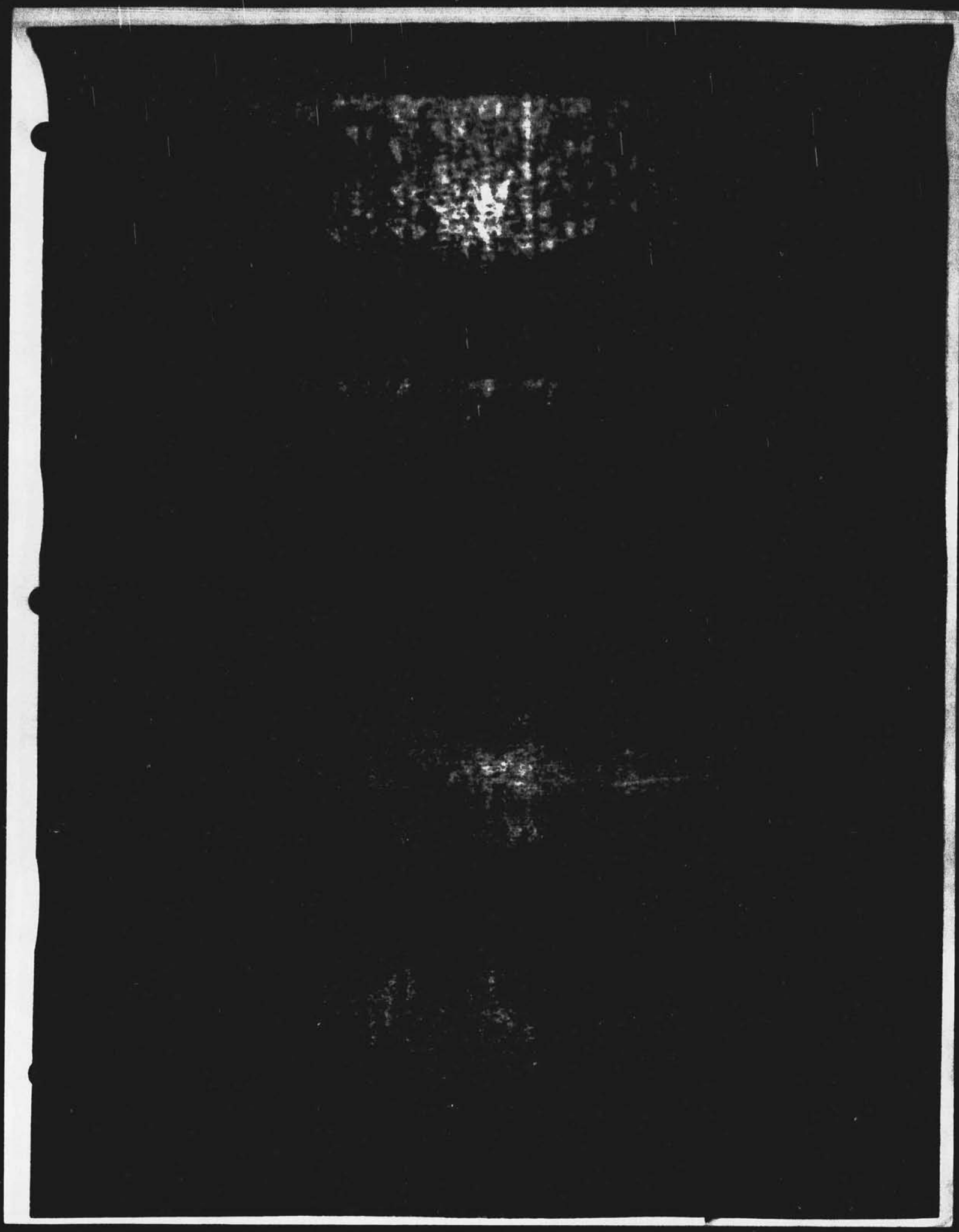
PAY TO THE ORDER OF
UNITED BANK
FOR DEPOSIT ONLY
Rhodes for Congress Committee
6632198724

JY 86 01
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK









FEC
7/18/89 LD

SCHEDULE A — ITEMIZED RECEIPTS

PAGE 34 OF

FOR LINE NUMBER 11A

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (In Full)
Rhodes for Congress Committee

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month day year)	Amount of Each Receipt this Period
Conley Wolfswinkel 1188 North Kyrene Road Chandler, AZ 85224	Self	06/30/86	$ 900.00
Receipt For: [X] Primary [ ] General [ ] Other (specify):	Occupation: Developer	Aggregate Year-to-Date $	$ 900.00
B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month day year)	Amount of Each Receipt this Period
Bernadette Wolfswinkel 1188 North Kyrene Road Chandler, AZ 85224	N/A	06/30/86	$
Receipt For: [X] Primary [ ] General [ ] Other (specify):	Occupation: Housewife	Aggregate Year-to-Date $	$1,000.00
C. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month day year)	Amount of Each Receipt this Period
Daryl Wolfswinkel 1009 West Southern Avenue Mesa, AZ 85202	Self	06/16/86	$1,000.00
Receipt For: [X] Primary [ ] General [ ] Other (specify):	Occupation: Developer	Aggregate Year-to-Date $	$1,000.00
D. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month day year)	Amount of Each Receipt this Period
Dustin Wolfswinkel 1188 North Kyrene Chandler, AZ 85224	Self	06/30/86	$1,000.00
Receipt For: [X] Primary [ ] General [ ] Other (specify):	Occupation: Printing	Aggregate Year-to-Date $	$1,000.00
E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month day year)	Amount of Each Receipt this Period
Joe E. Woods 3102 East Fairbrook Circle Mesa, AZ 85203	Self	06/04/86 06/30/86	$ 250.00 $ 100.00
Receipt For: [X] Primary [ ] General [ ] Other (specify):	Occupation: Contractor	Aggregate Year-to-Date $	$ 350.00
F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month day year)	Amount of Each Receipt this Period
Bryce Kempton 3335 East Main Mesa, AZ 85203	Self	06/01/86	$1,000.00
Receipt For: [X] Primary [ ] General [ ] Other (specify):	Occupation: Farmer	Aggregate Year-to-Date $	$1,000.00
G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month day year)	Amount of Each Receipt this Period
Damian Wolfswinkel 1188 North Kyrene Chandler AZ 85224	N/A	6-30-86	$1000.00
Receipt For: [X] Primary [ ] General [ ] Other (specify):	Occupation: Student	Aggregate Year-to-Date	$1000.00

SUBTOTAL of Receipts This Page (optional)

TOTAL This Period (last page this line number only)

24043605052
3501301092

SCHEDULE A

Use separate schedule(s) for each category of the Detailed Summary Page	PAGE 34 OF 34
	FOR LINE NUMBER: 11a

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NAME OF COMMITTEE (In Full)
Friends for Congress committee

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (Month, day, year)	Amount of Each Receipt this Period
Dean Young 7330 E.Griswold Scottsdale AZ 85258		6-17-86	50.00
Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Occupation		
	Aggregate Year-to-Date ▸ $ 50.00		
B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (Month, day, year)	Amount of Each Receipt this Period
Ashton Wolfswinkel 1188 E. Tyrone Chandler AZ 85224	N/A	5-30-86	1000.00
Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Occupation Student		
	Aggregate Year-to-Date ▸ $ 1000.00		
C. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (Month, day, year)	Amount of Each Receipt this Period
Ronald Ziolo 10980 N. Scottsdale RD. Ste. 302 Scottsdale AZ 85224	Self	5-1-86	1000 Computer Software
Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Occupation Investment s		
	Aggregate Year-to-Date ▸ $ 1000.00		
D. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (Month, day, year)	Amount of Each Receipt this Period
	Occupation		
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date $		
E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (Month, day, year)	Amount of Each Receipt this Period
	Occupation		
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date ▸ $		
F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (Month, day, year)	Amount of Each Receipt this Period
	Occupation		
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date ▸ $		
G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (Month, day, year)	Amount of Each Receipt this Period
	Occupation		
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date ▸ $		
SUBTOTAL of Receipts This Page (optional)			
TOTAL This Period (last page this line number only)			

FEC 2043600 3501308111 0

DEPOSITION EXHIBIT FEC 13 7/16/89 LD

ITEMIZED DISBURSEMENTS

LINE NUMBER: 21
(Use separate schedule(s) for each category of the Detailed Summary Page)

...ained from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for ...poses, other than using the name and address of any political committee to solicit contributions from such committees.

...mittee (in Full)

Rhodes for Congress Committee

A. Full Name, Mailing Address and ZIP Code Windward Noody Garvey 500 E. Thomas Phoenix, AZ 85012	Purpose of Disbursement Public Relations Disbursement for: ■Primary □General □ Other (specify)	Date (month, day, year) 3/21/86	Amount of Each Disbursement This Period $1,200.00
B. Full Name, Mailing Address and ZIP Code Wolfswinkle Foundation	Purpose of Disbursement Fundraiser Disbursement for: ■Primary □General □ Other (specify)	Date (month, day, year) 2/3/86	Amount of Each Disbursement This Period $ 300.00
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify).	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
SUBTOTAL of Disbursements This Page (optional)			
TOTAL This Period (last page this line number only)			35,448.98

...2360790 P52173

DEPOSITION EXHIBIT
FEC #4
7/18/89 LD

Kimberly Simons
REGISTER COPY

CONTRA 17680-98

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA ARIZONA

MAR 05 '86

No 97689
CASHIER'S CHECK
91-283/1221

March 5, 1986

PAY TO THE ORDER OF RHODES TO CONGRESS $**1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS srb

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☐ COLLECTED
☒ WAIVED
AUTH. SIGNATURE

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1984 R. 4/73

MESA REGIONAL HOME OFFICE

Kimberly Simons

UNITED BANK
OF ARIZONA
MESA ARIZONA

No 97689
91-283/1221

March 5, 1986

PAY TO THE ORDER OF RHODES TO CONGRESS $**1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

srb

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HR 86 05
UNITED BANK
PAY ANY BANK
⑈20150323
PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
6033319072
007 34451
PAY ANY BANK, PHX
UNITED
91-283
HR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK
⑈20107445
007 32769
91-283

MESA REGIONAL HOME OFFICE

Michael Simons

REGISTER COPY

CONTRA 1768.00-005

MESA PHO 0001 MAR 05 '86 SRB

UNITED BANK OF ARIZONA
MESA ARIZONA

№ 97688
CASHIER'S CHECK
81-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

EXCH. FEE ☐ COLLECTED ☒ WAIVED

SRB
AUTH. SIGNATURE

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1804 R.4/73

Michael Simons

MESA REGIONAL HOME OFFICE

UNITED BANK
OF ARIZONA
MESA ARIZONA

№ 97688

81-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

grb

Georgeann R. Beaudet

⑈097688⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000100000⑈

HR 86 05
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20150322

⑆1243600⑆

⑈007 3 4 4 5 0

PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
6032319072

⑈007 3 2 7 6 4

HR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20107448

Cortland Silver, Jr.

REGISTER COPY

CONTRA 1680-00

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA MESA ARIZONA

MAR 05 '86

CORRESPONDENCE

No 97685

CASHIER'S CHECK

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1000.00

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

EXCH. FEE ☐ COLLECTED ☒ WAIVED

AUTH. SIGNATURE

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100-4 R. 4/73

Cortland Silver, Jr.

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA MESA ARIZONA

No 97685

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1000.00

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

grb

Georgiann P. Beaudet

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HR 86 05
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

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PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
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HR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20107446

DEPOSITION EXHIBIT
FEC 14
Replacement Filing

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Kimberly Simons
REGISTER COPY

CONTRA 1160-95

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA ARIZONA
MAR 04 '86

№ 97689
CASHIER'S CHECK
91-283/1221

March 5, 1986

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $**1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

EXCH. FEE ☐ COLLECTED ☒ WAIVED

AUTH. SIGNATURE

⑈097689⑈ ⑆122102831⑆ ⑈2141040070⑈ ? ⑈0000100000⑈

1004 R. 4/73

MESA REGIONAL HOME OFFICE
Kimberly Simons
UNITED BANK
OF ARIZONA
MESA ARIZONA

№ 97689
91-283/1221

March 5, 1986

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $**1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

grb

Georgiann R. Beaudet
AUTHORIZED SIGNATURE

⑈097689⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000100000⑈

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HR '86 05

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑆240436005151

0007 3151

PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
603231907?

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HR '86 07

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

MESA REGIONAL HOME OFFICE

Michael Simons

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MESA REGIONAL HOME OFFICE MAR 05 '86

UNITED BANK OF ARIZONA MESA ARIZONA

№ 97688

CASHIER'S CHECK

01-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

Be use

EXCH. FEE ☐ COLLECTED ☒ WAIVED

AUTH. SIGNATURE

⑈097688⑈ ⑆122102831⑆ ⑈2141040070⑈ ? ⑈0000100000⑈

1004 R.4/79

Michael Simons

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA MESA ARIZONA

№ 97688

01-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

grb

Georgeann R. Beaudet

⑈097688⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000100000⑈

HR 86 05
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20150322

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0007 34150

PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
6032319072

HR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20107443

⑆1220⑆00⑈2

Cortland Silver, Jr.

REGISTER COPY

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA ARIZONA

№ 97685
CASHIER'S CHECK
91-283/1221

CONTRA

MESA REGIONAL HOME OFFICE
MAR 05 '86
CONSOLIDATED

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1000.00

UNITED BANK 1,000dols00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

EXCH. FEE ☐ COLLECTED ☒ WAIVED

AUTH. SIGNATURE

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180-4 R. 4/73

Cortland Silver, Jr.

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA ARIZONA

№ 97685

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1000.00

UNITED BANK 1,000dols00cts DOLLARS

CASHIER'S CHECK

grb

⑈097685⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000100000⑈

HR 86 05

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

0007 34447

PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
603231907 2

HR 86 07

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

0007 32766

MESA REGIONAL HOME OFFICE

Suzanne E. Davis

REGISTER COPY

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UNITED BANK OF ARIZONA MESA ARIZONA

MAR 05 '86

№ 97687

CASHIER'S CHECK

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1,000.00

UNITED BANK 1,000dols00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

Bk use

EXCH. FEE ☐ COLLECTED ☒ WAIVED

AUTH. SIGNATURE

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100-4 R. 4/73

MESA REGIONAL HOME OFFICE

Suzanne E. Davis

UNITED BANK OF ARIZONA MESA ARIZONA

№ 97687

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1,000.00

UNITED BANK 1,000dols00cts DOLLARS

CASHIER'S CHECK

grb

George R. Beaudet

⑈097687⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000100000⑈

MR 86 05

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20150321⑈

⑆240436⑆05521

⑈007 344 49⑈

PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
6032219072

⑈007 327 67⑈

MR 86 07

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20107441⑈

⑆240436⑆05521

Larry H. Davis

REGISTER COPY

CONTRA 17680-01 DBS

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA ARIZONA

Nov - 7 '85
DRB
DISBURSEMENTS

No 97686
CASHIER'S CHECK
91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK 1,000dd's00cts DOLLARS

PURCHASER'S SIGNATURE [signature]

ADDRESS srb

EXCH. FEE { ☐ COLLECTED ☒ WAIVED

DRB AUTH. SIGNATURE

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1804 R.4/79

Larry H. Davis

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA ARIZONA

No 97686
91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK 1,000dd's00cts DOLLARS

CASHIER'S CHECK

srb

[signature]

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HR 86 05
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK
0007 34449
PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
603231907

HR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK
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PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
603231907

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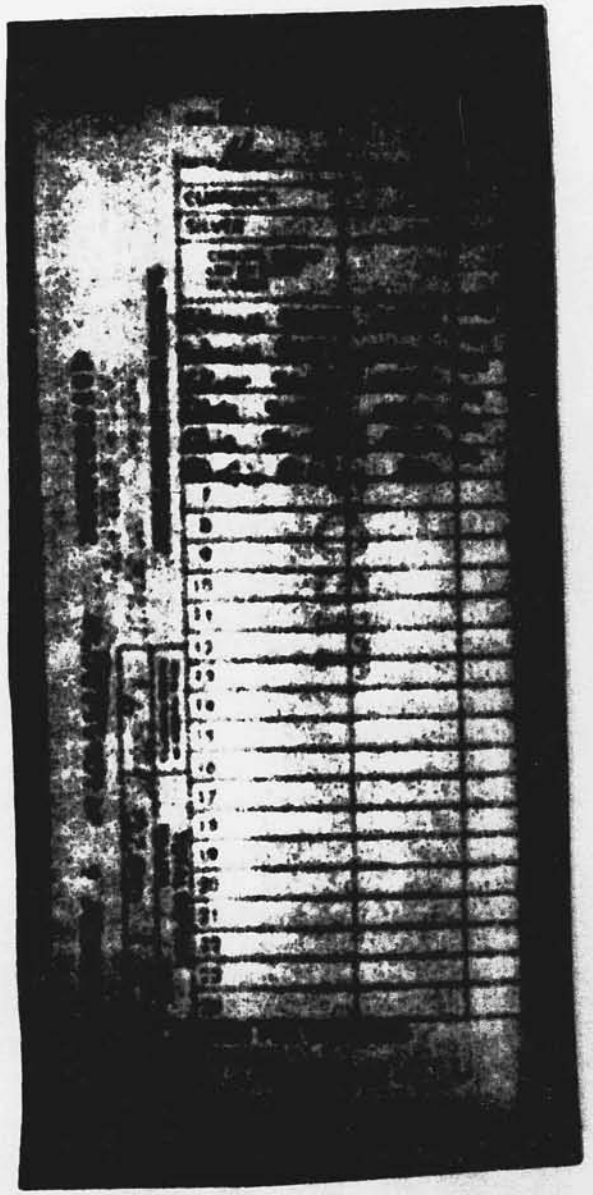

DEPOSITION EXHIBIT

DEPOSITION EXHIBIT
FEC 16
7/18/89 LD

100-6 R. 4/79

Remitter: Rhodes to Congress

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100648
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTRA Cash

MESA RHO #7
JUL 25 '85
COMM'L LOANS

7/25/86 19__

PAY TO THE ORDER OF **DEBORAH LARSHBOUGH** $**260.00**

UNITED BANK 260dol'sOOcts DOLLARS

PURCHASER'S SIGNATURE Bancuse

EXCH. FEE ☐ COLLECTED ☑ WAIVED

INITIALS AUTH. SIGNATURE

ADDRESS

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0525 0436 2404

100-6 R. 4/79

Remitter: Rhodes to Congress

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100648

91-283/1221

7/25/86 19__

PAY TO THE ORDER OF **DEBORAH LARSHBOUGH** $**260.00**

UNITED BANK 260dol'sOOcts DOLLARS

big CASHIER'S CHECK

SO-DUBSON CASH CK-AUTH BY
RT/TR # 122102831
07-29-86 12:59 TELLER 1722

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UNITED BANK
CENTRAL, ARIZONA
PAY ANY BANK

⑈20113523

Deborah Lounsbury
AZ
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JY '86 29
UNITED BANK
ARIZONA
ANY BANK

JUL 23 86

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Rhodes to Congress

REGISTER COPY

CONTRA

MESA BRO 07

AUG 01 '86

COMM'L LOANS

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

№ 100678

CASHIER'S CHECK

91-283/1221

August 1, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH $ 250.00

250dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bill Ilse

ADDRESS

EXCH. FEE ☐ COLLECTED ☒ WAIVED

JRB INITIALS AUTH. SIGNATURE

⑈100678⑈ ⑆122102831⑆ ⑈2141040070⑈ ? ⑈00000250000⑈

Rhodes to Congress

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

№ 100678

91-283/1221

August 1, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH $ 250.00

UNITED BANK 250dol's00cts DOLLARS

CASHIER'S CHECK

SO-DOBSON RT/TR 8 122102831 ACCT(NO) 2141040070 SIGNATURE

08-01-86 14:42 TELLER 0726 SEQ 0113

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Rhodes for Congress

REGISTER COPY

CONTRA cash

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

AUG 08 '86
DeBoudet
COMPT. LOANS

№ 100696
CASHIER'S CHECK
91-283/1221

August 8, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH $ *250.00

*250dol's00cts DOLLARS

PURCHASER'S SIGNATURE Bkr Use

EXCH. FEE. ☐ COLLECTED ☒ WAIVED

ADDRESS grb

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100-6 R. 4/73

Rhodes for Congress

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100696
91-283/1221

August 8, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH $ *250.00

UNITED BANK *250dol's00cts DOLLARS

CASHIER'S CHECK

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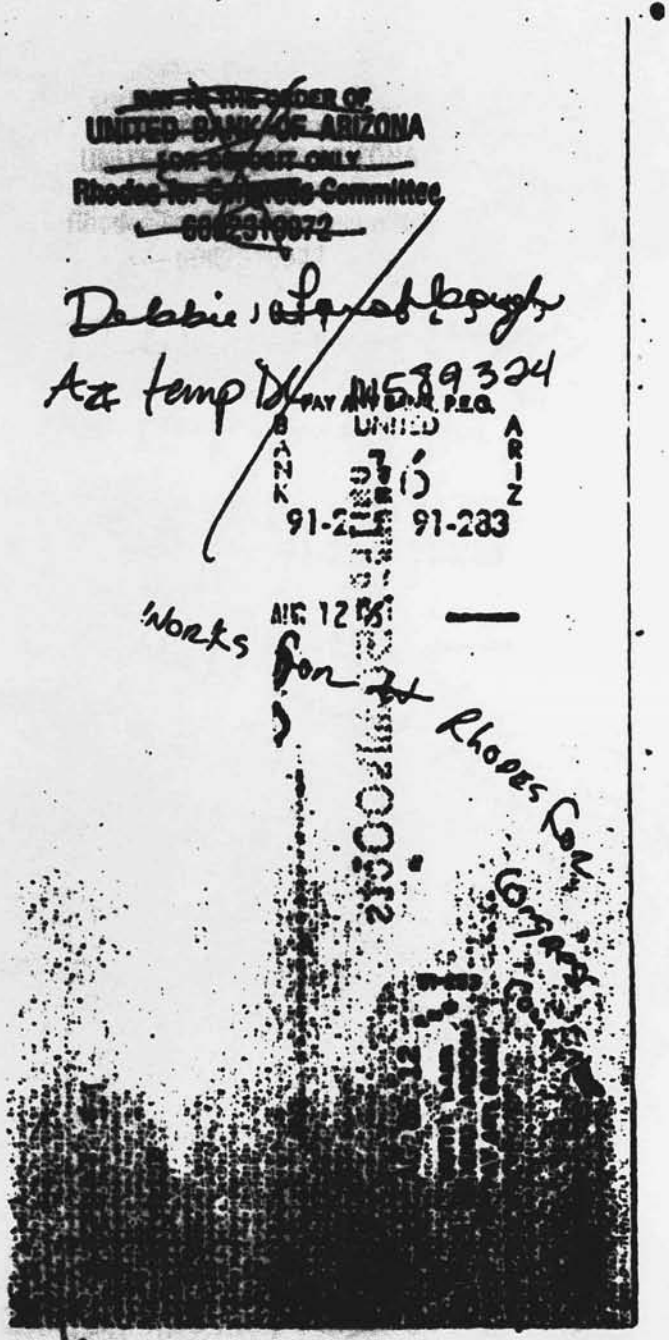

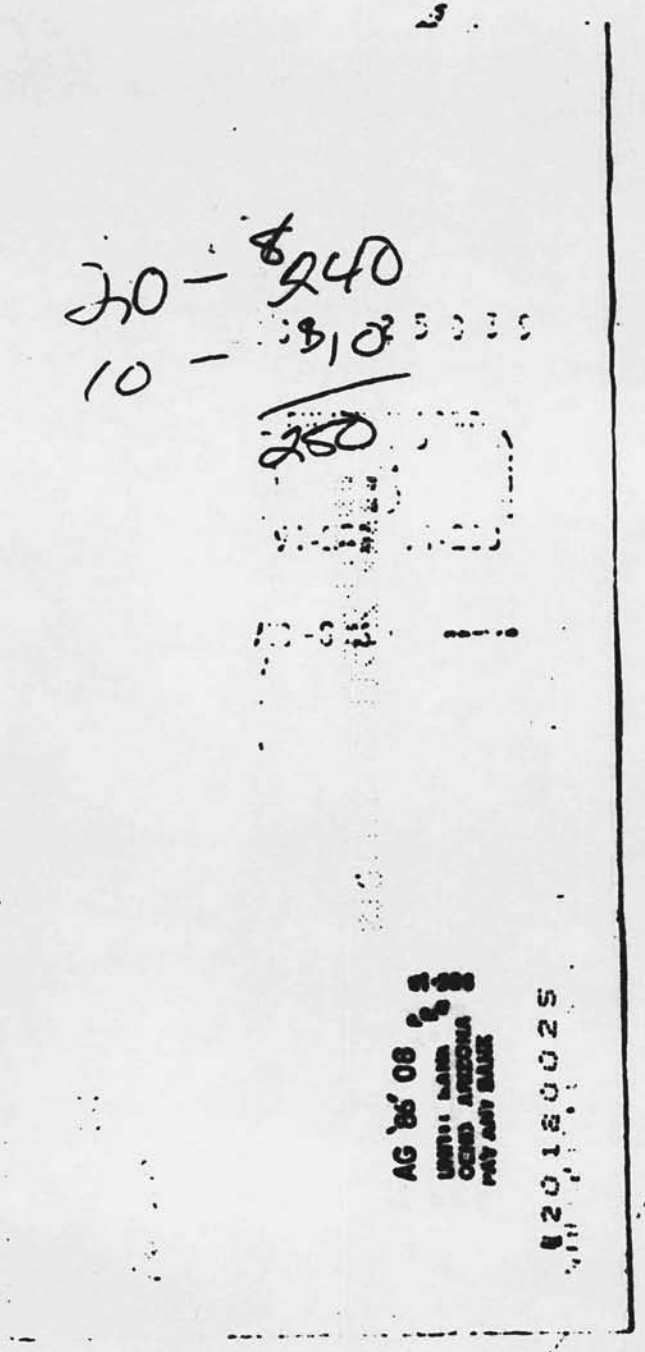

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100-4 R. 4/73

Rhodes for Congress

MESA REGIONAL HOME OFFICE

UNITED BANK
OF ARIZONA
MESA, ARIZONA

No. 101729

91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH $ 250.00

UNITED BANK 250dls00cts DOLLARS

CASHIER'S CHECK

grb

SO-DOBSON

RT/TR # 122102831 ACCT NO 2141046070

08-15-86 17:40 TELLER 3720 SEQ 0329

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Address

Purchaser's Signature

EXCH. FEE ☐ Collected ☒ Waived

Auth. Signature

Initials

DOLLARS

UNITED BANK 250dls00cts

Pay to the Order of DEBBIE LORSHBAUGH $ 250.00

REGISTER COPY

Rhodes for Congress

MESA REGIONAL HOME OFFICE

UNITED BANK
OF ARIZONA
MESA, ARIZONA

No. 101729

CASHIER'S CHECK
91-283/1221

August 15, 19 86

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1004 R. 4/73

Rhodes for Congress

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CONTRA cash

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

AUG 15 '86

Jr C Boudet

COMPTROLLER

№ 101728

CASHIER'S CHECK

91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

UNITED BANK *250dd's00cts DOLLARS

PURCHASER'S SIGNATURE Debbie Lorsh

ADDRESS

EXCH. FEE { ☐ COLLECTED ☑ WAIVED

DOLLARS

AUTH. SIGNATURE

101728 :122102831: *214104007O* ? *00000250O*

1004 R. 4/73

Rhodes for Congress

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

№ 101728

91-283/1221

August 15, 19 86

PAY TO THE ORDER OF DEBBIE LORSHBAUGH ..... $ *250.00

UNITED BANK *250dd's00cts DOLLARS

CASHIER'S CHECK

SO-DOBSON

grb

RT/TR # 122102831 ACCT NO

08-22-86 15:42 TELLER 1722 SEQ 0572

AUTHORIZED SIGNATURE

Jr C Boudet

101728 :122102831: *214104007O* *00000250O*

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ADDRESS _____ FEE [X] WAIVED

AUTH. SIGNATURE

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1004 R. 4/73

Lorraine H. Silver

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100609

91-283/1221

DEPOSITION EXHIBIT
FEC 17
7/8/99 LD

July 14, 19 86

PAY TO THE ORDER OF RHODES to Congress $**1,000.00**

UNITED BANK 1,000dols00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈100609⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

1004 R. 4/73

Cortland J. Silver

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MESA MAIN OFFICE JUL 14 86

CONTRA Cash

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100608
CASHIER'S CHECK
91-283/1221

July 14, 19 86

PAY TO THE ORDER OF RHODES to Congress $**1,000.00**

UNITED BANK 1,000dols00cts DOLLARS

PURCHASER'S SIGNATURE Bambuge

EXCH. FEE [ ] COLLECTED [X] WAIVED

AUTH. SIGNATURE

ADDRESS _____

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1004 R. 4/73

Cortland J. Silver

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100608

91-283/1221

July 14, 19 86

PAY TO THE ORDER OF RHODES to Congress $**1,000.00**

UNITED BANK 1,000dols00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈100608⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

Form R-4/78

Lorraine H. Silver

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MESA REGIONAL HOME OFFICE
UNITED BANK OF ARIZONA
MESA, ARIZONA

MESA MAIN OFFICE
JUL 14 '86
81-283

No 100609
CASHIER'S CHECK
81-283/1221

July 14, 19 86

PAY TO THE ORDER OF RHODES [illegible] $**1,000.00**

UNITED BANK 1,000dol's00cts DOLLARS

EXCH. FEE { ☐ COLLECTED ☒ WAIVED

PURCHASER'S SIGNATURE Barbara Rhodes

AUTH. SIGNATURE

ADDRESS

⑈100609⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000100000⑈

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JY '86 24

UNITED BANK
OCHA, ARIZONA
PAY ANY BANK

Friends for Congress Committee

JY '86 14

UNITED BANK
OCHA, ARIZONA
PAY ANY BANK

UNITED BANK OF ARIZONA
AT LAW BY THE ORDER OF

FOR DEPOSIT ONLY

Friends for Congress Committee

DEPOSITION EXHIBIT
FEC 18
7/8/89 JD

FOR YOUR BANKING NEEDS CALL
1-602-248-2242

LAST STATEMENT	DATE OF THIS STATEMENT
11/28/86	12/31/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

EO 60323-19-072

988

PAGE 1

UNITED'S NEW FLEXLINE HOME EQUITY LOAN PROGRAM..."TODAY'S SMART MONEY LOAN THAT LOWERS YOUR COST OF BORROWING". FOR MORE INFORMATION, CONTACT YOUR LOCAL UNITED BANKER.

		NUMBER OF ITEMS	DEBITS SUBJECT TO SERVICE CHARGE
STATEMENT OF MONEY MARKET	60323-19-072	5	

[redacted]

PREVIOUS STATEMENT BALANCE	82,489.44
3 DEPOSITS AND OTHER CREDITS OF	3,224.20
5 CHECKS AND OTHER DEBITS OF	83,239.44
SERVICE CHARGE OF	0.00
CURRENT BALANCE AS OF THIS STATEMENT DATE	2,474.20
YEAR TO DATE INTEREST	1,102.11

ACCOUNT TRANSACTIONS

DEPOSITS AND OTHER CREDITS

DATE	AMOUNT	DESCRIPTION	
12/08	1,750.00	DEPOSIT	0020326145
12/23	1,300.00	DEPOSIT	0010202246
12/31	174.20	INT PAID	

OTHER DEBITS

DATE	AMOUNT	DESCRIPTION	
12/03	1,500.00	DR MEMO	0020151375
12/04	35,000.00	DR MEMO	0020097954
12/05	[redacted]	DR MEMO	0020034321
12/17	[redacted]	DR MEMO	0020202360
12/2[redacted]	[redacted]	DR MEMO	0010174224

DAILY BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
12/03	80,989.44	12/04	45,989.44	12/08	47,739.44
12/09	41,739.44	12/17	36,739.44	12/23	2,300.00
12/31	2,474.20				

AVERAGE DAILY BALANCE..... 33,963.93

AVERAGE COLLECTED BALANCE 33,760.70

[redacted]

D17

100-4 R. 4/73
C. Miller

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 101711
CASHIER'S CHECK
91-383/1221

DEPOSITION EXHIBIT
FEC 1
9/19/89 LD

REGISTER COPY

CONTRA 11502 0107

August 13, 19 86

PAY TO THE ORDER OF ******Rhodes To Congress**********$1,000.00*

UNITED BANK 1,000dols00cts DOLLARS

PURCHASER'S SIGNATURE

EXCH. ☐ COLLECTED
FEE ☒ WAIVED

ADDRESS

AUTH. SIGNATURE

⑈101711⑈ ⑆122102831⑆ ⑈2141040070⑈ 2 ⑈0000100000⑈

100-4 R. 4/73
C. Miller

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 101711
91-383/1221

August 13, 19 86

PAY TO THE ORDER OF ******Rhodes To Congress**********$1,000.00*

UNITED BANK 1,000dols00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈101711⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000100000⑈

24360005539

- EXHIBIT #2 -

Credited to the Account of
The within named payee in accordance with payee's instructions
Absence of Endorsement Guaranteed
UNITED BANK OF ARIZONA
MESA REGIONAL HOME OFFICE
MESA, ARIZONA 85201

603239-072

100-4 R. 4/73

K A Williams

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 101713

REGISTER COPY

CONTRA 1502 0107

CASHIER'S CHECK
91-283/1221

August 13, 1986

PAY TO THE ORDER OF ********Rhodes To Congress********** $1,000.00

UNITED BANK- 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

EXCH. FEE ☐ COLLECTED ☒ WAIVED

ADDRESS

AUTH. SIGNATURE

INITIALS

⑈101713⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

100-4 R. 4/73

K A Williams

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 101713

91-283/1221

August 13, 1986

PAY TO THE ORDER OF ********Rhodes To Congress********** $1,000.00

UNITED BANK- 1,000dol's00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈101713⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

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1004 R. 4/73

S A Pooley

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

No 101714
CASHIER'S CHE
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REGISTER COPY

CONTRA 11502 0107

August 13, 19 86

PAY TO THE ORDER OF ******Rhodes To Congress****** $2,000.00

UNITED BANK 2,000dols00cts DOLLAI

PURCHASER'S SIGNATURE

EXCH. FEE. ☐ COLLEC ☒ WAIVED

INITIALS

ADDRESS

AUTH. SIGNATU

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1004 R. 4/73

S A Pooley

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

No 101714

91-283/1221

August 13, 19 86

PAY TO THE ORDER OF ******Rhodes To Congress****** $2,000.00

UNITED BANK 2,000dols00cts DOLLAI

CASHIER'S CHECK

AUTHORIZED SIGNATURE

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2043609054

1004 R. 4/73

R. R. Pooley

REGISTER COPY

CONTRA 1142 0167

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

AUG 13 '86

№ 101719
CASHIER'S CHEC
91-283/1221

August 13, 19 86

PAY TO THE ORDER OF ********Rhodes to Congress********** $*2,000.00*

UNITED BANK 2,000dol's00cts DOLLAR

PURCHASER'S SIGNATURE Bank of [illegible]

EXCH. FEE ☐ COLLECT ☒ WAIVED

ADDRESS

INITIALS AUTH. SIGNATUI

⑈101719⑈ ⑆122102831⑆ ⑈214104007⑈ ? ⑈0000200000⑈

1004 R. 4/73

R. R. Pooley

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 101719

91-283/1221

August 13, 19 86

PAY TO THE ORDER OF ********Rhodes to Congress********** $*2,000.00*

UNITED BANK 2,000dol's00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈101719⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000200000⑈

100-4 R. 4/73

MESA REGIONAL HOME OFFICE

S A Prattg

UNITED BANK OF ARIZONA
MESA, ARIZONA

No 101720
CASHIER'S CHEC
91-283/1221

REGISTER COPY

CONTRA 1150 0107

August 13, 19 86

PAY TO THE ORDER OF *****Rhodes for Congress***** $1,000.00*

UNITED BANK 1,000dlls00cts DOLLAR

PURCHASER'S SIGNATURE

EXCH. FEE ☐ COLLECT ☒ WAIVED

ADDRESS

AUTH. SIGNATU

INITIALS

⑈101720⑈ ⑆122102831⑆ ⑈2141040070⑈ ? ⑈0000100000⑈

100-4 R. 4/73

MESA REGIONAL HOME OFFICE

K A Prattg

UNITED BANK OF ARIZONA
MESA, ARIZONA

No 101720

91-283/1221

August 13, 19 86

PAY TO THE ORDER OF *****Rhodes To Congress***** $1,000.00*

UNITED BANK 1,000dlls00cts DOLLAR

CASHIER'S CHECK

AUTHORIZED SIGNATURE

⑈101720⑈ ⑆122102831⑆ ⑈2141040070⑈ ⑈0000100000⑈

DEPOSITION EXHIBIT
F.E.C. 2
7/14/89 LD

RHODES
TO CONGRESS

CERTIFIED MAIL
August 28, 1986

Dear Sirs:

Enclosed please find copy of last minute contributions form dated August 28, 1986 (2 pages) for the Rhodes for Congress Committee, FID#C00195909.

Very truly yours,

Kent C. Mulkey,
Treasurer

Enclosure

9940014316402545

SCHEDULE A — ITEMIZED RECEIPTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 1 OF 2

FOR LINE NUMBER

Last Minute Contributions

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (In Full)

Rhodes for Congress Committee ID#C00195909 8-28-86

A. Full Name, Mailing Address and ZIP Code George & Mary Boyd 10 Hanover Square New York, NY 10005	Name of Employer Kidder Peabody Occupation Investment Banker	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1000.00
Receipt For: X Primary ___ General ___ Other (specify):	Aggregate Year-to-Date $ 1000.00		
B. Full Name, Mailing Address and ZIP Code Max C. Chapman 10 Hanover Square New York, NY 10005	Name of Employer Kidder Peabody Occupation Investment Banker	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1000.00
Receipt For: XX Primary ___ General ___ Other (specify):	Aggregate Year-to-Date $ 1000.00		
C. Full Name, Mailing Address and ZIP Code Mark W. Dobson 13 N. MacDonald, Suite 500 Mesa, AZ 85201	Name of Employer Self Occupation Farmer	Date (month, day, year) 8-26-86 8-26-86	Amount of Each Receipt this Period 900.00 P 100.00 G
Receipt For: X Primary X General ___ Other (specify):	Aggregate Year-to-Date $ 1,000.00		
D. Full Name, Mailing Address and ZIP Code Ruby L. Dobson 2645 E. Southern, #339 Tempe, AZ 85282	Name of Employer Housewife Occupation N/A	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1,000.00
Receipt For: X Primary ___ General ___ Other (specify):	Aggregate Year-to-Date $ 1,000.00		
E. Full Name, Mailing Address and ZIP Code Charles W. Dunn, Jr. 580 Sasco Hill Road Fairfield, CT 06430	Name of Employer Kidder Peabody Occupation Investment Banker	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1,000.00
Receipt For: X Primary ___ General ___ Other (specify):	Aggregate Year-to-Date $ 1,000.00		
F. Full Name, Mailing Address and ZIP Code Philip L. Erickson 1220 N. Kyrene Road Chandler, AZ 85224	Name of Employer Self Occupation Contractor	Date (month, day, year) 8-26-86 8-26-86	Amount of Each Receipt this Period 900.00 P 600.00 G
Receipt For: X Primary X General ___ Other (specify):	Aggregate Year-to-Date $ 1,500.00		
G. Full Name, Mailing Address and ZIP Code Mrs. Billy Erickson 1220 N. Kyrene Chandler, AZ 85226	Name of Employer Housewife Occupation N/A	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1,000.00
Receipt For: X Primary ___ General ___ Other (specify):	Aggregate Year-to-Date $ 1,000.00		

SUBTOTAL of Receipts This Page (optional) .....

3344901431 840 0 2 5 6

SCHEDULE A **ITEMIZED RECEIPTS**

Use separate Schedule(s) for each category of the Detailed Summary Page

PAGE 2 OF 2

FOR LINE NUMBER

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

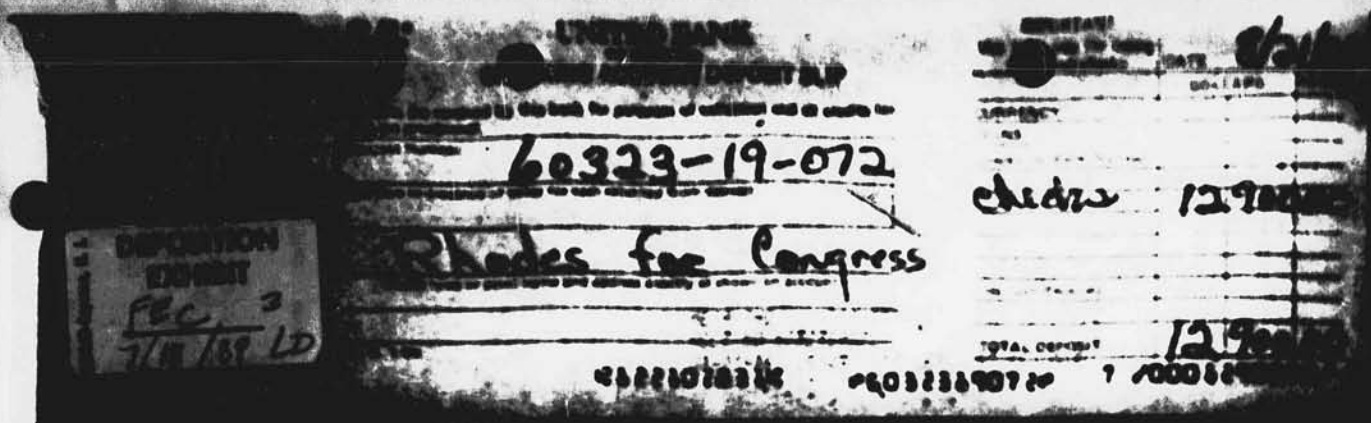
NAME OF COMMITTEE (in Full)

Rhodes for Congress Committee

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
C. Eugene Franzoy 5030 E. Sunrise Drive Phoenix, AZ 85044	Owner PC Partnerships $ 1,000.00	8-26-86	1,000.00
Receipt For: [X] Primary [ ] General [ ] Other (specify):			
B. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Cindy Miller 3609 N. 44th Street Phoenix, AZ 85018	N/A Real Estate Sales $ 1,000.00	8-26-86	1,000.00
Receipt For: [X] Primary [ ] General [ ] Other (specify):			
C. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Randy R. Pooler 17138 E. Amburst Dr. Fountain Hills AZ 85268	Self Contractor $ 2,000.00	8-26-86	2,000.00
Receipt For: [X] Primary [X] General [ ] Other (specify):			
D. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Stephanie A. Pooler 17138 E. Amburst Dr. Fountain Hills AZ 85268	Housewife N/A $ 1,000.00	8-26-86	1,000.00
Receipt For: [X] Primary [ ] General [ ] Other (specify)			
E. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
K. A. Pratto 2002 E. Ranch Road Chandler, AZ 85224	Housewife N/A $ 1,000.00	8-26-86	1,000.00
Receipt For: [X] Primary [ ] General [ ] Other (specify)			
F. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
K. A. Williams 5202 E. Cholla Scottsdale, AZ 85254	Self Real Estate Broker $ 1,000.00	8-26-86	1,000.00
Receipt For: [X] Primary [ ] General [ ] Other (specify):			
G. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Aggregate Year-to-Date	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: [ ] Primary [ ] General [ ] Other (specify)			

SUBTOTAL of Receipts This Page (optional) 14,500.00

32400143316402727


60323-19-072
Rhodes for Congress
check 12

60323-19-072
60323-19-072
60323-19-072
60323-19-072

DEPOSITION EXHIBIT
FEC 4
7/18/89 LD

ADVICE OF CREDIT

ACCOUNT NO.	TRANS. CODE	AMOUNT
65296 01 073	37	11,000.00

IMPORTANT

YOUR ACCOUNT HAS BEEN CREDITED FOR THE REASON SHOWN AT RIGHT PLEASE ADJUST YOUR RECORDS ACCORDINGLY.

UNITED BANK OF ARIZONA

REASON

Advanced on der RLC Note 24436 01

Jay Rhodes I 01100 35 070

to cover checks written

CREDIT

ORIGINATING BRANCH 07

DATE 6/12/86

AUTH. BY HRBaudet

FILE COPY

EN 14-1

Rhodes for Congress
% Bob Mulkey
703 N. Alma School Road
Chandler, Arizona 85224

2-91 R. 9/84

9243600550

DEPOSITION EXHIBIT
FEC 5
7/19/89 LD

ADVICE OF CHARGE

ACCOUNT NO.	TRANS. CODE	AMOUNT
11533 01 079	38	$ 819.63

IMPORTANT

YOUR ACCOUNT HAS BEEN CHARGED FOR THE REASON SHOWN AT RIGHT PLEASE ADJUST YOUR RECORDS ACCORDINGLY.

UNITED BANK OF ARIZONA

REASON

Inbtest due thru 12/1/86 on commercial note - 01100 35 079 #24496801

per Steve Todd, RVP

DEBIT

FILE COPY

EN 14-1

2-28 R. 9-84

John J. Rhodes III

1738 N. Gentry Circle

Mesa, AZ 85203

ORIGINATING BRANCH Mesa RHO #07

DATE 12/19/86

AUTH. BY

24043600551

FOR YOUR BANKING NEEDS CALL
1-602-248-2242

YOUR [illegible]18-2304 DATE OF LAST STATEMENT	THIS STATEMENT
07/31/86	08/29/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

ACCOUNT NUMBER	
EO	60323-19-072

98807

WITH TAX REFORM LAWS BEING FINALIZED, IT APPEARS UNITED'S FLEXLINE, A HOME EQUITY LOAN PROGRAM, WILL BE A USEFUL AND BENEFICIAL FINANCIAL TOOL. CALL YOUR BANKER FOR DETAILS.

		NUMBER OF ITEMS	DEBITS SUBJECT TO SERVICE CHARGE
STATEMENT OF MONEY MARKET	60323-19-072	7	

ACCOUNT SUMMARY

PREVIOUS STATEMENT BALANCE	17,838.33
12 DEPOSITS AND OTHER CREDITS OF	51,279.43
INTEREST DEPOSIT OF	26.93
7 CHECKS AND OTHER DEBITS OF	69,100.00
SERVICE CHARGE OF	0.00
CURRENT BALANCE AS OF THIS STATEMENT DATE	44.69
YEAR TO DATE INTEREST	457.24

ACCOUNT TRANSACTIONS

DEPOSITS AND OTHER CREDITS

DATE	AMOUNT	DESCRIPTION	
08/01	1,432.50	DEPOSIT	0020202494
08/07	1,037.00	DEPOSIT	0020007094
08/07	3,524.93	DEPOSIT	0020007119
08/11	3,110.00	DEPOSIT	0020199952
08/21	5,000.00	DEPOSIT	0020120657
08/21	12,900.00	DEPOSIT	0020119630
08/22	2,150.00	DEPOSIT	0020146860
08/27	2,930.00	DEPOSIT	0020114154
08/27	5,780.00	DEPOSIT	0020114174
08/27	10,200.00	DEPOSIT	0020138194
08/28	1,700.00	DEPOSIT	0020091591
08/29	1,515.00	DEPOSIT	0020110359
08/29	26.93	INT PAID	

OTHER DEBITS

DATE	AMOUNT	DESCRIPTION	
08/01	1,000.00	DR MEMO	0020166922
08/07	10,000.00	DR MEMO	0020049666
08/07	11,000.00	DR MEMO	0020049674
08/21	4,900.00	DR MEMO	0020120654
08/21	12,900.00	DR MEMO	0020119618
08/25	7,000.00	DR MEMO	0020196734

94043605552

FOR YOUR BANKING NEEDS CALL
1-602-248-2242

LAST STATEMENT	DATE OF THIS STATEMENT
07/31/86	08/29/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

ACCOUNT NUMBER
EO 60323-19-072

98807

STATEMENT OF MONEY MARKET 60323-19-072

ACCOUNT TRANSACTIONS
OTHER DEBITS

DATE	AMOUNT	DESCRIPTION
08/29	22,300.00	DR MEMO

0020252378

DAILY BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
08/01	18,270.83	08/07	1,832.76	08/11	4,942.76
08/21	5,042.76	08/22	7,192.76	08/25	192.76
08/27	19,102.76	08/28	20,802.76	08/29	44.69

AVERAGE DAILY BALANCE..... 7,529.22

AVERAGE COLLECTED BALANCE 4,830 03

94043605553

FOR YOUR BANKING NEEDS CALL
1-602-248-2242

DATE OF LAST STATEMENT	DATE OF THIS STATEMENT
08/29/86	09/30/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

EO | ACCOUNT NUMBER | 60323-19-072

98807

NOW GET CASH IN A HURRY AT ANY 24-HOUR TELLER MACHINE. JUST INSERT YOUR BANK CARD, ENTER YOUR PERSONAL ID NUMBER AND PUSH "FAST CASH". GETTING CASH IS NOW FASTER THAN EVER.

STATEMENT OF MONEY MARKET	60323-19-072	NUMBER OF ITEMS	DEBITS SUBJECT TO SERVICE CHARGE
		8	

ACCOUNT SUMMARY

PREVIOUS STATEMENT BALANCE	44.69
15 DEPOSITS AND OTHER CREDITS OF	101,277.88
8 CHECKS AND OTHER DEBITS OF	77,300.00
SERVICE CHARGE OF	0.00
CURRENT BALANCE AS OF THIS STATEMENT DATE	24,022.57
YEAR TO DATE INTEREST	470.12

ACCOUNT TRANSACTIONS

DEPOSITS AND OTHER CREDITS

DATE	AMOUNT	DESCRIPTION	
09/03	1,600.00	DEPOSIT	0010050299
09/03	5,200.00	DEPOSIT	0010010919
09/04	50,795.00	DEPOSIT	0020114330
09/05	4,525.00	DEPOSIT	0020242791
09/11	3,720.00	DEPOSIT	0020175179
09/15	1,375.00	DEPOSIT	0020179897
09/15	4,000.00	DEPOSIT	0020196606
09/17	2,550.00	DEPOSIT	0020048873
09/18	050.00	DEPOSIT	0020162709
09/19	500.00	DEPOSIT	0020197596
09/23	2,000.00	DEPOSIT	0020158284
09/24	9,200.00	DEPOSIT	0020101010
09/25	4,000.00	DEPOSIT	0020053901
09/30	10,750.00	DEPOSIT	0020142587
09/30	12.88	INT PAID	

OTHER DEBITS

DATE	AMOUNT	DESCRIPTION	
09/04	15,000.00	DR MEMO	0020110740
09/05	42,600.00	DR MEMO	0020197075
09/12	8,250.00	DR MEMO	0020153545
09/15	5,000.00	DR MEMO	0020180190
09/18	2,550.00	DR MEMO	0020138951

4 0 4 3 6 0 5 5 4

FOR YOUR BANKING NEEDS CALL
1-502-248-2242

1-502-248-2001

DATE OF LAST STATEMENT	DATE OF THIS STATEMENT
08/29/86	09/30/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

EO

ACCOUNT NUMBER
60323-19-072

98807

STATEMENT OF MONEY MARKET 60323-19-072

ACCOUNT TRANSACTIONS

OTHER DEBITS

DATE	AMOUNT	DESCRIPTION
09/19	1,550.00	DR MEMO
09/22	350.00	DR MEMO
09/23	2,000.00	DR MEMO

0020115119
0020195509
0020155045

DAILY BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
09/03	6,844.69	09/04	42,639.69	09/05	4,564.69
09/11	8,284.69	09/12	34.69	09/15	409.69
09/17	2,959.69	09/18	1,459.69	09/19	409.69
09/22	59.69	09/23	59.69	09/24	9,259.69
09/25	13,259.69	09/30	24,022.57		

AVERAGE DAILY BALANCE..... 6,383.26

AVERAGE COLLECTED BALANCE 2,284.70

.D16

)4043605555

FOR YOUR BANKING NEEDS CALL
1-602-248-2242

LAST STATEMENT	THIS STATEMENT
09/30/86	10/31/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

EO | ACCOUNT NUMBER 60323-19-072

98807

PAGE 1

UNITED'S NEW FLEXLINE HOME EQUITY LOAN PROGRAM..."TODAY'S SMART MONEY LOAN THAT LOWERS YOUR COST OF BORROWING". FOR MORE INFORMATION, CONTACT YOUR LOCAL UNITED BANKER.

STATEMENT OF MONEY MARKET	60323-19-072	NUMBER OF ITEMS	DEBITS SUBJECT TO SERVICE CHARGE
		3	

ACCOUNT SUMMARY

PREVIOUS STATEMENT BALANCE	24,022.57
12 DEPOSITS AND OTHER CREDITS OF	97,848.79
3 CHECKS AND OTHER DEBITS OF	44,715.26
SERVICE CHARGE OF	0.00
CURRENT BALANCE AS OF THIS STATEMENT DATE	77,156.10
YEAR TO DATE INTEREST	619.16

ACCOUNT TRANSACTIONS

DEPOSITS AND OTHER CREDITS

DATE	AMOUNT	DESCRIPTION	
10/02	475.00	DEPOSIT	0020193145
10/02	3,500.00	DEPOSIT	0020193142
10/03	3,000.00	DEPOSIT	0020242678
10/06	9,625.00	DEPOSIT	0020297483
10/08	3,325.00	DEPOSIT	0020165862
10/09	2,500.00	DEPOSIT	0020091602
10/15	5,750.00	DEPOSIT	0020088767
10/16	13,150.00	DEPOSIT	0020060174
10/22	23,975.00	DEPOSIT	0020150107
10/28	20,325.00	DEPOSIT	0020161798
10/29	12,074.75	DEPOSIT	0020168946
10/31	149.04	INT PAID	

OTHER DEBITS

DATE	AMOUNT	DESCRIPTION	
10/01	24,000.00	DR MEMO	0010130644
10/06	715.26	DR MEMO	0020181081
10/30	20,000.00	DR MEMO	0020129363

DAILY BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
10/01	22.57	10/02	3,997.57	10/03	6,997.57
10/06	15,907.31	10/08	19,232.31	10/09	21,732.31

FOR YOUR BANKING NEEDS CALL
1-602-248-2242

DATE OF LAST STATEMENT	DATE OF THIS STATEMENT
09/30/86	10/31/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

ACCOUNT NUMBER	
EO	60323-19-072

98807

STATEMENT OF MONEY MARKET 60323-19-072

DAILY BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
10/15	27,482.31	10/16	40,632.31	10/22	64,607.31
10/28	84,932.31	10/29	97,007.06	10/30	77,007.06
10/31	77,156.10				

AVERAGE DAILY BALANCE..... 38,756.96

AVERAGE COLLECTED BALANCE 32,903.87

.H18

UNITED BANK OF ARIZONA BRANCH 90 TYPE

DEPOSITION EXHIBIT FEC 7 7/18/89 LD

	11:0035079	00 024456	01	50							
	527:55:79				602-61:-6433						
INTEREST RATE	PRIME	TYPE	ADJUSTMENT					DATE			
10.50000	01	1	200 00			01		04/05/88			

SHORT NAME	NOTE DATE	MATURITY DATE	LAST RENEWAL			LAST MAINT	LAST ENTRY		ACCRUAL DATE		
HODES J&Y	06/03/86	03/30/89	01/25/88	4		11/02/87	04/05/88	73			

BALANCE INFORMATION

PRINCIPAL BALANCE	ORIGINAL PRINCIPAL	ADVANCES	PRINCIPAL ADJUSTMENTS	CURRENT BALANCE	NOTE TYPE	PAY METH	
000	11,00000	42,00000	51,00000-	000	01	02	0

INTEREST BALANCE	INTEREST EARNED	INTEREST ADJ.
000	4,92072	001-

FEES DUE	FEES ASSESSED	FEES WAIVED
000	000	000

PAYMENT SCHEDULE

				START DATE	AMOUNT		
1	M	1		02/29/88	000	1	1
1	M	1		03/30/88	000	1	0
0	*	0		03/30/89	2,00000	1	0

DISCOUNT NOTE DATA

ORIGINAL NOTE AMOUNT	ORIGINAL FIN CHG.	UNEARNED FIN CHG.
000	000	000

NEXT DUE DATE	NEXT DUE AMOUNT	TIMES LATE				
03/30/88	2,0000	1	16	31	61	91
PAST DUE DATE	PAST DUE AMOUNT	3	31	1	0	0
03/30/88	2,0210					

YEAR TO DATE BILLING DATA

PRINCIPAL BILLED	INTEREST BILLED	OTHER FEE BILLED
2,00000	4,92130	

BILLED THRU DATE	CURRENT BILLED AMT	YTD INT COLLECTED
03/30/88	2,01750	4813

GUARANTORS NO

NUMBER		

COLLATERAL INFORMATION

DESCRIPTION	REFERENCE NO	VALUE	PARTICIPANT	
UNSECURED		000		

AFFILIATED ACCT NO	SYS

CATEGORIES FOR REPORTS

0004A	006C01706	00	50000								C	2	2	

TOTAL INS	0.00	ORIGINAL COMM	0.00
LT CHG DUE	0.00	AVAILABLE COMM	0.00
TOT REBATE	0.00		

START BEG BAL 2,000.00

TRAN	DATE		AMOUNT
60	06/17/86	P	11,50000
60	07/02/86	P	3,00000
67	08/25/86	P	18,00000
60	09/29/86	P	15,50000
58	12/19/86	I	81963
23	04/02/87	RC	9.7500
23	05/01/87	RC	10.0000
23	09/04/87	RC	10.7500
23	10/07/87	RC	11.2500
05	12/31/87		RENEWAL
67	11/20/57	P	8,00000
05	03/30/88		RENEWAL

TRAN	DATE		AMOUNT
60	06/30/86	P	7,00000
64	07/06/86	I	087
23	08/26/86	RC	9.5000
58	10/06/86	I	71526
05	03/31/87		RENEWAL
05	09/28/87		RENEWAL
23	05/15/87	RC	10.2500
58	09/29/87	I	92847
67	10/14/87	P	7,00000
67	10/28/87	P	5,00000
67	12/02/87	P	8,00000
23	02/02/88	RC	10.5000

TRAN	DATE		AMOUNT
60	07/03/86	P	2,50000
23	07/11/86	RC	10.0000
60	08/27/86	P	2,50000
58	12/19/86	I	92123
57	12/22/86	I	81963
59	04/06/87	I	1,00574
59	07/06/87	I	86795
67	09/29/87	P	5,00000
23	10/22/87	RC	11.0000
23	11/05/87	RC	10.7500
59	01/05/88	I	42519
59	02/29/88	I	3546

TRANSCRIPT OF PROCEEDINGS

ORIGINAL

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

- -x
:
IN RE :
:
M U R 2602 :
:
- -x

DEPOSITION OF ANN GALBRAITH WENDELL

Washington, D. C.

Wednesday, July 19, 1989

ACE-FEDERAL REPORTERS, INC.
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Please make all changes or corrections on this sheet, showing page, line and reason, if any, for Reporter's insertion into the original deposition. Sign this sheet; sign deposition at end on line provided; and return the original deposition or signature page to the above address for filing.

PAGE	LINE	CORRECTION	REASON
4	4	Ann should read Anne	misspelled
10	19	appearance should read appearances, as in public appearances	clarification
13	10	pens should read "pins."	misspelled
42	11	compain should read campaign	"
56	15+16	campaigns should read campaign related issues	clarification
80	14	valued should read evaluated	misunderstood

Anne Gwendell

(Signature here and on depostition)

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UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

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DEPOSITION OF ANN GALBRAITH WENDELL

Washington, D. C.

Wednesday, July 19, 1989

Deposition of ANN GALBRAITH WENDELL, called for examination pursuant to notice of deposition, at the offices of the Federal Election Commission, 999 E Street, N.W., Sixth Floor, at 9:30 a.m. before LEANNE P. DOTSON, a Notary Public within and for the district of Columbia, when were present on behalf of the respective parties:

JONATHAN LEVIN, ESQ.
COLLEEN MILLER, ESQ.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D. C. 20463
On behalf of Federal Election Commission.

DANIEL J. SWILLINGER, ESQ.
DENIS L. VENTRIGLIA, ESQ.
Alagia, day, Marsahll, Mintmire & Chauvin
1000 Thomas Jefferson Street, N.W.
Washington, D. C. 20007
On behalf of the Deponent.

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PROCEEDINGS

Whereupon,

ANN GALBRAITH WENDELL

was called as a witness and, having first been duly sworn, was examined and testified as follows:

MS. MILLER: Good morning. We are here today as part of an investigation entitled Matter Under Review 2602. This is an investigation that is being conducted under Section 437(g) of Title II of the United States Code. The parties present today are reminded that these proceedings and August proceedings in the investigation are to be held confidential pursuant to 437(g), subsection A of Title II. Basically that means you are not to discuss anything that happened today, or anything you know about this investigation with anybody other than your counsel.

My name is Colleen Miller. This is Jonathan Levin. We are attorneys for the Federal Election Commission.

The parties have stipulated to reserve all objections except as to form and foundation until time of trial, if any. The deponent has been sworn.

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EXAMINATION

BY MS. MILLER:

Q Would you please state your name for the record.

A Ann Galbraith Wendell.

Q Thank you. You have the right to be represented by counsel today. Are you represented?

A Yes.

Q What is your counsel's name?

A Dan Swillinger.

Q Thank you. I don't know whether you have ever been deposed before, but let me just go over some instructions with you so that we are operating under the same game rules today.

I'm going to be asking you a series of questions. If you don't hear any question or you don't understand a question, just say so, and I will either repeat it or I will try to rephrase it so that you understand it. If you answer a question I'm going to assume that you heard it and you understood it. If you don't know the answer to a question or you just don't remember right now, just say so.

Some of the questions that I will be asking --

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most of the questions that I will be asking will be going back to events that took place three or 3-1/2 years ago, so I would like you to just take your time, and think about the questions. Recall to the best of your ability the answer. If later on in the deposition you remember something that goes to a question that I asked earlier on, just interrupt me and tell me that you have remembered something. I understand that when events go back this far, sometimes things come back to you gradually. We will be glad to go back and clarify anything that you have said before.

It is necessary that you answer out loud. A written record is being taken, so if you make a gesture or shake your ahead or make some sound that isn't a word it won't appear on the record, so you have to answer out loud.

If you get tired or confused or you just want to stretch your legs or something, just say so, and we will take a break.

Do you understand these instructions?

A Yes.

Q Thank you. Would you state your address for the

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record, please?

A 6848 East Chaparral, Scottsdale.

Q Where are you employed, Ms. Wendell?

A Scottsdale Chamber of Commerce.

Q How long have you been there?

A 2-1/2 years.

Q That would be since early 1987?

A December 1, 1986.

Q December 1, 1986?

A Yes.

Q What is your educational background?

A I have a degree from Arizona State University.

Q In what area?

A Education history.

Q Were you employed by the Rhodes to Congress Committee?

A Yes.

Q When was that?

A From late May, 1986, until November 15th, 1986.

Q What was your job for the Rhodes to Congress Committee?

A My job description? My job title?

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Q Your job title?

A Campaign manager, from May until the September primary. The period of time between the primary and the general, I was the assistant campaign manager.

Q Had you had any prior experience in campaigns?

A No. I hadn't.

Q Had you done volunteer work?

A Very little. When I was young, in high school.

Q Do you remember the names of any of the campaigns you worked on?

A No.

Q Who hired you to work for the Rhodes to Congress Committee?

A Jay.

Q Jay Rhodes?

A Yes.

Q Had you known him personally before he hired you?

A For the three to four weeks previous to the campaign I was the campaign manager for Ron Ballard, B-a-l-l-a-r-d. Ron was also a candidate in Congressional District 1 -- in that race. I was hired by his campaign

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in April. I worked for him for three or four weeks, convinced him to withdraw from the race and throw his support to Jay.

Q You convinced Mr. Ballard to withdraw?

A Yes.

Q Had you known Jay Rhodes prior to your working with Ray Ballard?

A No. Ron Ballard. No.

Q I'm sorry. Ron Ballard. How did you come to know Mr. Rhodes?

A When I was campaign manager for an opposing candidate they quite oftentimes would be at the same events, and I would listen to Jay speak. I shook his hand a couple of times in greeting, and that was it.

Q Was there anyone else involved in hiring you? Did you meet anyone else before you were hired?

A Peggy Rubach.

Q What was Peggy Rubach's job on the committee?

A She was a volunteer.

Q Did she have a title?

A Not to my recollection. She may have. She was on the strategy committee. I don't remember the name of

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what that committee was.

Q Do you know who preceded you as campaign manager prior to May?

A Benetta Dupree.

Q Could you spell her first name?

A B-o-n-i-t-a, D-u-p-r-e-e.

Q Did she remain on the committee after you were hired?

A No.

Q Do you know why she left?

A No. It was my -- there was never a stated, specific reason.

Q Was there any overlap of time, a couple of days that you were both working there at the same time?

A No.

Q No overlap?

A No.

Q She had already left by the time you started?

A She left the day before. I believe she left on a Friday. I started on a Monday morning and met with her for a couple of hours. She gave me a list of things that needed to be followed up on. That was it. Benetta

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remained on our volunteer list, but she didn't remain active in the campaign.

Q So it was a friendly departure?

A That was my understanding.

Q Okay. You stated that in September of 1986, you shifted to become the assistant campaign manager?

A Yes.

Q Who became the manager at that point?

A Tom Rawles.

Q Why was it that he took the manager position?

A Tom had been also a candidate in this race and Tom was very interested in working for Jay as a possible administrative assistant, as the head of that campaign. I was not interested in that position, and it was a way for Tom and Jay to see if they could work together.

Once you win in a district like Congressional District 1, which is primarily Republican, the campaign before the general focuses on more fundraising and appearance, some general advertising, but the bulk of the campaign was over by the time we had won the primary.

(Discussion off the record.)

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BY MS. MILLER:

Q Was Tom Rawles still a candidate as of the primary in 1986?

A No.

Q He had already withdrawn?

A He withdrew before I ever joined the campaign.

Q Okay. You stated that he was interested in being Mr. Rhodes' administrative assistant and I think you said on the campaign?

A No, I meant after he was -- after he was elected Congressman.

Q Okay.

A I believe the title that he was to assume after Jay was finally elected, was chief of staff. That was the title that they gave him once he finally was hired.

Q Had he served on the committee in any way prior to September of 1986?

A Only as an advisor.

Q As an advisor?

A A volunteer.

Q You remained with the committee after Mr. Rawles took the manager position?

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A Yes.

Q So the two of you shared the responsibilities that you had had before?

A I continued with most of the responsibilities I had before. Tom continued practicing law. He stopped into the office a couple of times a day. He supervised.

Q Would you describe for me, please, what your duties were as the campaign manager?

A When I was hired Peggy explained to me that I was to do everything except fundraising, which meant I was to inspire and -- the volunteers, to coordinate the work that they were doing, I was in charge of all the mailings, I coordinated Jay's schedule, I did a lot of telephone work. We didn't have a receptionist or secretary on staff, so I answered the phone most of the time.

I worked with the media, put out press releases, worked with Jay on his speeches. In his schedule I worked with his secretary to coordinate what he was doing in his law practice and campaign activities and also his personal commitments. I inventoried the brochures and suppliers. I was in charge of all the polling. I made sure that Jay had someone to shadow him to all the events; just all the

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details in the campaign.

Q Did you actually attend events with Jay?

A Occasionally. I tried to get the volunteers to do that. That was something they enjoyed, and it was something easy for me to delegate. It was also very time-consuming.

Q What was involved in attending these events, or shadowing, as you say?

A They were in charge of taking the brochures, the bumper stickers, and the pens.

Q You did not organize any fundraisers?

A The only time that I participated in fundraising events was when they were primarily done by the campaign as a public relations effort. We coordinated a governor's reception and invited a lot of people to attend. It was not a high dollar event, it was an opportunity for -- it was a press opportunity. We had a veterans' event, a veterans' dinner. That was also not geared to make a lot of money, but was a very good opportunity for publicity.

Q Would you actually organize these events?

A Those two I organized completely.

Q Did you attend fundraisers that you didn't

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organize?

A Not always. There weren't a lot of fundraisers, so there wasn't a great demand for that, but there were some that I attended.

Q Would you organize meetings of the various subcommittees?

A Sometimes.

Q What sorts of things would you do to help organize those meetings?

A Basically make people aware of the time, the date, and the place they needed to attend.

Q Would you attend those meetings also?

A Sometimes.

Q You stated that you were responsible for some of the mailings.

A Yes.

Q What did that involve?

A We knew pretty much in the district what precincts were our precincts, which ones were favorable to Jay. We targeted those for most of our mailings. That particular district is very heavily urban and it is a very large district, so we had the opportunity to really target

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pretty carefully. They were primarily information pieces. I wrote a couple of different pieces, depending upon who we were mailing them to. The retired community was located in a couple of zip codes and -- a finite number of precincts and a mailing was targeted to them.

Q So when you are talking about mailings you are talking about actually drafting up the letters and targeting specific areas, not stuffing envelopes and putting the stamps on?

A Yes. We did all that work ourselves as well.

Q You did all that, too?

A Yes. We brought in volunteers for the larger mailings to help us with the stamping. We had a public relations advertising agency that we worked with on the graphics and design. I wrote a lot of the copy. Tom Rawles is a very good writer and he assisted in that.

Q Would you say that you were involved in policy development, issue development for the campaign?

A An awful lot of the policy and issue development had been done prior to my arrival at the campaign. I was involved in some of it from that point on.

Q You also stated that you worked with the

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telephones. You answered the phone because there wasn't a receptionist?

A That's right.

Q Did you also make calls to people to ask for their interest in the campaign or ask for their support in some ways?

A I didn't call to ask for support. I was primarily calling from a volunteer list that had been developed before I came to the campaign. I coordinated the walking on weekends to the neighborhoods. I coordinated the volunteers for the polling, the mailings, those kinds of things. Most of the phoning that I did was for the volunteers.

Q Did you attend any of the walking tours?

A Yes.

Q Did Mr. Rhodes' wife attend those walking tours?

A Most of the time.

Q The reason I ask is because a copy of the candidate's schedule was produced, and frequently there would be Jay and Ann, and I wasn't sure whether it was Ann Brown or -- now Ann Wendell, or whether it was Ann Rhodes that was on those tours?

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A Both of us attended most of the time.

Q All right.

A That was one place where we were able to use Annie. She is very bright and people like her.

Q Annie --

A Jay's wife.

Q Jay's wife?

A Yes.

Q Were you responsible for any of the money in the office?

A No. All the checks and all of the money went directly to Ben Dodson.

Q You didn't write checks or make deposits into the checking account, or anything like that?

A I had nothing to do with the money. The only checks I wrote -- there were three or four media checks at the very very end of the primary campaign. It would have been probably the end of August.

Q Media checks being --

A Newspaper, television, and radio.

Q Checks that you wrote to pay for advertisement accounts?

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A Correct.

Q Or for subscriptions?

A No, advertisements.

Q Were you responsible for keeping any of the committee's records, the contribution list?

A All the records were kept by Ben Dodson. I would occasionally review them, and maybe have them on my desk, but I wasn't in charge of keeping those records.

Q Would you make notations on them from time to time?

A Possibly.

Q Were you responsible for keeping employee schedules or employee records or anything like that?

A There were only -- there was only one other employee, regular employee, besides myself, and that was Ben.

Q Ben Dodson?

A That's correct.

Q Did you keep a list of office supplies?

A Only at the time we were inventorying them.

Q Did I understand you correctly that you were responsible for essentially recruiting volunteers?

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A Yes.

Q Would you also supervise them, organize their activities?

A I would give direction to them. There were three primary areas that I worked with volunteers, and I typically used the same group of volunteers for the same activities. The same group of people who walked with us on Saturdays typically were the same group that I walked with every time, so once they were trained they were fine on their own.

The same is true for polling. The particular gentlemen who was our political consultant, Bruce Merrill, was in charge of polling -- the polling operation. He had a couple of students who he referred to the campaign who I recruited as volunteers. They had a lot of technical expertise, so again, we trained the original group and used them over and over again. The group of ladies that we used for the mailing were primarily women who had worked on political campaigns before this one. They were from primarily Republican organizations, and knew sometimes more about mailings than I did.

Q You stated that your polling consultant assisted

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with training your telephone polling volunteers?

A That is true.

Q Did you train the volunteers who walked with you? Was that your responsibility, to train them?

A Yes.

Q And your envelope-stuffing volunteers came pretty well trained to begin with?

A That's correct.

Q Was there any other kind of volunteer training you were involved in?

A Not that I remember.

Q Did you --

A There were little things that came along, like the get out the vote campaign. It is called GOTV. That occurs right before the primary and right before the general. Through the polling process, which was very extensive -- every two weeks we did polls -- we were able to put together a very long list of constituents in the district who had indicated they were going to vote for Jay. The GOTV effort was primarily targeted to people that we knew were Rhodes supporters and they were just reminder phone calls. I coordinated that whole effort and

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got the volunteers and located the phones and those kinds of things.

Q Where would the get out the vote drives be conducted?

A Primarily from the campaign office. We had four phones there.

Q Is that also where the polls that you mentioned would be conducted?

A Not completely. I believe we conducted one or two polls from that location.

Q I'm sorry?

A We only conducted one or two polls from that location.

Q Where else would they be conducted?

A The bulk of them were conducted through a hospital, and I can't remember the name of it. I think it was Mesa Lutheran. Peggy Rubach worked there, and so we used her office and a couple of offices around.

Q Would Peggy Rubach have been responsible for locating places to have these telephone polls?

A She assisted.

Q She assisted?

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A Yes.

Q Would it otherwise have been your responsibility?

A I almost always called Peggy and asked her what suggestions she had.

Q Is there anybody else that would have been involved in that, in finding a location to conduct the telephone polls?

A No.

Q Were you involved in hiring salaried employees or paid employees for the campaign?

A Ben Dodson was already hired before I joined staff. The only person that I hired was a part-time hourly person to put up some signs.

Q So at any one time you would have no more than two or three salaried employees, paid employees?

A Including myself, that's correct.

Q Including yourself?

A Yes.

Q Did you supervisor Ben Dodson? Were you his supervisor?

A In that I was the campaign manager, and he was

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my assistant, yes. When I came to the campaign, our job descriptions were clearly drawn. Ben was in charge of all of the campaign contributions, logging them, making the bank deposits, and filling out the FEC reports.

The only thing I coordinated was that I made sure that the filing dates were on my calendars.

Q Were you responsible for handling the payroll?

A No.

Q No?

A No.

Q Who was responsible for that?

A Ben.

Q Ben?

A Yes.

Q He wrote your paycheck?

A Yes.

Q Were you ever paid in cash?

A No.

Q It was always paid by a committee check?

A Yes.

Q Never by a cashier's check or anything like that?

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A No.

Q I believe in listing your responsibilities with the campaign, you said that you worked with press releases.

A Yes.

Q Would you also deal with the media in answering their questions or would you have been at press conferences to answer questions in any way?

A There was no official press conference while I was on the campaign, per se, except the evening of the election. Media questions were usually recorded. I took down the name of the reporter, got a general idea of what they were calling about, and I then called Jay and had him call them back directly.

Q Are there any other responsibilities that you had as campaign manager that we haven't gone over?

A The only thing other than that was drafting of thank-you letters and those kinds of things, correspondence.

Q I think you mentioned that Ben Dodson was the only other salaried employee other than yourself.

A That's correct.

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Q Let me name a couple of other people for you and see if at one time they may have been salaried while you were there, or received any kind of pay, and if you can tell me what their job was, and whether you supervised them at all.

Joe Freedman?

A Joe was the part-time hourly person that we hired to put up the signs.

Q Did you supervise him?

A Pretty much.

Q Vicki Kiernan, K-i-e-r-n-a-n?

A Vicki was a volunteer, nonpaid staff.

Q Did she do any secretarial services for which she might have been paid?

A That is possible before I came in the campaign. She may have been reimbursed for expenses. Vicki is Peggy Rubach's sister-in-law and was an active volunteer in the campaign, and it is very possible she could have incurred expenses for which she was reimbursed. She was the person we hired to make the cake for the victory party, those kinds of things.

Q Was Benetta Dupree also a salaried employee?

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A Prior to my arrival on the campaign.

Q That is yes?

A Yes.

Q And Benjamin Dodson was salaried?

A Yes.

Q I don't know whether we got it yet or not. What was his title on the campaign?

A I can't honestly tell you. I don't remember his technical title.

Q Then I guess we probably didn't get it yet. With these few people that we have mentioned, were you responsible for setting up employee schedules, work schedules?

A The only schedule I set up was Joe.

Q Joe's?

A Yes.

Q Who set Ben Dodson's schedule?

A Ben and I both arrived at the campaign at about 8:00 in the morning and were generally there until 10:00 or midnight. There was no set schedule. We worked as long as it took to get the job done.

Q Did you give Joe Freedman his work assignments?

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A Yes.

Q Did you give Ben Dodson his work assignments?

A No. That was established before I came with the campaign.

Q Would it have been your responsibility to fire Joe Freedman if he was inadequate?

A Ultimately.

Q Would you have been able to fire Ben Dodson if he had been inadequate?

A Not by myself.

Q Was it Ben Dodson's job to hand out the paychecks to you and to Joe Freedman?

A Yes.

Q Was Debbie Lorshbough a paid employee?

A Debbie Lorshbough was not paid from campaign funds. She was not on the campaign staff.

Q I'm going to need to ask you some questions about Ms. Lorshbough. In discussing it I would rather that you not, at this time, evaluate her work performance for us, if you can avoid that.

How did you first learn that she was going to be working for the committee?

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A John O'Neill told me. John O'Neill was the finance chairman.

Q Do you remember when that took place?

A Sometime in July, mid-July.

Q Mid-July?

A Yes, probably.

Q How soon after John O'Neill told you about this did she begin working for the campaign?

A The following week.

Q The following week?

A Yes.

Q What did John tell you about her working relationship with the campaign?

A That she was going to report for work there. I was to supervise her as if she were a regular paid staff person.

Q Were you going to be responsible for establishing her work hours; what time she should report in the morning?

A Yes.

Q And did John tell you that? Mr. O'Neill?

A Yes.

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Q Would you also be responsible for firing her if her work was inadequate?

A Not entirely.

Q Not entirely?

A No.

Q Who else would share that responsibility?

A John.

Q John O'Neill?

A Yes.

Q When Mr. O'Neill told you that Mrs. Lorshbough was going to be working, was there anybody else with you in that conversation?

A No.

Q Do you know whether he told anybody else about the relationship, the working relationship?

A I believe Ben was aware of it.

Q Do you know whether Jay Rhodes knew that she was going to be working with the campaign?

A I don't know.

Q You don't know?

A No.

Q How was Ms. Lorshbough terminated from the

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committee?

A There was not as much need for people to work on the campaign after we won the primary.

Q Did you ask Mr. O'Neill, or did Mr. O'Neill suggest it, or did Ben Dodson suggest it? How did that come about?

A The only person that I can speak for is myself. I mentioned to John that most of the work that we had to do at the campaign would be over, and there probably was not a need to continue to have Deborah there.

Q So this was close to the time of the primary?

A That's correct.

Q When this occurred?

A Yes.

Q How did Ms. Lorshbough receive her salary?

A John brought a cashier's check to her on Friday.

Q Was she ever paid in cash?

A No. Not to my knowledge.

Q Did you ever give her the cashier's check?

A No.

Q Was she ever paid by a committee check?

A Not to my knowledge.

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Q Do you recall what the date of the primary was?

A Not exactly. It was early in September.

Q Would it have been September 9th?

A Possibly.

Q All right.

A I believe it was the second Tuesday of the month.

Q Is it correct, then, that Ms. Lorshbough began working with the campaign in late July and continued until early September?

A To the best of my recollection.

Q That would be a period of --

A Six to eight weeks.

Q Six to eight weeks?

A Yes.

Q Could it have been any longer than that? Could it have been any earlier in July that she started working?

A Possibly.

Q Let me take you back to your first conversation with John O'Neill about Ms. Lorshbough coming to work for the committee.

At that time were you aware how she would be

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paid?

A Was I --

Q Did he make you aware of it, or were you otherwise aware of how she should be paid?

A He made me aware of it.

Q What did he tell you?

A He told me that he would be paying her directly, that it was not going to come out of the campaign expenses.

Q At that time were you aware of whose funds were going to be used to pay for her?

A Yes.

Q Whose funds were used?

A Her father's, Cortland Silver, to the best of my knowledge.

Q You were aware of that during the first conversation that you had with Mr. O'Neill?

A Yes.

Q At any time during the period from which you learned that she would be working with you, until the time that she left, do you recall any discussion about reporting her work as an in-kind contribution?

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A I discussed with John whether or not the committee -- or whether or not the campaign could legally have this arrangement. John was a well known prominent banker in the community and also, to my knowledge, had attended the National Republican Convention School here in Washington, and had received instruction on FEC rules and regulations. He explained to me that other campaigns had employers -- employees that were paid someplace else, but actually worked on the campaign, and that this was standard operating procedure.

Q Did you ever hear her described as a "loaned employee"?

A I don't remember whether that term was used or not.

Q Okay. I want to make sure that I have gotten the complete answer to the question I asked a little while ago. When you discussed this with Mr. O'Neill, and whether it was permissible under the election reporting laws, he stated that other campaigns did this, it is standard operating procedure. Did that mean that you did or did not have to report it to the Federal Election Commission?

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A I assumed that however it was to be reported or not to be reported was his decision, not mine, and that he knew what he was doing.

Q Okay. Do you know whether he discussed the reporting of Ms. Lorshbough's work with either Ben Dodson or Kent Mulkey?

A I do not know.

Q Kent Mulkey was the campaign's treasurer; is that true?

A That's correct.

Q And Ben Dodson and Kent Mulkey prepared the reports for the Federal Election Commission; is that true?

A Yes.

Q And you don't know whether he discussed the reporting with either of those people?

A I don't know.

Q Okay. Just to sort of wrap up the list of salaried employees or paid employees for the committee -- you also were a paid employee; is that true?

A Yes.

Q Who was your supervisor?

A I worked directly with Bruce Merrill, who was

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our campaign consultant.

MR. SWILLINGER: I don't think that was responsive to the question. Who was your supervisor?

THE WITNESS: Okay. Well, Bruce Merrill was primarily my supervisor. I took direction from several people. I took direction from Bruce primarily, from Jay Rhodes upon occasion, from John O'Neill on occasion, and also from Peggy Rubach on occasion.

BY MS. MILLER:

Q If you had to call in sick, who would you have called?

A I would have first called Ben to let him know I wasn't going to be there. I would have made both Jay and Bruce Merrill aware.

Q Were there certain areas of your job that Bruce would supervise and certain other areas that John O'Neill would supervise, or would it just be whoever was closest at the time when a question came up? How did that work?

A I, weekly and sometimes more frequently than that, went over the progress of the campaign with Bruce Merrill. John and I worked only on correspondence that he asked me to do and phone calls he asked me to make.

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Q And what sorts of things would Peggy Rubach oversee?

A Peggy's expertise was really in analyzing the precincts. She had worked on previous campaigns, had a great deal of knowledge about the city of Mesa, and who lived where and where our strengths were. She worked closely with us on setting up the office initially and on the GOTV -- get out the vote -- campaign.

Q What sorts of things would Jay Rhodes supervise? What sorts of work that you did would Jay Rhodes supervise?

A Jay okayed certain correspondence. I worked with Jay on his scheduling. I worked with Jay anytime I was working with the press, I let Jay know what I was saying to the press. He okayed all the press releases. I then worked with him on his interviews with the press, getting him the information that he needed. Day-to-day operations of the campaign didn't involve Jay very much.

Q Okay. Now, as we have been talking have you been able to recall any other salaried employees for the committee?

A Not while I was on staff.

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Q You think that was everybody that you were aware of?

A Yes.

Q Let me jump back to the discussion that we had about Ms. Lorshbough. You stated that John O'Neill made you aware that she was going to be coming to work for the campaign, and that you believed that Ben Dodson was aware of her coming.

A Yes.

Q Was Ben in on that conversation that you had with John?

A No.

Q Was he in the room listening or anything like that?

A No.

Q All right.

A He was in the room. He wasn't listening.

Q After that conversation did you talk to him about her coming in to work?

A Yes.

Q Did you discuss the kinds of responsibilities she would have, the kind of jobs you would give her?

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A Yes.

Q Did you also discuss how she was going to be paid?

A Yes.

Q At that point did you tell Ben that Lorshbough's father would be paying for her salary?

A Yes.

Q Okay. I'm going to move into another area, so maybe we can just take a little break and stretch our legs.

A Okay.

MR. SWILLINGER: Thank you. Off the record.

(Discussion off the record.)

MS. MILLER: Back on the record.

BY MS. MILLER:

Q Ms. Wendell, I have been having some trouble understanding the structure of the campaign and maybe it is because there is -- there wasn't much of a structure. It was pretty free flowing. But I am hoping you can help me figure out how it was set up.

Let's start with who was at the top. Who was in charge of the whole she bang?

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A Probably the strategy committee.

Q I think you stated earlier that you weren't sure the that was the name of the committee?

A That's right. It might have been the steering committee or something like that.

Q Who was on the strategy committee or the steering committee?

A It is hard to remember exactly.

Q Do you remember who was in charge of it?

A Nobody was really in charge of the steering committee. It just met. I know that at those meetings the two cochairmen, Hazel Conley and Rudy Campbell, attended. Bruce Merrill attended, Jay Rhodes, John O'Neill, Peggy Rubach, and I can't remember anybody else.

Q There may have been others, but you can't recall?

A That's correct.

Q You referred to Hazel Conley and Rudy Campbell as the two cochairs, did you say?

A Correct.

Q They were considered the chairpersons of the campaign?

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A That's correct.

Q What would be the next level in the structure of the campaign? What would be the next most important committee or person below the strategy committee?

A Coming from the steering committee was the finance committee, which John O'Neill chaired.

Q Do you recall the names of anyone who was on the finance committee?

A I think Tom Rawles was on that committee. And there were 12 or 14 people, and I don't remember their names.

Q Was Ann Lorenzo on that committee?

A I believe Ann was listed on the committee. I don't remember that Ann attended any of the meetings.

Q Did you attend the meetings of the finance committee?

A I attended some of them.

Q I'm trying to visualize this as an organizational chart.

A Yes.

Q And I know that it may not have actually existed quite that neatly, so, you know, feel free to tell me if

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it wasn't quite a direct line of hierarchy, or if it wasn't as leveled out as I think it was. What would be the next committee or next person below the finance committee?

A Side by side, coming out of the steering committee would have been the GOTV. Peggy Rubach was in charge of that.

Q Can you remember the names of anyone on that committee?

A I think Vicki Kiernan was on that committee. I don't remember who else.

Q Can you remember approximately how big that committee would have been?

A I believe Bruce Merrill consulted on the GOTV and I think it was a fairly small committee, two or three other people.

Q Did you attend meetings of the get out the vote committee?

A Sometimes.

Q To sort of keep this all nice and neat, did you also attend meetings of the strategy committee or the steering committee?

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A Most of the time, yes.

Q Okay. Was there another committee at the same level as the finance and get out the vote?

A Yes. It was the marketing and advertising. And under that list of responsibilities would be the coordination of the public relations advertising firm that we were using, as well as the media buying firm.

Q Would that committee have also had responsibility for press releases?

A Prior to my arrival on the campaign, probably. I was hired for the Rhodes compain because of my public relations experience and expertise. I made them aware that I wasn't a fundraiser, asked them if they were sure they wanted to hire me. They said yes. The real thrust of this campaign was that public relations effort.

Q Do you recall who was in charge of the marketing and advertising committee?

A Bruce Merrill.

Q Bruce Merrill was a paid consultant; is that correct?

A That's correct.

Q Did he also volunteer for the committee?

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A I believe that the arrangement that they had with Bruce Merrill, which is typical of consultants, is if the candidate wins, he will be paid. If the candidate loses, he won't be paid.

Q Sort of a contingency arrangement?

A That's correct.

Q Lucky for him that Rhodes won. Were there any other committees at that level?

A No. Bruce worked with me directly on the internal workings of the campaign, coordinating the mailings, those kinds of things. There was no committee supervision. It was just Bruce and myself. Bruce and I worked on the polling. We interpreted the data together. That was his profession, so we did that.

Q Were there any other committees? Was there a fundraising committee?

A You already have that.

Q That would be part of finance?

A That's correct.

Q Any other committees that you can think of?

A Not off the top of my head, no.

Q In this hierarchy that we are trying to get into

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a written record form, we have a strategy committee or a steering committee at the top and then at the next level we have three other committees: the marketing and advertising, the get out the vote, and the finance committee.

Where would the body of volunteers come into the structure?

A They would work on anything that was going on in the campaign office itself that a nontrained or a person with no expertise could come in and give time. They were primarily assistant secretarial kinds of things, stuffing and mailing.

Q There wasn't a body of volunteers that was assigned to each particular committee or anything like that?

A No.

Q But for the most part the people on the committees were volunteers?

A That's right.

Q Where would the paid employees fit into the structure?

A Ben was primarily responsible for the finances.

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He would be assigned probably to that committee. Ben helped out with the computer in sending out all the letters. He did the mail merging for me. Ben also worked on the heavy side of the bulk mailing, helped us get everything into the correct zip codes and bag it up and actually physically take it to the post office. Ben also worked hard on the making and the installation of some of the signs. So he had some assignments that came up subsequently but his primary responsibility was for the financing.

Q He had some responsibilities for each of the three committees we have discussed?

A That's correct.

Q All right.

A As they came up in the campaign in importance.

Q But he was primarily responsible for working with the finance committee?

A That's right.

Q Did he also have responsibilities with the strategy committee as they came up, the steering committee?

A No, not really. Only as directed by me.

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Q Okay. Was it part of your responsibilities to provide support to these committees?

A If they needed it.

Q They would ask you?

A Correct.

Q What kinds of support would you provide?

A For which committee?

Q Let's start with the get out the vote.

A I would make sure that we had legible lists of the people that we were going to be contacting. I made sure that we had the correct number of volunteers. I set up their scheduling and contacted them and gave them their allotted time.

Q Would it be your responsibility to find a meeting place for them?

A Peggy Rubach worked on that exclusively.

Q What would your responsibilities be for supporting the marketing and advertising committee?

A I reviewed all of the collateral material that they produced, and towards -- as we got closer to the primary, I drafted a lot of it myself from scratch. The PR advertising committee worked only until the primary.

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Between the primary and the general, Tom Rawles and I did all of that collateral material ourselves.

Q Was Tom Rawles on the marketing and advertising committee prior to the primary?

A Tom was a very strong campaign volunteer and he volunteered to do whatever we needed at the time. If I needed an extra person to walk, he would do that. If I needed someone to poll, he had more expertise probably in the finance and fundraising, so I used him there, but he had, as I say, exceptional writing skills, so he worked with me on some of the advertising and marketing.

Q Was it part of your responsibilities -- you may have said this already -- to remind people of meetings of these committees?

A Yes.

Q Call them up?

A Yes.

Q Did you send them reminder letters or --

A If we had time. If it was 10 days out I would send a letter. Otherwise I would call.

Q What were your responsibilities with the finance subcommittee?

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A There was a general campaign list that had been generated before I got there. They would assign themselves people to contact in the community. I was responsible -- I was asked by John to sometimes follow up with those people on the committee to see if they in fact had contacted the people they said they were going to contact. I would then call John back and report to him on what everybody was doing. I occasionally sent, as I say, thank-you letters or specific letters.

Q Would it be part of your responsibilities with the finance committee to find a place for them to meet?

A The finance committee, that I was aware of, only met a few times. John O'Neill arranged the first one at Mesa Country Club, and the other couple of times they met was actually at the campaign headquarters. I would, yes, come in and make coffee and make sure there was juice and donuts.

Q Do you recall when the meeting at the Mesa Country Club took place? Was it early on after you had started working, or had it started before -- had it occurred before you started?

A That particular meeting, I believe, occurred in

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June, sometime in June. It was my understanding that the finance committee had met prior to my coming with the campaign.

(Witness conferred with counsel.)

BY MS. MILLER:

Q Let me name some people that I think worked with the Rhodes to Congress Committee and you tell me if you know whether they had a title or if not a title, just what their job was with the committee. When it was that they were working with the committee.

If I name someone who stopped working with the committee part way through your job, tell me so, or someone who started towards the end; just generally when they began working with the committee. Let's start with Hazel Conley, Hazel Davis-Conley.

A She was the campaign cochairman.

Q Do you know what all that involved?

A Hazel was not very involved in the campaign.

Q Other than serving on the steering committee that we mentioned a little bit earlier, did she serve on any of the other committees?

A Not to my knowledge.

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Q Was she sort of a figurehead?

A Yes.

Q Was she involved with the campaign the entire time that you were?

A Yes.

Q Would you regard her as someone who would give you instructions or give you tasks for the campaign?

A She could have, but I don't remember that she ever did.

Q Was she also a contributor?

A I don't remember.

Q Rudy Campbell?

A He also was a campaign cochairman.

Q Do you recall what sorts of things that involved?

A He was also a figurehead. Rudy did a very small amount of fundraising.

Q Do you know whether he served on any of the other committees that we mentioned, other than the steering committee?

A As I said, I think that he worked with the finance committee in some small fundraising.

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Q Would he have been in a position to give you instructions or ask you to do tasks?

A He could have, but I don't remember that he did. He also was pretty much a figurehead.

Q Ann Lorenzo?

A I think she had a title. I believe it was assistant finance chairman. I don't remember whether or not Ann attended any meetings. I don't remember ever meeting her.

Q So she would not have been in a position to give you --

A No.

Q Instructions or tasks?

A No.

Q Kent Mulkey?

A Kent was the campaign treasurer.

Q His name didn't come up when we were discussing the various committees. Was he on any of the committees?

A He may have been listed on the steering committee but I don't remember that he ever attended a steering committee meeting.

Q What sorts of jobs did Kent do that you are

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aware of?

A His primary responsibility was to work with Ben on the filing of the FEC reports.

Q Was he involved to your knowledge in any fundraising?

A Not to my knowledge.

Q Was he in a position to give you assignments, give you jobs?

A Again, he could have, but I don't remember that he ever did.

Q Was he involved with the campaign the entire time that you were?

A Yes.

Q John O'Neill?

A John O'Neill was the finance chairman.

Q Do you know what sorts of things that involved?

A John's primary responsibility was the fundraising.

Q And as chairman did he coordinate the fundraising activities for the whole campaign?

A For the period of time that I was on the campaign we only had a couple of fundraising activities.

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They were minor. He would have been aware of them.

Q Was he in a position to give you job assignments?

A Yes.

Q Did he from time to time?

A From time to time, yes.

Q How frequently would you have contact with John O'Neill?

A At least once a week.

Q Would this be in the campaign headquarters?

A Usually over the phone. If he had asked me to make some phone calls or to do some correspondence I would communicate with him on what the results were.

Q Did you also have contact with him in meetings of the various committees?

A I was in attendance.

Q Well, I guess I don't mean "did you have a conversation with him," but would this have been an occasion when you worked with him?

A When I would have seen him.

Q Okay. Jim Smets, S-m-e-t-s.

A I never met Jim. I believe his name appeared on

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our campaign contributions list.

Q Jim Simons?

A I know who Jim is. He was the president of one of the major banks in town. He may have appeared on our contributions list. Jim never attended any of the events that I was at during the course of the campaign, when I was employed.

Q And to your knowledge he did not have any title with the campaign?

A No title. He was not an active volunteer.

Q Steve Todd?

A Never heard the name.

Q Peggy Rubach?

A Peggy Rubach was on the steering committee.

Q Did she have a title?

A I don't remember.

Q Her name has come up a couple of times this morning already, so I guess you will have to forgive me for being redundant here, but could you describe the sorts of things she did with the committee?

A Peggy was more involved with the campaign before I got there than after I got there. Peggy had a great

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deal of knowledge in campaigns and was a good resource person for me when I had someone I needed to call. She was specifically in charge of the get out the vote campaign, GOTV. She assisted in the move from the very small campaign office to the campaign headquarters. She coordinated that for us.

Q Tom Rawles?

A Tom did not have a campaign title until after the primary, when he was given the title campaign manager. Tom was an active volunteer. He was knowledgeable on the issues. He was also someone I called on as a resource.

Q He was on the finance committee, I believe you stated?

A Yes.

Q Was he on the steering committee?

A He may have been. I don't remember.

Q He is someone who could have given you assignments from time to time?

A No.

Q No?

A Not until after the primary.

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Q Is he someone you would have turned to if you had some question about resources or something that came up in the office?

A I would have turned to him as a resource on issues.

Q You described Peggy Rubach also as a person -- a resource person.

A Yes.

Q How did her resource aspect differ from Tom Rawles'?

A Tom Rawles didn't have as much campaign experience. Peggy had been involved in many campaigns and was herself on the city council.

Q Okay.

A I didn't have a lot of political expertise, so I occasionally on campaigns would call her.

Q Did Roger Golston have a title with the committee?

A I don't remember ever hearing that name.

Q Did Ann Rhodes have a title with the committee?

A I don't believe she had a title. She was the wife of the candidate.

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Q That is a nice title.

A Yes.

Q Was she on any of the committees?

A Ann would occasionally attend the steering committee, but not always.

Q Would she have been on the finance committee?

A No.

Q No?

A No.

Q Conley Wolfswinkel?

A Conley was not an active volunteer. He was not listed on -- did not have a title. He -- his name I believe appeared in the contributors list.

Q Do you know Conley Wolfswinkel?

A I do not.

Q You do not?

A I know of him. I don't know him personally.

Q Would you know him to see him?

A Yes.

Q Have you ever spoken to him?

A No.

Q How about Cortland Silver?

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A Cortland also appeared on the contributors list. I have never seen him. He didn't have a title. He wasn't an active volunteer.

Q Did you ever speak with him?

A No.

Q Would you know him to see him?

A No.

Q I think I have a better sense of how the committee was set up. How often did you have interaction with Kent Mulkey? Would you talk to him on a daily basis? Did he come into the office on a regular basis?

A Kent was never in the campaign office.

Q Never came into the campaign office?

A With the exception of -- I believe he was there the day we won the primary. I believe he was there at the open house, and I think he was there at the election party.

Other than those few times, Kent didn't come to the campaign office. I never had reason to speak to Kent on the phone. I think he called the campaign a couple of times to speak to Ben, and I answered the phone. I didn't know Kent.

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Q You would know him to see him?

A Probably.

Q I believe we have established that the recordkeeping/bookkeeping responsibilities were mostly Ben Dodson's and Kent Mulkey's.

A Yes.

Q Do you know which of those two kept what records?

A No.

Q Do you know how that was divided?

A No.

Q Do you know whether Kent kept any records?

A I don't know.

Q You don't know?

A No.

Q At various times throughout this investigation I have heard different people described as campaign chairmen. It seemed like there may have been, from time to time, eight or 10 campaign chairmen. So, just to sort of clean the record up here, would it have been accurate to call Benetta Dupree the campaign chairman?

A There were two chairmen. Benetta was a manager,

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a campaign manager, as was I.

Q Okay. The two chairmen were Hazel Conley and Rudy Campbell?

A That's correct.

Q To your knowledge were they the chairmen throughout the entire campaign?

A To my knowledge.

Q Tom Rawles was not the campaign chairman?

A He was the campaign manager between --

Q After the primary?

A Yes.

Q I have also heard you described as the campaign chairman?

A My title was campaign manager.

Q All right. And was John O'Neill at any time regarded as a campaign chairman?

A No.

Q During your day-to-day running of the campaign, if you came across a problem that you didn't know how to resolve between -- just by yourself, who would you turn to to ask a question?

A It would have depended upon what kind of a

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problem it was.

Q Okay. If it was a problem with an advertisement?

A Probably I would have turned to Bruce Merrill.

Q Bruce Merrill?

A Yes.

Q If it was a problem regarding a particular way to approach an issue, maybe to handle an issue in a press release or something like that --

A I would have spoken first to Bruce Merrill and if I had -- if Bruce and I agreed I might have consulted with Tom. There was also a candidate that needed to be involved in issues.

Q I notice he didn't appear in our structure here?

A The primary contact I had with Jay was regarding his schedule and issues.

Q How about a question that would come up about a contribution?

A What kind of a question?

Q Whether a certain person or a certain organization could make a contribution.

A Whether or not they technically, legally could

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make a contribution? I probably would call John O'Neill.

Q John O'Neill?

A Yes.

Q How about whether this particular contribution was excessive, whether this person was giving more than they could?

A Probably John.

Q Who would you contact if you had a question about whether a type of fundraiser was permissible?

A Legally permissible?

Q Yes.

A Probably John. Peggy Rubach is always a secondary resource on anything to do with the campaign. It is my understanding she also had attended the NRC school and again had tremendous campaign experience.

Q You have mentioned the NRC school a couple of times. Can you describe for me what that is, to your knowledge?

A There is a school that they run for campaign managers that goes through strategy, marketing, advertising, fundraising, and FEC regulations.

Q Do you know where that is held?

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A I think it is held here in Washington, D.C.

Q In Washington?

A Yes.

MR. SWILLINGER: To be accurate, I think it is RNC, as in the Republican National Committee, as opposed to the Nuclear Regulatory Commission.

BY MS. MILLER:

Q It is your understanding that Peggy Rubach attended that school?

A That is my understanding.

Q Did she do that while you were with the campaign?

A No.

Q What makes you think that she attended that?

A I came across some pictures of both John and Peggy in Washington and I was led to believe, or told by someone, I don't know whom, that they both had knowledge of the school and the training.

Q Do you have any idea of how long the school lasts? Is it a semester long school?

A No. I think it is maybe a week.

Q A week?

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A A couple of days, something like that.

Q Would it be Peggy Rubach that you would approach if you had a question about ways to approach a certain region, a certain precinct?

A I always talked to Bruce Merrill first, because he was the strategist. But yes, on a specific precinct question I would have called Peggy.

Q Were there certain areas that you could turn to Ben Dodson to answer questions for you?

A Only in the question of record, who had contributed previously.

Q How about Kent Mulkey?

A No. I wouldn't have called Kent.

Q So the primary people that you would turn to if a question arose would be the candidate, Bruce Merrill, John O'Neill, and Peggy Rubach?

A That's correct.

Q Did Ben Dodson seem to understand the rules concerning proper and legal contributions to campaigns?

A To the best of my knowledge.

Q Did Kent Mulkey, to your knowledge --

(Discussion off the record.)

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(Witness conferred with counsel.)

BY MS. MILLER:

Q Just to keep a clean record, to the best of your knowledge, yes, Ben Dodson -- you were shaking your head, but that didn't appear on the record. Is it true that --

A Would you repeat the question?

Q Sure. Did Ben Dodson seem to understand the rules and regulations concerning permissible contributions to campaigns?

A He seemed to.

Q To the best of your knowledge?

A To the best of my knowledge.

Q Yes?

A Yes.

Q Did Kent Mulkey seem to understand the rules about permissible contributions?

A I never spoke to Kent.

Q Did John Rhodes seem to understand the rules?

A I never spoke to Jay about it.

Q About contributions?

A That's correct.

Q Did John O'Neill seem to understand the rules

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about permissible contributions?

A Yes.

Q To the best of your knowledge, did Ann Lorenzo seem to understand the rules?

A I never spoke to Ann.

Q How about Cortland Silver?

A I never spoke to Cortland.

Q Conley Wolfswinkel?

A I never spoke to Conley.

Q Did you have any books or regulations or guidelines or anything in the office that you could turn to if you had a question that you weren't able to have answered by a person?

A I don't remember.

Q You don't recall?

A No.

Q You mentioned that you think that John O'Neill attended the National Republican School for Campaign Managers.

A Yes.

Q Would there be any other reason why you would think that he understood the campaign rules, the

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contribution limits? For instance, when you asked him questions, did he seem to have an understanding of the laws?

A Because Ben handled most of the finances, I didn't very often speak with John about specific contributions.

Q Okay. Did -- to your knowledge, did Ben Dodson speak to O'Neill about the contributions?

A I don't know what their conversations were.

Q Okay. While you were campaign manager or assistant campaign manager were you involved in getting a letter of credit from the the bank for something called the Salt River Project?

A No.

Q Do you know what the Salt River Project is?

A Yes.

Q Can you describe it for me?

A The Salt River Project is a public-private utility company.

Q Did the campaign receive its utilities from the Salt River Project?

A I don't know.

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Q You don't know?

A I don't know.

Q Okay. I think you stated earlier on when you were working with the finance committee in a support capacity that one of your tasks would be to remind people about fundraisers that they had agreed to hold, or contributors that they had agreed to contact, something like that; is that correct?

A Correct.

Q Do you recall anyone being asked to contact Conley Wolfswinkel to hold a fundraiser?

A Conley was on John O'Neill's list.

Q Of persons to --

A To contact.

Q To contact?

A Yes.

Q Do you know whether he was to be contacted for a contribution, or to hold a fundraiser?

A It was my understanding that Conley was going to assist in fundraising.

Q Assist in fundraising?

A Yes.

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Q Do you know whether Conley ever did assist with fundraising?

A I don't know.

Q You don't know?

A No.

Q Do you know any of the details about the fundraising that he was supposed to assist with? Do you know whether there was a specific amount that he had agreed to raise, or how he was going to do it or anything like that?

A No.

Q No?

A No.

Q Would that have been the kind of thing that was discussed in finance committee meetings?

A Probably not.

Q Did you ever remind Conley Wolfswinkel that he had to -- that he had agreed to hold a fundraiser to raise funds for the committee?

A No. Conley was on John's list of contacts, not mine.

Q Would it have been your job to remind John to

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contact Conley?

A I didn't very often tell John what to do. No.

Q Would you have reminded anyone else on the committee about their contacts?

A Yes.

Q That would have been part of your job?

A Yes.

Q All right.

A Not part of my job necessarily, but occasionally John O'Neill would ask me to place a reminder phone call to someone to see if they had, in fact, followed up with their contacts.

Q Just to check-up on how things were coming?

A Uh-huh. Yes.

Q The Rhodes to Congress Committee reported a payment of $300 to the Wolfswinkel foundation for a fundraiser. Do you have any knowledge what that was about?

A No.

Q Was John O'Neill with the Rhodes to Congress Committee the entire time that you were working with the committee?

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A Yes.

Q Was he there until November 15th, I think it is you said you left?

A To my knowledge.

Q Okay. Do you recall working with Mr. O'Neill, say, after the general election?

A After the general?

Q Yes.

A No.

Q How about after the primary?

A Not very much.

Q Not very much?

A No.

Q But occasionally, maybe?

A Occasionally.

Q You were with the committee for about two weeks after the primary, or about two weeks after the general, or another week or so after the general?

A Correct.

Q Do you recall any discussions about debt retirement?

A Yes.

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Q Can you describe for me what the plans were at that point?

A After a candidate in a primary in a Republican district like ours wins, it is at that time that PAC contributions come in, and they did, and as far as I know that was the primary source of where we were looking for debt retirement.

Q From PACs?

A Yes.

Q Political action committees?

A Yes.

Q Do you know what the Trunk & Tusk Club is?

A Yes.

Q What is that?

A It is an organization that is affiliated with the Republican Party.

Q Is it primarily an organization of contributors or are there other things that it does, do you know?

A There are other things it does.

Q Were there plans after the primary to contact the Trunk & Tusk Club to help with the debt retirement?

A Not that I am aware of.

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Q Are you aware of a fundraiser to be held in Roger Golston's home?

A No.

Q How about Jim Smets' home?

A No.

Q Are you aware of any plans to ask the U.S. Chamber of Commerce to help with the debt retirement?

A No.

Q No?

A No.

Q Did you have any --

A The only thing about the U.S. Chamber was, I contacted them before the primary and asked for their help, and they couldn't give us any. So there was a contact established, but I'm not aware of any fundraising.

Q Do you recall why they couldn't give you any help? Did they say?

A Because there were other Republican candidates in that primary.

Q So do you think that it is possible, after the primary was over, and there was only one Republican candidate left, that they may have been contacted again?

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A I don't know. The U.S. Chamber doesn't give you contribution directly, they just, you know, may endorse a candidate, so I don't know if there was any contact established with them.

Q Okay. Did you have any responsibility in your job with the campaign for the committee's bank accounts?

A No.

Q Would you have helped gather information to apply for a loan?

A No.

Q You would not have received bank statements, anything like that?

A No.

Q Okay. Let me hand you an exhibit that I will ask the reporter to mark as FEC Exhibit Number 1.

(FEC Exhibit 1 identified.)

BY MS. MILLER:

Q I will hand that to you and ask you to look at it.

A Yes.

Q Have you ever seen this document?

A No.

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Q Did you ever hear any discussion about drafting a letter of authorization?

A Not that I remember.

Q Okay.

MS. MILLER: Let's take a five-minute break and I think we will be able to come back and wrap stuff up.

A Okay.

(Discussion off the record.)

BY MS. MILLER:

Q I have a few follow-up questions and they are probably going to be jumping all over the board here, so if I'm not clear, tell me so, and I will try to be a little more clear about it.

Back in the very beginning of the deposition I asked you if you had any prior political campaign experience and you stated that you hadn't had any. Then later on you said you had had a lot of PR experience.

A Yes.

Q Can you explain the difference for me?

A Campaign experiences that I had were primarily as a volunteer as a teenage -- the Teenage Republicans in junior high and high school. It probably would have been

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a governor's race or a presidential race or something like that.

Public relations experience is technical public relations, and the public relations I had done was for a major retail store in Phoenix called Bullock's. I was with them from '84 to '85. From '85 to '86 I was the director of public relations for an advertising and public relations firm. Most of our clients were corporate high-tech.

Q Okay. That makes it a little more clear for me. We had talked through the various salaried employees on the campaign. Was there anyone that worked on the campaign in a secretarial capacity with the initials L.A.B.?

A Not that I remember.

Q Okay. Now let me take you back to the discussion we had about Debbie Lorshbough working with the campaign. I believe you stated that you never gave her her paychecks.

A That's correct.

Q Is that true?

A Yes.

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Q Did you ever see her paychecks?

A I never saw her paycheck. I saw her receive her paycheck but I didn't actually see the check itself.

Q You didn't see whether it was in personal check form or cashier check form or anything like that?

A No.

Q So you wouldn't have noticed whose name was on the check?

A No.

Q You saw her receive her paychecks?

A That's correct.

Q Who did she receive them from?

A John O'Neill.

Q Was it always John O'Neill?

A Yes.

Q Okay. During your entire time with the campaign was Kent Mulkey the treasurer?

A To my knowledge, yes.

Q Do you have any knowledge of how he first came on with the campaign?

A No.

Q Do you know whether he did any work for the

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candidate personally, apart from the campaign?

A I don't know.

Q You don't know?

A No.

Q We discussed certain people that you considered to be resource people: Peggy Rubach and Tom Rawles.

A Yes.

Q Do you know whether they consulted together on certain things? Did they work together on certain issues or certain problems?

A I don't know.

Q Would you have considered John O'Neill to be a resource person in certain areas?

A Only in finance areas.

Q In finance areas?

A Yes.

Q Do you know whether John O'Neill consulted with Peggy Rubach or with Tom Rawles or whether the three of them worked together?

A I don't know. I don't know.

Q You don't know?

A No.

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Q I think you also stated that to the best of your knowledge you think that John O'Neill was with the campaign the entire time up until at least the time that you left the campaign. Is that true?

A That is true.

Q Did you ever hear of him being fired as finance chairman?

A Not that I am aware of.

Q Not that you ever heard of?

A No.

Q Is that the sort of thing that you would have heard of?

A I was not campaign manager at that particular time, and again, my responsibilities were everything but the fundraising. So that possibly could have happened, and I may not have known about it.

Q Did you ever hear of him being fired from the bank where he had worked?

A No.

Q You never heard of that?

A No.

Q Okay. I don't have any further questions.

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MS. MILLER: Do you have any questions for your witness, Mr. Swillinger?

MR. SWILLINGER: Thank you, Colleen. There are one or two things I think might be useful just to clarify.

You seem to want the witness to avoid talking about Deborah Lorshbough's work performance. I think we ought to get it on the record just so it is clear.

EXAMINATION

BY MR. SWILLINGER:

Q Ms. Wendell, how would you characterize Debbie Lorshbough's performance as a member of the campaign operation?

A Well, I would have valued her probably two ways. She didn't have any technical skills. She couldn't type. She couldn't be of any assistance in any secretarial way, so I had to assign her very menial kinds of jobs, and she worked side by side with the volunteers in stuffing and mailing, addressing envelopes and things -- busy work kinds of things. My real problem with Deborah from an evaluation standpoint had to do with her job attitude. She was difficult to work with. She was

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loud and abrasive and real unpopular with the volunteers.

Q One other issue that Ms. Miller raised right at the end. Do you recall some time after the primary and towards the end of September, there was a public flap about alleged illegal contributions that the campaign had received sometime earlier?

A Yes, vaguely.

Q Do you recall Tom Rawles or someone else explaining to you what had occurred?

A Yes.

Q What did he tell you as best you can recall?

A He spoke to myself and Ben Dodson separately. He told me that there was going to be somebody in the office visiting with us, probably not with me, because I didn't deal with the finances, but that would be in the office and may want to speak with me and that I was to be honest with him. He just briefly outlined the fact that there had been contributions in question.

Q Did he say anything about John O'Neill's role in this affair?

A Again, he went over the details very briefly. He didn't want to feed me information I wasn't aware of,

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and make it more difficult for me. He told me that John was involved.

Q Do you remember whether he told you if John O'Neill was still finance chairman of the campaign?

A He didn't mention it.

Q All right.

MR. SWILLINGER: I don't have any other questions.

MS. MILLER: Okay. One second.

(Discussion off the record.)

MS. MILLER: All right. This deposition will be ended for today. It will be considered continued in the event that we need to recall you to clear up any new issues that come up, or clarify anything. I am handing the witness a check for her appearance today.

Counselor, I assume that the details regarding the reading of the transcript and signing will be the same as we discussed earlier; that is, the transcript could be sent to a local affiliate in Phoenix, and she could go to that office and read it and make any corrections that are necessary, and correct it at that time. Is that acceptable?

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MR. SWILLINGER: That is fine.

MS. MILLER: Thank you.

(Whereupon, at 11:40 a.m., the deposition was concluded.)

Anne Galbraith Wendell

ANN GALBRAITH WENDELL

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, LEANNE P. DOTSON, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Leanne P. Dotson
Notary Public in and for the
District of Columbia

My Commission Expires JULY 31, 1993

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RHODES TO CONGRESS

DEPOSITION EXHIBIT FEC 1 3/19/1990

September 9, 1986

To whom it may concern:

John J. O'Neill , as assistant treasurer, is authorized to sign notes on behalf of the Rhodes to Congress campaign.

Hazel Davis-Conley
Campaign Co-Chairman

Rudy Campbell
Campaign Co-Chairman

Paid for by the Rhodes to Congress Committee

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TRANSCRIPT OF PROCEEDINGS

ORIGINAL

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

- - - - - - - - - - - - - - - - - - - -x
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In Re :
:
M U R 2602 :
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- - - - - - - - - - - - - - - - - - - -x

DEPOSITION OF KENT H. MULKEY

Washington, D. C.

Thursday, July 20, 1989

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PAGE	LINE	CORRECTION	REASON
26	17	"CONTRIBUTOR CARDS WITH CASHIER'S CHECKS." SHOULD READ "CONTRIBUTOR CARDS FOR CONTRIBUTIONS MADE WITH CASHIER'S CHECKS."	CLARIFICATION
48	22	"CONTRBUTORY" SHOULD READ "CONTRIBUTION"	MISUNDERSTOOD
55	12	SAME AS PAGE 48, LINE 22	"
69	21	" "	"
82	6	" "	"
95	12	"JOHN" SHOULD READ "JAY"	CLARIFICATION
47	12-17	WHEN I GAVE THESE ANSWERS, I WAS NOT THINKING ABOUT THE LIMITATION ON THE SIZE OF CASH CONTRIBUTIONS. I AM NOT AWARE OF ANY CASH CONTRIBUTIONS EVER BEING RECEIVED IN AN AMOUNT OF OVER $100.	CLARIFICATION

(Signature here and on depostition)

>4043603647

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

- -x
In Re :
M U R 2602 :
- -x

DEPOSITION OF KENT H. MULKEY

Washington, D. C.

Thursday, July 20, 1989

Deposition of KENT H. MULKEY, called for examination pursuant to notice, at the offices of the Federal Election Commission, 999 E Street, N.W., Sixth Floor, at 9:30 a.m. before LEANNE P. DOTSON, a Notary Public within and for the District of Columbia, when were present on behalf of the respective parties:

JONATHAN LEVIN, ESQ.
COLLEEN MILLER, ESQ.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D. C. 20463
On behalf of Federal Election Commission.

DANIEL J. SWILLINGER, ESQ.
DENIS L. VENTRIGLIA, ESQ.
Alagia, Day, Marshall, Mintmire & Chauvin
1000 Thomas Jefferson Street, N.W.
Washington, D. C. 20007
On behalf of the Deponent.

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PROCEEDINGS

Whereupon,

KENT H. MULKEY

was called as a witness and, having first been duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. LEVIN:

Q Good morning, Mr. Mulkey. My name is Jonathan Levin. I am representing the Federal Election Commission, along with Colleen Miller, who is also an attorney for the Federal Election Commission. This deposition is being taken pursuant to a subpoena issued in connection with an investigation under Section 437(g) of Title II of the United States Code. The confidentiality requirements of 2 U.S.C. Section 437(g)(a)12(a) are in effect, obviously with the exception of your communications with your attorney.

Statements of objections as to form and foundation are reserved until the time of trial, if there is one.

Mr. Mulkey, would you state your full name for the record, please?

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A Kent H. Mulkey.

Q Mr. Mulkey, you have the right to be represented by counsel. Is your counsel here today?

A Yes.

Q Would you please identify him for the record?

A Dan Swillinger.

Q Is he representing you personally?

A Yes.

Q Now, Mr. Mulkey, I'm going to ask you a series of questions. If at any time you do not hear a question, say so, and I will repeat it. If you do not understand a question, say so, and I will either repeat the question or try to rephrase the question so that you do understand it.

If you become confused or want to take a break to stretch your legs, let me know. In addition, your answer should be audible. A nod or a shake of the head or a sound that is not a word will not be picked up by the reporter. Now, take your time answering if you have to, if you need, to recall as much as you can. If I ask you something you can't recall the answer to, and later you do recall the answer, tell me.

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Do you understand these instructions?

A Yes.

Q Mr. Mulkey, state your present home address?

A 872 West Oakland, Chandler, Arizona 85224.

Q And your present business address?

A 1600 West Chandler Boulevard, Suite 120, Chandler, Arizona 85224.

Q And your employer?

A I am self-employed.

Q What is your occupation?

A Certified public accountant.

Q How long have you been a certified public accountant?

A Approximately eight years.

Q Eight years?

A Yes.

Q And where did you work prior to your being self-employed?

A I worked for a company called Mulkey, Becker & Company.

Q That was a company you were one of the partners in?

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A I was one of the principals.

Q One of the principals?

A Yes.

Q And when did you work there?

A That professional corporation was terminated on April 20th.

Q Of this year?

A Of this year.

Q So your self-employment stems from April 20th of this year?

A Yes.

Q And prior to that where did you work?

A I was self-employed.

Q So what was the -- what was the duration of your time at Mulkey, Becker?

A Approximately two years.

Q Starting in the spring of '87?

A Yes.

Q What is your educational background?

A I have a bachelor of science degree in accounting from Arizona State University.

Q Then of course you took the CPA exams?

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A That's correct.

Q While you were with the Rhodes campaign you were self-employed as an accountant?

A Yes.

Q Now, you were with the Rhodes campaign, correct?

A I was treasurer of the campaign.

Q And from what dates were you treasurer, from what date to what date?

A From I guess you would say inception --

Q Which was?

A Approximately sometime in 1985 through currently.

Q May of '85? Is that about correct?

A Approximately.

Q Had you worked on campaigns prior to that?

A Only at the state level.

Q You had not worked on any federal campaigns?

A No.

Q How many state campaigns had you worked on?

A Two mayoral candidates, four council candidates, and four school board candidates.

Q And what did you do for those campaigns?

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A I was treasurer.

Q Did you -- in connection with your duties as treasurer for those campaigns -- did you learn the applicable campaign rules, either, let's say, for the state of Arizona or for the municipality involved?

A Yes.

Q That was necessary to your job?

A Yes.

Q Now, you say you were treasurer of the Rhodes campaign. Did you have any other positions with the Rhodes campaign?

A No.

Q How did you come to be involved with the Rhodes campaign?

A Mr. Rhodes, Congressman Rhodes, contacted me and asked me if I would be willing to accept that position.

Q How did you know Congressman Rhodes?

A Congressman Rhodes and I had known each other for approximately seven years prior to that. I worked for a CPA firm in the same city he was in.

Q Which city is --

A Mesa.

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Q All right.

A And we had some mutual clients at the time.

Q Were you Congressman Rhodes' personal accountant?

A No.

Q Have you ever done any personal accountancy work for Mr. Rhodes?

A No.

Q So what did Jay Rhodes say to you when he contacted you?

A He asked me if I would be willing to serve as treasurer of the campaign.

Q Did he tell you what your duties would be?

A I assume by definition, treasurer means certain things.

Q What were those things?

A Basically to fill out the campaign report.

Q Did it entail being a bookkeeper for the campaign?

A No.

Q Did it entail keeping records for the campaign?

A The records were kept internally.

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Q Explain that, please.

A The records were kept within the office of the campaign.

Q After you accepted the position as treasurer of the Rhodes committee, did you speak to anyone else involved with the committee to discuss your functions with the committee?

A The other people involved in the campaign.

Q Other people involved in the campaign?

A Yes.

Q To whom specifically did you speak?

A Ann Brown, John O'Neill, and there was a campaign manager prior to Ann Brown. I don't recall her name.

Q Was that Benetta Dupree?

A Yes.

Q What did you say to Ann Brown, and what did she say to you with respect to your duties?

A Basically that I was to fill out the campaign report based on information they supplied me.

Q Who was going to supply you with that information?

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A The campaign itself.

Q What did John O'Neill say to you as to your duties and what did you say to him?

A Basically that I would fill out the campaign report. John O'Neill was the finance chairman.

Q What did you say to Mr. Dodson?

A Basically the same thing.

Q Can you elaborate a little more on what that conversation, or those conversations with John O'Neill contained, as to your duties?

A John was in charge of raising money. From the information that I had received from the Federal Election Commission I tried to develop a format whereby information was taken and recorded in a manner that I could prepare the campaign reports, and basically the conversations were in relation to that.

Q Did Mr. O'Neill give you any guidance on that?

A No.

Q Did you give any guidance to Mr. O'Neill?

A Yes.

Q What did you tell him?

A Per the instructions from the Federal Election

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Commission, I told him the information we would need on each donor, based on the information that I had to supply the Federal Election Commission.

Q What did he say to you?

A He said he would supply that information.

Q Anything else?

A I'm sure there were other conversations regarding anything in the world. I mean, you know --

Q What about your conversation with Mr. Dodson as to your duties?

A When Ben joined the campaign staff, I worked very closely with Ben, because he is the one who actually supplied the information to me.

Q When did Mr. Dodson join the campaign?

A I believe it was sometime in '86.

Q Who supplied you with the information prior to Mr. Dodson?

A Mr. O'Neill.

Q Now, when you became treasurer of the committee did you read the Federal Election Campaign Act and the commission regulations?

A I tried to become familiar with it.

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Q I am holding up a book of regulations revised as of January 1, 1985: a blue volume. Does this look familiar to you?

A Yes.

Q And does this red volume, dated June of '86 -- but the coloring hasn't changed in a number of years -- does this copy of the federal election campaign laws look familiar to you?

A It was an orange book.

Q These were the books that you read in preparation for your duties as treasurer?

A When I say "read," I did not look at every word and I did not read every page.

Q But you certainly looked them up on quite a number of times?

A Yes.

Q Did you discuss the act and regulations with anyone else in the campaign? And this means at any time, so take your time?

A I'm sure I did. Probably -- and I can't remember specifically, specific times, but I'm sure I discussed it with Mr. O'Neill, Congressman Rhodes, Ben

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Dodson, Ann Brown, and Benetta Dupree.

Q Did Mr. O'Neill seem to know what he was talking about?

A I was more or less talking to him about it, rather than he talking to me.

Q So -- okay. How about Ms. Dupree?

A There was no one who was an expert.

Q I wonder if we are experts. It appeared that Jay Rhodes knew some of the act?

A Yes.

Q Let me try to get more specific. In your conversations with any of the people you mentioned, do you remember discussing limitations?

A Yes.

Q And with whom was that discussed?

A The previous people that I mentioned: Jay Rhodes, John O'Neill, Ann Brown, Ben Dodson, and Benetta Dupree.

Q How about corporate prohibitions, prohibitions on corporate contributions?

A Yes.

Q With all five of those?

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A Yes.

Q All right. How about loans? That must be in the ordinary course of business?

A I really didn't discuss that.

Q Did you discuss the concept of a signature on a loan being the same as a contribution?

A No.

Q Did you discuss with any of those people the -- whether or not you could reimburse someone for a contribution?

A Whether --

Q Or make a contribution with someone else's name being used on the reports?

A I don't think that was ever discussed.

Q Could you elaborate for me on what you knew to be John O'Neill's role in the campaign?

A John O'Neill was in charge of fundraising. That included personal contacts for individual contributions, it included organizing fundraisers, and just in general raising money for the campaign.

Q Would you say he was one of the people you had to answer to --

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A No.

Q -- in the campaign?

A No.

Q Who had to answer to Mr. O'Neill?

A I'm not sure.

Q Did Mr. Dodson?

A No.

Q What was your -- what were your duties vis-a-vis Mr. Dodson?

A Could you elaborate on the question a little bit?

Q Well, for instance, you say that you had to file the reports, or you had to put things down on the FEC forms. What did Mr. Dodson have to do?

A Mr. Dodson basically made deposits, paid bills, recorded information on contributions, answered the phone, did fetch-it jobs -- just kind of did what needed to be done around the office.

Q What was your job?

A My job was to fill out the campaign report.

Q Now, as a CPA, did you have to see that these reports made sense of the records you were given?

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A From the information supplied me, yes.

Q Were you on any of the committees of the campaign committee, such as a steering committee, a finance committee?

A I don't really know that there was a specific committee or specific committees. There was -- whenever we would have a meeting it would be several people that were there, and I would be there. There was no specific name for it.

Q Let me run through a few meetings with you. Do you remember meeting in the home of a friend of Jay Rhodes' to announce staff positions early on?

A I remember meeting in Jay's house.

Q Was this a meeting, let's say, with Ann Lorenzo, John O'Neill, Hazel Davis-Conley?

A Yes.

Q And when was that?

A It was --

Q Early on in the campaign?

A Yes.

Q Was there a flip chart there to discuss -- to show the campaign structure?

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A I don't recall.

Q Do you remember if John O'Neill spoke at that time?

A I don't recall.

Q Do you remember an organizational meeting in Chandler?

A Yes.

Q When was that?

A Early on in the campaign.

Q At the Chamber of Commerce building? Does that sound familiar?

A No.

Q At this organizational meeting, were responsibilities in the campaign discussed?

A The only meeting I am aware of in Chandler was a meeting to organize Chandler. That was held in my office.

Q Held at your office?

A Yes.

Q Who was at that meeting?

A Jim Patterson, Marshall Humphrey, I believe -- some of the more prominent citizens of Chandler. There

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were five or six. I don't recall exactly everyone that was there.

Q Were people from the committee there?

A I can't recall whether Jay was there or not. I think at the time Benetta Dupree was there.

Q Was John O'Neill there?

A No.

Q Were you ever at a meeting with Ann Lorenzo?

A No.

Q Do you know who she is?

A Yes.

Q Did you ever speak to her during the course of the campaign?

A Yes.

Q What did you speak to her about?

A Just a cordial greeting.

Q Did you ever speak to her about the campaign laws?

A No.

Q Did you ever make reference to -- in the course of your conversations -- did references to certain of the campaign laws come up; for instance, limitations or

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prohibitions?

A No.

Q Did you go to a campaign school in Washington, D.C.? Or who did, from the campaign? Did anybody?

A No.

Q That you know of, or are you speculating?

A I am absolutely certain no one went.

Q I'm going to ask how you interacted with a number of people on the campaign in terms of how you did your job and where you communicated with -- how you communicated with them. Hazel Davis-Conley?

A I communicated with Hazel quite a bit. Her husband is a good friend of mine. I have seen Hazel and her husband socially. The only communications regarding the campaign that we would have would be basically, "How are things going? Where do you think the election is going? It was a close election," that type of conversation.

Q How about Rudy Campbell?

A The first time I ever met Rudy was at a campaign meeting. Basically there were cordial greetings and we discussed how the campaign was going.

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Q Tom Rawles?

A Tom Rawles I met later on. I work very closely with Tom currently in filling out the campaign reports.

Q You still work with him on that?

A Yes.

Q How does that work now? Have your duties with the Rhodes campaign committees changed since 1986?

A No.

Q Who fulfills the function that you say John O'Neill and then Ben Dodson fulfilled?

A Currently, I don't know. I don't know who fulfills John O'Neill's function.

Q I'm talking about the getting of the records that you described, before Ben Dodson came along.

A In terms of that, it would be Tom Rawles.

Q Is Tom Rawles still the campaign manager functionary for the Rhodes campaign?

A Well --

Q Functionally the campaign manager?

A In terms of collecting information to fill out the campaign report, I would say yes.

Q What was your interaction with Ann Brown?

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A Ann was a paid campaign manager, and I communicated with her in regards to the ongoing of the campaign, information I needed for the report.

Q Did you ever communicate with her as to any transfers from money markets to checking accounts?

A The money was transferred via telephone to the checking account.

Q Would you make those calls for the transfer in '86?

A I made some of them.

Q Who else would have made --

A Ben Dodson, Ann Brown.

Q Anyone else?

A Not normally.

Q What was your interaction with Peggy Rubach?

A Again, she was one of the people involved in the campaign meetings when we would have them, and basically it would be a greeting, discuss the campaign in terms of how the campaign was going.

Q Mr. Mulkey, going back to -- I had referred to meetings early on in the campaign. Did you go to a number of those with campaign personnel?

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A We would have a meeting, it seemed like, at least once a month, possibly twice a month. I would try to make every one of those meetings.

Q Would you speak at those meetings?

A I would give a financial report.

Q Did anyone else discuss the financial aspects of the committee at those meetings?

A It was brought up for open discussion.

Q And who would be the big talkers on that?

A Congressman Rhodes, Bruce Merrill, Ann Brown, and John O'Neill.

Q I want to elaborate more on your duties vis-a-vis Dodson, and I'm going to read out duties, and you tell me whose duty that was.

To collect the contributions themselves, the checks.

A I don't know that that was either my -- I know it wasn't my responsibility, and I don't think it was Ben's responsibility to collect the checks.

Q It was or was not?

A Was not.

Q Whose responsibility was that?

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A To actually physically collect the checks, whoever contacted the donor. John O'Neill was involved in that. Ann Brown was involved in that.

Q Who would receive the checks at the headquarters?

A Either Ann Brown or Ben Dodson.

Q Would you receive any of those checks after they had been collected?

A No.

Q Did you receive any checks after they had been collected?

A There may have been an occasion, but if there was, it was out of the ordinary.

Q Now, who would record them in the committee's books?

A Ben Dodson or Ann Brown.

Q And who would copy them?

A Ben Dodson or Ann Brown.

Q Does the committee still retain those copies?

A Yes.

Q Who would make out deposit slips?

A Ann Brown, Ben Dodson.

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Q Anybody else?

A Not that I am aware of.

Q Who would make out contribution cards? Now let me say something here. I have been using the phrase "would." If there are any exceptions to that -- if you know of any occasions when there was an exception to that, please tell me. Okay.

So we have gone through collecting and we have gone through the exceptions. Copying -- any exceptions to Dodson or brown?

A Anybody in the office could have done it. I was never there to physically observe who did it. I just assumed that they were the ones who did it.

Q How about deposit tickets?

A The same thing there. I never actually observed who did it.

Q Did you hear of anybody else doing it?

A I am aware of a deposit that seems to be -- I have seen a deposit that nobody can identify who made the deposit.

Q What deposit was that?

A I don't recall the exact date.

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Q How about filling out contributor cards?

A Again, I didn't personally do that, and I didn't observe who did it, but I would assume, again, that it was Ben Dodson or Ann Brown.

Q If you have heard anything differently, I will take it as you have heard it, but -- you can tell me that and tell me from where you heard that.

A I have heard that John O'Neill filled out some cards.

Q All right. And is this something you have heard after -- when have you heard this?

A The first time I heard this I believe was August of '86.

Q What was the occasion of that?

A I was contacted by Congressman Rhodes and we scheduled a meeting in my office, and he informed me that John O'Neill had filled out some contributor cards with cashier's checks.

Q Go ahead.

A And obviously Congressman Rhodes and myself were upset. We discussed termination of Mr. O'Neill. We discussed refunding the money. We discussed the

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appropriate filing of the campaign reports.

Q And what did you decide to do with respect to those discussions?

A Number one was to refund the money as soon as possible. Number two was how do we disclose this on the campaign reports, and in fact, there was a cover letter accompanying the campaign report that was filed indicating that there were improper contributions made.

Q Are you talking about the next campaign report due?

A Yes.

Q Not one down the road?

A No.

Q How about monitoring the amount of -- getting back to the duties, monitoring the amounts of contributions?

A That was done within the office.

Q By whom?

A Ann Brown, Ben Dodson.

Q Did you do any monitoring?

A The only monitoring I would do is when I would get the information supplied to me, I would obviously look

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over that information. If I observed any irregularities in terms of types of contribution vis-a-vis corporate contributions, if I was aware of any excess contributions -- that sort of thing. I would look for that, but from my point of view, I had the information supplied to me and basically I put that information on the report.

Q Did you have any information as to committee finances mailed to your home?

A No.

Q Never?

A Never.

Q Mailed to your care?

A I had information mailed to my office.

Q Okay. Mailed to your office?

A Yes.

Q Did you keep such information at your office?

A Yes.

Q And would you keep them in a separate file cabinet?

A I had it segregated in the files.

Q What records are we talking about?

A Bank statements. Once every report period the

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information would come to me in terms of information that I needed to prepare the report, which would include check stubs, campaign contributor cards, lists of expenditures -- all the information necessary for me to fill out the report.

Q So you would see the check stubs, you would see the checks --

A I would see copies of the checks.

Q Copies of the checks?

A Yes.

Q And what else would you see?

A The bank statements.

Q Would you -- meaning the money market statements?

A The money market and checking.

Q Those were monthly reports?

A Yes.

Q Does the committee still retain the checking reports?

A I have that information in my office.

Q From 1986?

A Yes.

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Q Did you receive reports from the bank as to the money market -- well, let me -- are you aware of a line of credit that was extended by United Bank to the committee?

A Yes.

Q Did you receive reports from the bank as to that line of credit?

A No.

Q Who received those reports?

A I assume they either went to Ann Brown or Ben Dodson.

Q You never saw any -- you never saw any records of that line of credit?

A I don't recall.

Q Any reports as to the activity of the line of credit?

A Every time --

Q From the bank?

A Every time there was a withdrawal they would send a credit memo out, or -- to the checking account or savings account, wherever the money went, and I would receive that information.

Q Did you ever deal directly with the bank, United

0043600677

Bank?

A There were occasions when I needed information to complete the campaign reports that I would call the bank to obtain that information.

Q And whom would you call at United Bank?

A I have called several people: John O'Neill, Steve Todd, various secretaries.

Q Georgeann Beaudet? Does that sound familiar?

A No, it doesn't.

Q She worked for O'Neill?

A Georgeann, yes.

Q Tell me when you would call these people. Is there any specific time you wouldn't call Steve Todd?

A Generally I would talk to whoever was in the office. It just depended on when I would call and who was there.

Q All right.

A I would call in regards to -- for instance, if I needed information regarding interest expense in the campaign report, I would call and get that information from them.

Q And what other -- I know you are trying to be

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cooperative by giving me examples; but if you can give me all the examples that you know of, that would be responsive to what I want.

A I have called regarding account balances, both of the checking and savings. I have called regarding loan balances on the credit line. I have called regarding interest expense on the credit line. I have called regarding interest income on the money market account. I have called regarding outstanding checks. I have called regarding outstanding deposits.

Q This was during 1986?

A Yes.

Q Was there any specific subject that you would talk to one of the three people mentioned, more than you would talk to the other person; for instance, would you talk about the credit line more with Steve Todd than with John O'Neill?

A The person I talked to probably the most was John O'Neill's secretary.

Q Georgeann?

A Georgeann.

Q What kind of information would Georgeann give

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you?

A Normally account balances, interest expense, interest income. We worked together to make sure we had properly recorded all deposits that were outstanding deposits.

Q Did Georgeann make any suggestions as to the activity of the campaign?

A No.

Q Financially?

A No.

Q I'm not talking about which rally to go to, I'm talking about how to manage the money.

A Not that I recall.

Q Did Steve Todd?

A No.

Q Did John O'Neill?

A Maybe I need to define that. In terms of manage the money, no.

Q But in other ways perhaps yes?

A We would discuss funds available, that sort of thing.

Q Is that the kind of conversation you would have

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with Todd or Beaudet?

A Not really.

Q Did any of them call you in case you were about to overdraw either -- overdraw the checking account -- any of those three people?

A I don't remember that ever happening.

Q You don't remember being called, or don't remember an overdraft?

A I don't remember being called.

Q So you had to watch for the overdrafts yourself?

A I really wasn't in that position. It was like that was controlled by the campaign.

Q You mean at the campaign headquarters?

A Correct.

Q Now, whose primary function was it to prepare the reports for the clerk of the house?

A Mine.

Q And what role did Ben Dodson play in that?

A He supplied the information necessary for me to prepare the reports.

Q Would he fill out any of those reports?

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A There were occasions where he filled out the schedule As and the schedule Bs.

Q Would he fill out entire schedule A and schedule B, or portions of them?

A Portions of them.

Q Which you would then review, however, before sending on to the clerk of the house, is that correct?

A That is correct.

Q Now, would Mr. Dodson come to your office to do this?

A He would bring the information to my office. We would go over the information.

Q Together?

A Yes.

Q At your office?

A Yes.

Q I would like to go over the procedure for the receipt of contributions, at least as you know it, from your function as the one who prepared the report. What date was recorded as the date for a receipt of the contribution by the committee?

A The date that it was received.

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Q Meaning --

A The date the check was actually arrived at the campaign office.

Q So that someone could have received the contribution from someone else, but it was the date that that person who received the contribution brought it to the office; is that correct?

A Yes. Yes.

Q Are there any variations from that?

A I have no direct knowledge of that.

Q What do you mean by "direct knowledge" of that?

A I wasn't involved in that procedure.

Q Are you referring to what you referred to before, when you met with Jay Rhodes about John O'Neill's activities?

A Would you clarify that?

Q You referred to a meeting, I believe you said in August of 1986, in which you met with John O'Neill about the need to refund contributions. Is that what you were referring to? Or is there another kind of activity that you are talking about?

A No. What I was -- when I answered the question,

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what I was referring to was the receipt of contributions --

Q Right?

A By the campaign.

Q Right.

A And I had not observed that function.

Q Now, you say you have no direct knowledge. However, do you have knowledge that it was done another way?

A No.

Q Had you heard it was done another way?

A Yes.

Q With respect to what, specifically?

A With respect to moneys received by John O'Neill. He in turn issued cashier's checks and filled out campaign cards.

Q Now you referred to the conversation before with congressman -- with now Congressman Rhodes about the receipt by John O'Neill of contributions for which he made out cashier's checks, and you referred before to the discovery of this problem. I would like you to elaborate. What do you remember from the time of the

0043600684

discovery -- what do you remember about that discovery?

A Other than my conversation with Mr. Rhodes?

Q With Mr. Rhodes, yes.

A I had several conversations with Tom Rawles regarding the same thing: Proper reporting of the reports, proper disclosure, refunding the money -- one of the topics was termination of O'Neill as finance chairman. We discussed the negative impact on the campaign this was going to have. We discussed how close the election was. I'm trying to be very specific.

Q Please be specific. You have mentioned number of things. If you can fill in the little details on that, as to what you can recall, take your time.

A Again, we discussed the proper handling of the situation, the correct handling in terms of notifying the Federal Election Commission, in terms of notifying the press.

We decided that we should disclose it as soon as possible. We decided that we should refund the money as soon as possible.

Q What did you decide with respect to O'Neill?

A That -- I don't know what we decided. I know

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that O'Neill was terminated immediately upon knowledge of what had gone on, terminated as finance chairman. We discussed how concerned we were for Mr. O'Neill because of what had happened.

Q Elaborate on that.

A John O'Neill had been a member of the community for a number of years, probably the number one banker in the Mesa area for a number of years. And obviously he had a lot of friends, had a lot of contacts. We had all known him for a number of years, and to say I was shocked is an understatement when I learned about what had happened, especially from the sources the money had come from.

Q What do you mean by that?

A Conley Wolfswinkel.

Q What do you mean by that?

A Conley Wolfswinkel and I go back a long ways.

Q I have time.

A You know, I'm not -- I don't want to say anything that -- I mean what I'm saying is my opinion. I have had clients who have had associations with Conley Wolfswinkel, and I would never say that he did anything illegal, but I would say that there is one instance where

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I know it was unethical.

Q Well, I may come back to that, this whole thing when the controversy broke.

Let me go into the subject matter itself.

MR. LEVIN: I am handing the reporter an exhibit to be marked as FEC Exhibit 1. I am handing a copy to the witness and counsel.

(FEC Exhibit 1 identified.)

BY MR. LEVIN:

Q Mr. Mulkey, have you seen the checks on FEC Exhibit 1 before?

A Yes.

Q Have you seen all of this; in other words, have you seen all of FEC Exhibit 1 before?

A Yes.

Q So you have seen the register copy?

A I have seen a copy of this.

Q When did you see this?

A Yesterday.

Q With Mr. Swillinger?

A Yes.

Q Had you seen these checks before?

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A No.

Q When you were filing reports in 1986 you did not see any part of these checks?

A No.

Q How were you notified of the existence of these contributions?

A Last-minute contributions.

Q And what happened? Who brought you the notification of that?

A Ben Dodson.

Q This was not part of the documentation that Mr. Dodson would bring to you?

A In this case, no.

Q Did you question him as to why you were not seeing copies of the checks?

A There was a time -- a time element involved when this information came to me. Schedule A was completed. We attached a cover letter that indicated these were last-minute contributions, and I assumed that the information was valid.

Q Schedule A was completed for what reporting period, Mr. Mulkey?

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A Excuse me?

Q Schedule A was completed for what reporting period?

A I don't recall. This information would normally come to me when the regular report was due, and I may have seen it at that time, but I don't really recall.

Q The regular report was due when?

A I don't know.

Q Are we talking about the preprimary report?

A Yes.

Q If I showed you a copy of the preprimary report would that refresh your recollection as to details -- why don't I do that. The problem is I don't have many copies of this. I will show you -- I am showing the witness -- I don't think we have to mark this as an exhibit.

MR. SWILLINGER: No.

MR. LEVIN: I am showing the witness a copy of the preprimary report filed on August 29th, according to the -- or received on August 29th, according to the stamp on the report.

MR. LEVIN: Let's take a five-minute break.

(Recess.)

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MR. LEVIN: Back on the record.

MR. SWILLINGER: Mr. Levin, I don't think you are intending to confuse the witness here, but I think there is a problem in that the report that you have shown him, which is the preprimary report, would not reflect late contributions, because by definition late contributions follow after the closing date of the preprimary report.

MR. LEVIN: Right. I was somewhat confused by his response saying he was trying to meet some sort of deadline on the filing, some sort of filing deadline. That is why I was wondering if he was --

BY MR. LEVIN:

Q Mr. Mulkey, were you trying to reach the August 20th deadline?

A No. Last-minute contributions -- that is what I meant.

Q Are you talking about the 48-hour -- the period between 48 hours and 20 days before the primary?

A Yes.

Q So had you -- let me go back. Had you ever not -- this was the first time you had not seen the checks

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when you were looking over committee records to file the FEC forms?

MR. SWILLINGER: That is just not clear.

MR. LEVIN: He can correct me.

THE WITNESS: Would you repeat the question?

BY MR. LEVIN:

Q Am I correct? This is the first time that you had not seen the checks in order to file the FEC forms?

MR. SWILLINGER: That is what I am objecting to, Mr. Levin. He has testified he was filing a 48-hour late contribution report, which is not -- you are implying he was filing a regular full report. I think you need to clarify between the two things when you ask the question.

MR. LEVIN: The witness can clarify that, if that is a special circumstance and also, if this is the first time, Mr. Mulkey, that you did not see the checks when you were filing the reports.

THE WITNESS: This was in fact the first last-minute contribution report that we had filed, and it was in fact the first time I had not seen the checks with the report.

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BY MR. LEVIN:

Q Did you say, "Now, who gave you" -- Mr. Dodson gave you the information at this time?

A Yes.

Q Did you say anything to Mr. Dodson about the absence of the checks?

A Not really.

Q What do you mean, "not really"?

A No, I did not.

Q You did --

A The reason being is I would see that information when I completed the postprimary report.

Q So he merely brought in information that these checks had been received?

A Right.

Q Did he say what form the checks came in?

A No.

Q He did not tell you that they came in a cashier's check form?

A Not that I recall.

Q Did you have information otherwise as to what form the contributions came in?

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A No.

Q Did Mr. Dodson give you information as to other contributors for which there were no checks?

A The only example of that was cash contributions.

Q Did he give you a list of names, 12 names, for contributions totaling $18,000?

A No.

Q For which there were no checks?

A Not that I recall.

Q These contributions later were found to come out of the Wolfswinkel moneys?

A Not at that time, no.

Q Not at that time, meaning what?

A I mean I became aware of that happening but not at that time.

Q But you then -- but at some point you also received 12 names that you later found out did not have checks?

A That's correct.

Q So when those names were brought to you assumed that there were checks for them?

A Either checks or cash.

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Q You didn't ask either way?

A No.

Q Meaning either way whether there was a check or not a check?

A I would assume it was cash if there was no check included with them.

Q Including a thousand dollar contribution?

A It could be a cashier's check.

Q Okay. You don't mean currency?

A There have been contributions in currency. There have been contributions in cashier's checks.

Q How much were these contributions in currency?

A Anywhere from $5 to $500.

Q $500?

A Or more. I don't recall the exact amount.

Q Do you know when those occurred?

A I don't recall.

Q Did they occur with respect to any of the contributions we have discussed now?

A Specifically do you mean in conjunction with these cashier's checks?

Q Yes.

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A I am a little confused on the question.

Q Do you have any reason to believe that these contributions we have discussed, the cashier's checks or the $18,000 we discussed, came in the form of cash contributions, meaning currency?

A I would assume they are cashier's checks.

(Witness conferred with counsel.)

BY MR. LEVIN:

Q At the time -- this was late August, early September, before the primary -- do you remember receiving information that $18,000 in contributions had come in from 12 people?

A Specifically that amount and 12 people was not -- never brought to light until the conversation with Mr. Rhodes.

Q I am really confused here in one respect. What form did the information as to these cashier's checks, the checks on Exhibit 1, not the $18,300, but the checks on Exhibit 1 -- what form of -- in what form did that information come to you?

A That information came to me in terms of a copy of a contributory card and an indication that it was a

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cashier's check.

Q Did you receive any deposit slips?

A No.

Q Okay.

MR. LEVIN: I am handing the reporter an exhibit to be marked as FEC Exhibit 2.

(FEC Exhibit 2 identified.)

BY MR. LEVIN:

Q Have you seen FEC Exhibit 2 before?

A Yes.

Q You filed FEC Exhibit 2?

A Yes.

MR. LEVIN: I'm going to hand the reporter an exhibit to be marked as FEC Exhibit 3.

(FEC Exhibit 3 identified.)

MR. LEVIN: I am handing a copy to the witness and counsel.

BY MR. LEVIN:

Q Looking at the top of FEC Exhibit 3, it is two pages. If you could look at the second page, which is the back of the deposit slip represented on the front page, have you seen that deposit slip before in FEC Exhibit 3?

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A Yes.

Q And when did you see it?

A Yesterday.

Q Was that the first time you had seen it?

A As I recall, yes.

Q Did you normally keep records, committee records of these deposit slips?

A No.

Q Who would keep that?

A They would stay at the office, the committee office.

Q But would you see that when you were filing reports?

A I do now, and I don't recall whether I did then.

Q What --

A I don't need that information to fill out the report, because I tie it to cash.

Q What do you mean, "you tie it to cash"?

A The bank statements list all the deposits.

Q Do you notice a date in the upper right-hand corner of the deposit slip?

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A Yes.

Q What is that date?

A August 21st, 1986.

Q Did Mr. Dodson fill out that deposit slip?

A I don't know.

Q Do you know who filled out the deposit slip?

A No.

Q Were you told what day these checks were dated when you were given information as to them, when you were filing the supplemental report that is in front of you, in FEC Exhibit 2?

A No.

Q Were you just given a date?

A I was given the report.

Q The report?

A If you are referring to Exhibit 2 --

Q Yes. When you filed Exhibit 2, in the process of filing that report, were you given the date? Now the date is August 26th listed there for these contributions.

A I was given the schedule A completed.

Q You did not fill out this schedule A?

A No.

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Q Had you ever not filled out a schedule A and just been given it like that?

A Yes.

Q And when was that?

A Other campaign reports.

Q Prior to this one?

A I don't recall if they were prior or before, but I know it had happened before. I had requested that Ben Dodson do as much of the campaign work as possible.

Q When did you make this request?

A I don't recall.

Q Keep going.

A He would fill out as much as possible of the information. He would have a person in his office type the information, because basically I had requested that information anyway, and he said he had the time and the staff to do it, and I asked him if he could help me.

Q Was that only with this specific report?

A There were other occasions when it was done.

Q Prior to this?

A I don't recall.

Q Was that done because of a special incident of

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it being a supplemental report?

A Yes.

Q Do you know of any instructions given to anybody that led to the discrepancy on the deposit slip and the date on the report?

A No.

Q Did you know of any at the time of the report?

A No.

Q Did you know of any conversations discussing that?

A No.

Q Have you heard anything since August, 1986?

A Yesterday.

Q So I have heard. When the controversy emerged, did you discuss this with Mr. Dodson?

A No.

Q You didn't even question him as to why something like this occurred, after you had relied on him?

A I wasn't even aware this had occurred until yesterday.

Q And he didn't tell you?

A No.

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Q Had you discussed the matter at all, the controversy at all, with Mr. Dodson?

A Not initially, but later on I did.

Q When was that?

A I don't recall the exact date. I would say maybe two or three weeks after I had talked to Congressman Rhodes.

Q What did he say to you?

A He was basically shocked over the whole incident, as shocked as I was.

Q Dodson?

A Yes, in terms of what had happened, and he had concern for the campaign, he had concern for John O'Neill. By that time we had already corrected as much as we could in terms of refunding contributions and in terms of filing appropriate reports.

Q Did you hear anything subsequently -- okay. Let me preface this. You will notice in the upper right-hand corner on FEC Exhibit 1 says August 13th on the checks?

A Yes.

Q And then the deposit slip says -- the date you have on your report says August 26th.

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A Yes.

Q Did you hear any discussions as to that discrepancy?

A No.

Q As to the reason for it?

A No.

Q Now let's go back to this $18,000 in contributions. Now, tell me, how did the -- how did you receive notification that those contributions came to the committee?

A In the normal process of preparing the report, which would be Ben Dodson supplying me with contributory cards and copies of checks.

Q Did he do that?

A Yes.

Q Of the $18,000?

A I assume he did. I don't recall specifically.

Q Mr. Mulkey, you testified before that you had received notices about the line of credit, such as advances; is that correct?

A Yes.

Q Did they come in this -- I'm going to introduce

0043600702

two exhibits and ask you about them.

MR. LEVIN: I am handing the reporter a document to be marked as FEC Exhibit 4, and FEC Exhibit 5, and I am handing a copy to the witness and counsel.

(FEC Exhibits 4 and 5 identified.)

BY MR. LEVIN:

Q Mr. Mulkey, have you seen these before?

A I assume I have.

Q Is this the kind of notice you were talking about?

A Yes.

Q So you would have seen a notice of a payment of $18,000 into the line of credit, would you not?

A No.

Q Why not?

A I received the notices that impacted on the checking or savings account.

Q You did not receive notices of payment with reference to the line of credit?

A No.

Q Who would have received such a notice?

A I would assume it would go to the campaign

0043600703

headquarters.

Q Wouldn't a payment into the line of credit come from either the checking or the money market account?

A If it would, I would eventually receive that debit memo.

Q Do you recall being notified of an $18,000 deposit into a line of credit?

A Yes.

Q And when was that?

A At the time we filed the campaign report for the period covered.

Q Are you talking about the period between August 20th and October 1st?

A Yes.

Q Was that pursuant to the discovery of the problem or prior to that?

A That was prior.

Q Prior to that?

A Yes.

MR. LEVIN: I'm going to hand you an exhibit to be marked as FEC Exhibit 6.

(FEC Exhibit 6 identified.)

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MR. LEVIN: I am handing a copy to the witness and counsel. Well, if you would look at that copy, please. That is a two-page document.

BY MR. LEVIN:

Q Mr. Mulkey, have you seen this document before?

A Yes.

Q When did you see it?

A Yesterday.

Q Mr. Mulkey, if you will look toward the bottom half in the second column next to date, 8/25/86, do you see an $18,000?

A Yes.

Q Now, what you see are various figures here. This $18,000 on August 25th, code 67P, does that remind you of when you would have been notified of a payment into a line of credit?

A I wouldn't have been notified of that payment until we filed the campaign report. And in the normal course of filing the campaign report, I determined the liabilities and the assets, and that is when I would have become aware of that payment.

Q And you are saying this is before the

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controversy emerged? That you found out about an $18,000 line of credit?

A I'm trying to think of the dates we have got involved here. In the course of filing the report -- and the report was due for that period -- that would have been due in October. I can't recall whether that was before or after.

Q I am doing my best to jog your memory here. Mr. Mulkey, I'm going to give you another exhibit. You have these in your possession, I'm sure, at the committee. I am handing a copy to the witness and counsel.

(FEC Exhibit 7 identified.)

BY MR. LEVIN:

Q Have you seen this exhibit before? Have you seen these forms before on FEC Exhibit 7?

A Yes.

Q Are these statements you receive at the end of every month?

A Yes.

Q Do you see anything on the statement from 7/31 to 8/29 that looks like there was a deposit of $18,000

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into the line of credit?

A No.

Q And yet -- all right. Let me try this, to try and jog your memory here.

MR. LEVIN: I am handing the reporter a copy of a document to be marked as FEC Exhibit 8.

(FEC Exhibit 8 identified.)

MR. LEVIN: I am handing a copy to the witness and counsel.

BY MR. LEVIN:

Q Take a look at that, sir.

MR. LEVIN: I am handing the reporter FEC Exhibit 9 to mark and handing a copy to the witness and counsel.

(FEC Exhibit 9 identified.)

MR. SWILLINGER: Mr. Levin, I think you have given us -- at least the cover sheet is the same document twice.

BY MR. LEVIN:

Q Have you seen both of these documents before?

A Yes.

Q All right. Looking at the documents, do they

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indicate to you that $18,000 in contributions are recorded as being received on September 9th?

A There is no total.

Q You are a CPA. You can add, can't you?

A Yes.

Q All right.

A In fact, I got $20,000. Maybe I had better add that again.

Q The 9/9/86, those dates?

A Right.

Q Just try the first one, September 11th, and see how they add up.

A All right. $20,000.

Q Well, assuming it is $20,000, these are the contributions that were returned as a result of the controversy, am I correct, looking at your -- by what you say on your October 1st document, the cover page?

MR. SWILLINGER: I think the record ought to show that the copies of the report, Exhibit 9, are almost illegible. If you have a clearer copy, it would be much easier for the witness to answer your question.

THE WITNESS: Some of the names I can't read.

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MR. LEVIN: Let me show you a clearer copy for the time being.

MR. LEVIN: This is for which document.

MR. SWILLINGER: The October 1 -- the attachment to the October 1 letter.

BY MR. LEVIN:

Q Look at this clear copy of the October 1 document, please.

A Yes.

Q The point is not to add them up. The point is these are the contributions --

MR. SWILLINGER: Mr. Levin, you asked him what was on there. You asked him to match them up. He is trying to do it. I think you ought to let him do it.

MR. LEVIN: I will let him do it, but I wanted one question answered first.

BY MR. LEVIN:

Q Please, Mr. Mulkey, are these the contributions that were the source -- that were part of the controversy that you had discussed with --

A Evidently a portion of them are, and a portion of them are not.

0043600709

Q Okay. We will hold them there so you can look at them. They are originals and eventually I'm going to need them back.

Is there any way that you can account for the discrepancy between the late August date -- I'm asking for information, here -- between the late August date of the $18,000, and these contributions that are dated as received on 9/9?

A No.

Q Do you recall any discussion about delayed reporting?

A No.

Q Do you recall discussing that with Mr. Dodson?

A No, I do not.

Q When you received -- when you recorded these 9/9 contributions, on what basis did you record them as received on 9/9?

A From the information supplied by Mr. Dodson.

Q What information did he supply to you?

A Basically he supplied the cards and a copy of the checks.

Q Who made out these cards?

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A He did, he or Ann or whoever. I don't know who made the cards out. I have no specific knowledge of who did it.

Q He supplied checks to you as well?

A Copies.

Q Okay. Let's go back to the time that you had these discussions -- now was it with Jay Rhodes?

A Yes.

Q As to the problem with the O'Neill contribution or the contributions related to John O'Neill?

A Yes.

Q And we talked about -- you said that there were various discussions. Now, what other conversations did you have or over -- did you have pertaining to this, other than the ones you have mentioned? And I can go over the ones you have mentioned to clear up the record.

A I don't think there has been any others than the one I mentioned, the one with Congressman Rhodes -- a couple with Congressman Rhodes and a couple with Tom Rawles after the fact I had talked to Ben Dodson. A couple with Tom Rawles. After the fact.

Q When did you speak with Tom Rawles?

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A Later on. It was extremely confidential information and we wanted to make sure we handled it the proper way, so up until the point in time, when we had filed the reports and the information had become public, at that time I mentioned it to Ben.

Q Had Ben known about it already?

A I don't know.

Q Who else on the committee knew about the problem?

A I don't know.

Q When you say you don't know, did you hear if anybody else knew about the problem?

A No, I did not. It was in extreme confidence.

Q Had you heard that -- whether or not Mr. O'Neill was still with United Bank?

A I heard that Mr. O'Neill had been terminated from United Bank.

Q When did you hear that?

A Approximately the same time as I heard from Congressman Rhodes regarding the problem.

Q What time frame are you saying that you heard from Congressman Rhodes?

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A I believe it was in August.

Q You mentioned Conley Wolfswinkel before. Did anybody say anything to you about what Conley Wolfswinkel's role in this was?

A Along with the disclosure by Congressman Rhodes of the improper contributions, it was also disclosed that the source of those improper contributions were from Conley Wolfswinkel.

Q What was said about Wolfswinkel as the source?

A Nothing, other than he was the source of it.

Q Well, did they say anything about what he knew as to what was going on?

A Indicated that -- the only other thing we really talked about was the potential problem for -- we were concerned about a lot of things. We were concerned about being sued by Wolfswinkel, we were concerned -- just a myriad of things, everything you can imagine. We tried to talk about all the possibilities.

Q Why were you concerned about being sued by Wolfswinkel?

A Because if we were to release information that we weren't absolutely 100 percent certain about, that

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might cast some kind of aspersion on Conley Wolfswinkel, we could be sued.

Q Other than the fact that Wolfswinkel was the source, what information did you have?

A That he was the source?

Q You were saying he was the source of the money.

A That was told to me by Congressman Rhodes.

Q What else were people on the committee told, either told to you directly, or about Conley Wolfswinkel's involvement in this matter?

A The only other person on the committee that I spoke to about it was Tom Rawles, at that point in time.

Q All right.

A And the conversation basically went that while John O'Neill was on vacation, cashier's checks, the receipts for cashier's checks had been discovered. He was terminated from the bank; that he improperly filled out campaign contribution cards, and that the source of those funds were from Conley Wolfswinkel.

Q Anything as to Mr. Wolfswinkel's knowledge as to what happened?

A Not really.

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Q What do you mean by "not really"?

A I mean conjecture. It was like -- my opinion was certainly one of distaste, to say the least. But --

Q I mean Mr. Wolfswinkel's knowledge as to the ultimate use of the funds.

A I mean it was an assumption on my part that he knew what was going on from the word go.

Q Anyone else assume that?

A I can't speak for anyone else. I don't want to speak for anyone else.

Q Well, did anyone else say that to you?

A No, not really. I said that to Congressman Rhodes, and I said that to Tom Rawles.

Q What did they say to you?

A They said, "We don't know."

Q Now, you said that you had discussed rectifying this.

A Yes.

Q This whole matter.

A Yes.

Q How was it rectified?

A I think there were three areas -- really four

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that we were concerned with. One was that this information was absolutely accurate, because, as I mentioned before -- because of the problem with possible litigation.

Q In other words, the information on the report had to be absolutely accurate?

A No, the information we had received regarding the whole problem.

Q Let me clarify what I mean by "rectify."

A Okay.

Q You were talking about the need to get the money back; is that correct?

A Yes.

Q How was that done?

A We issued checks as soon as possible to refund the money.

Q To whom?

A Whoever -- I think they went back to Wolfswinkel, in fact. There was a question regarding whether we should make the checks out to the names on the contributory cards or we should make it to Wolfswinkel, and we ended up making the checks out to Wolfswinkel.

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Q Who gave the check to Wolfswinkel?

A I assume Tom Rawles, but I don't know for sure.

Q So this would have been one lump sum, of -- a check up to about $30,000 or maybe a little less than that?

A We paid him in several checks, because we didn't have the money. We didn't have the money to pay him back all at once. We paid him as we got the money in.

Q What date did you report these repayments?

A I don't recall.

(Witness conferred with counsel.)

MR. LEVIN: I am handing the reporter an exhibit to be marked as FEC Exhibit 10.

(FEC Exhibit 10 identified.)

MR. LEVIN: I am handing the witness and counsel a copy.

BY MR. LEVIN:

Q I can show you the complete report in context --

MR. SWILLINGER: Excuse me, is this Exhibit 10?

MR. LEVIN: Yes. Counsel, here is the complete report that covers that reporting period.

MR. SWILLINGER: All right.

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BY MR. LEVIN:

Q Would you take a look --

MR. SWILLINGER: Exhibit 10 is a page from the October 15, 1986, quarterly report.

MR. LEVIN: Yes.

BY MR. LEVIN:

Q Mr. Mulkey, can you identify Exhibit 10?

A Yes.

Q What is it?

A It is schedule B of the report of the primary election for the quarter ended October 15th.

Q And did you file this report?

A Yes.

Q You have said that payments came over in several checks.

A Yes.

Q Did they all come on September 30th?

A I don't recall.

Q I was just curious. Is there any reason why it was reported the way you have reported it here, the return to Mr. Wolfswinkel?

A Other than that was a check written. That is

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the only -- that was what was written.

Q Mr. Mulkey, who made the decision to report the returns by saying that they were erroneously contributed, as in a prior exhibit, the exhibit dated October 1st?

MR. SWILLINGER: Exhibit 9 is what counsel is referring to.

THE WITNESS: I would say it was a joint decision between myself, Tom Rawles, and Congressman Rhodes, with Congressman Rhodes the final decision.

BY MR. LEVIN:

Q Was there any awareness that this might not reflect the date that they were returned to the -- to Mr. Wolfswinkel?

A No. I had no knowledge of when the checks were actually returned.

Q You did not see records of those?

A I saw the check stubs, I saw the bank statements, I did the bank reconciliation, I saw the checks.

Q You have those in your possession?

A Yes.

Q If we were to subpoena them, you would be able

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to provide them?

A Yes.

Q Mr. Mulkey, I'm going to ask you, do you recall the committee receiving contributions from the Wolfswinkel family?

A Yes.

Q Do you recall what form they were in?

A Checks.

Q Well, let's make it easier. I'm asking the reporter to mark these as FEC Exhibit 11. I am showing a copy to the witness and counsel.

(FEC Exhibit 11 identified.)

MR. LEVIN: I will show FEC Exhibit 12, as well.

(FEC Exhibit 12 identified.)

MR. LEVIN: If the witness and counsel will take a look at that one, please.

MR. SWILLINGER: Yes.

BY MR. LEVIN:

Q The back is not so clear. It is the front part that will reflect the contributions you see in Exhibit 11. Mr. Mulkey, have you seen FEC Exhibit 11 before?

A Yes.

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Q And when did you see that?

A Yesterday.

Q Had you seen it prior to that?

A I don't really recall.

Q In the normal course of your duties you would see the checks, though, that -- as part of the records for you to fill out the FEC reports; is that correct?

A Yes.

Q Would you see FEC Exhibit 12 in the normal course of your duties?

A No.

I might explain that. There are two portions here to Exhibit 12.

Q Let's do the top -- the top portion, that deposit slip.

A No, I would not.

Q Do you recall any discussion as to the source of those contributions?

A The source --

Q At the time they were received?

A Could you clarify as to which contributions --

Q The Wolfswinkel family contributions. They are

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represented in that deposit slip. The bottom three checks on FEC Exhibit 12 are -- they are Wolfswinkel checks, I believe, but you can make reference to FEC Exhibit 11 for the relevant checks.

A Do I recall any conversations regarding these?

Q Yes.

A No.

Q I'm going to show you another exhibit.

MR. LEVIN: Mark this, please, as FEC Exhibit 13.

(FEC Exhibit 13 identified.)

MR. LEVIN: I am handing it to the reporter and to witness and counsel.

BY MR. LEVIN:

Q Take your time, Mr. Mulkey. Do you notice the discrepancies between the figures in FEC Exhibit 13 and the checks in FEC Exhibit 11? And counsel, if you wish I can show you the whole second quarterly report that that covers.

MR. SWILLINGER: I am confident this is accurately taken from the report, Mr. Levin.

MR. LEVIN: All right.

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BY MR. LEVIN:

Q Mr. Mulkey, just to make it a little easier -- and correct me if you think I am mischaracterizing this -- do you see a $1900 check with the remitter as Conley Wolfswinkel, with a $900 contribution listed on FEC Exhibit 13?

A Yes.

Q Do you see a $2000 check with the remitter as Bernadette Wolfswinkel and the front and back -- the top and bottom would be on different pages -- $2000 attributed to Bernadette on the checks and $1000 on the reports?

A Yes.

Q Do you see a contribution attributed to Dustin Wolfswinkel? There is a corresponding check. There are no checks, however, for Damian and Ashton Wolfswinkel. Ashton, I believe, is listed on the second page of Exhibit 13. Damian is on the first page of Exhibit 13.

Do you remember any conversation as to this discrepancy?

A I wasn't aware there was a discrepancy.

Q Mr. Dodson never explained anything to you about this?

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A No.

Q Let me ask you again, did you see these checks when they came in with the records?

A I do not recall.

Q Do you know if this problem has been rectified by the Rhodes committee? It is a continuous committee since 1986?

A I assume it has not.

Q Let's go back to Mr. Wolfswinkel again. Did you know of any proposal to have Mr. Wolfswinkel raise money for the campaign?

A I was aware that he was going to try to help raise money for the campaign, but I didn't know of any plan.

Q Tell me what your awareness stems from.

A Just conversations in the committee meetings that he was a good source to -- he had a lot of contacts, he was an influential person in the valley, he could help us raise money.

Q Who said this?

A It came from several sources: Ann Brown, John O'Neill, Bruce Merrill.

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Q Do you know of any amount they had in mind for him to raise?

A No.

Q Do you know if he was repeatedly asked to raise funds?

A I don't know that.

Q Well, what did you hear?

A I hadn't heard that. I'm not aware of that at all.

Q Are you aware of any effort to get the candidate's father, the former minority leader of the House, to cosign a loan for the campaign?

A No.

MR. LEVIN: Mr. Mulkey, I'm going to hand you an exhibit to be marked as FEC Exhibit 14.

(FEC Exhibit 14 identified.)

BY MR. LEVIN:

Q I'm handing you a copy, and your counsel. This is from the first quarterly report. Mr. Mulkey, have you seen FEC Exhibit 14 before?

A Yes.

Q And when did you see it?

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A When the report was filed.

Q I'm going to refer you to the second entry. Do you recall the committee making such a disbursement?

A I don't recall the reason or -- in other words, I wasn't involved on the decision to write the check, so I would say no because of that. I am aware of it because it is on the report, and it was submitted to me.

Q You are not aware of any purpose for it, other than what you have stated on the report?

A No.

Q Do you know what the word "fundraiser" represents in this specific case?

A All I can do is assume that it means what it has meant in the past. It would be money that is used in essence to buy supplies -- for a fundraiser, whether it is a hotel room, whatever it is.

Q For a committee fundraiser?

A Right.

Q Do you recall a fundraiser done by Wolfswinkel?

A There was one.

Q For the campaign?

A Yes.

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Q When was that?

A I don't recall the exact date.

Q Could you describe to me what you know to be -- what you know of Mr. Wolfswinkel's ties to the campaign?

A There was a lot.

Q Was he on the finance committee?

A I don't believe so. He was a source for obtaining contributions for the campaign. That is my understanding of his tie.

MR. LEVIN: I'm going to give the reporter an exhibit to be marked as FEC Exhibit 15.

(FEC Exhibit 15 identified.)

MR. LEVIN: I am handing a copy to the witness and counsel.

BY MR. LEVIN:

Q Mr. Mulkey, have you seen FEC Exhibit 15 before?

A No, I have not.

Q Have you seen any part of FEC Exhibit 15 before?

A I really don't recall.

Q This was another example of your not getting the checks accompanying the committee records?

A Yes. Or I don't recall.

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Q When you saw committee records, would there be check numbers on those committee records?

A Sometimes there would. Sometimes there wouldn't be.

Q What would -- in what situation would the check numbers appear in the records and in what situations would they not?

A They would appear, I guess -- a clerical error, sometimes, a check number would not be on there. If it was a cash contribution it wouldn't be on there.

Q But other than that it would?

A Yes.

Q What about a cashier's check?

A A --

Q Would the number of the check appear on that?

A I don't really recall.

Q Why would it not?

A I don't know.

Q If we were to subpoena the records of that check listing, would you have them?

A No.

Q Why not?

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A You mean the checks?

Q The check listing, the listings of the checks. In other words, we have just discussed committee records having numbers.

A What I am speaking to is in terms of the cards, the contributory cards. The check number may have been indicated on those contributory cards.

Q Okay.

A I don't have them.

Q Did you ever have that information?

A At the time the reports were prepared.

Q If checks came in numbered seriatum, would you notice something like that?

A I don't know that I -- I mean, I don't know that I looked at that.

Q Did you hear anything as to the circumstances of the issuance of these checks, how these checks came to the committee?

A No.

Q Have you heard anything since the controversy about that?

A Yes.

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Q When did you hear that?

A I believe these are the checks that were -- Tom Rawles was doing an investigation into trying to clean up everything we could possibly clean up, and Tom brought this information to light. That was sometime after September.

Q Do you know of a Debbie Lorshbough?

A No.

Q You did not even know of her?

A No.

Q Do you know of any arrangement whereby someone was paid to work for the committee without -- but not coming from committee funds?

A No.

MR. LEVIN: Let's take a break.

(Recess.)

MR. LEVIN: On the record.

BY MR. LEVIN:

Q Before, we discussed a $35,000 line of credit by United Bank to the campaign. Do you remember when that was done?

A Approximately right before the primary election.

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Q Were you involved in any of the arrangements for the line of credit?

A No.

Q Let me go through specific things. Did you provide any committee information to the bank?

A No.

Q By that I mean the financial situation: contributions, expenditures?

A The committee had copies of the reports that were filed.

Q You mean the bank had --

A The committee had copies of all the reports that were filed. If there was a need to give those to the bank, I assume it would have been done at that level.

Q But not by you?

A Not by me.

Q Done at the committee headquarters?

A Yes.

Q Who was involved in making arrangements for the line of credit?

A I don't know specifically. I can make assumptions, but I don't know specifically who was.

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Q Well, make your assumption.

A In the normal course of events I would assume it would be John O'Neill and Jay Rhodes.

Q Now, before we have established that you received some notices as to the line of credit. We have had an exhibit for an advance of money from the bank, and a debit charge for interest --

A Yes.

Q In prior exhibits.

A Yes.

Q Were you responsible for keeping those records?

A The only records that I kept were those that impacted on the checking or savings accounts. If the money was drawn from the line of credit, I would receive a notice that indicated that the money was being deposited into the account.

Q Would you then turn those documents over to anybody?

A No.

Q So Mr. Dodson would never see those documents?

A No.

Q Were you responsible for reporting the line of

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credit on the committee's reports?

A Yes.

Q Were you told to report the line of credit in any specific way?

A No. I never received any instruction.

Q So you did it in the way that you interpreted it from reading the act and regulations and various commission materials that you may have been provided?

A Yes.

MR. LEVIN: I will hand the reporter exhibits to be marked as FEC Exhibits 16, 17, and 18.

(FEC Exhibits 16, 17, and 18 identified.)

MR. LEVIN: We need to separate out the pages. All right. If necessary I will show you the original copy of that Exhibit 18.

MR. SWILLINGER: I think they are all legible enough that we can look at them.

MR. LEVIN: All right.

BY MR. LEVIN:

Q Can you identify FEC Exhibit 16?

A Yes.

Q And what is that?

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A It is a schedule A from a campaign report. , itemized receipts.

Q Does -- that would be from the second quarterly by the date there; is that correct, from the -- the July quarterly?

A Yes.

Q Do you recognize that receipt as a receipt from the line of credit?

A Yes.

Q Look at Exhibit 17. You have seen that before?

A Yes.

Q Do you recognize that disbursement as a dis -- as a receipt -- that receipt as a receipt from the line of credit?

A Yes.

Q And Exhibit 18, do you recognize that?

A Yes.

Q And what is that?

A Schedule C, entitled "loans."

Q It is a reporting of the entire $35,000 as a loan from the United Bank?

A Yes.

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Q I can show you a clearer copy to verify that Exhibit 18 is from the preprimary report, I believe.

Q These were all from different reports; is that correct?

A Different --

Q Exhibit 16 and 17 are from different reports?

A Yes.

Q Referring to Exhibit 16 and 17, were you told any specific way to report these sums received from United Bank?

A No.

Q That was done on your own judgment?

A Yes.

Q Are you aware that a note for a $35,000 line of credit was cut in June, on June 3rd, or thereabouts in '86?

A There was an arrangement made for a $35,000 line of credit.

Q But you never saw any note?

A No.

Q You never saw any loan documents pertaining to that?

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A No.

Q I'm going to refer you back to --

MR. SWILLINGER: Excuse me just a minute.

The witness conferred with counsel.

BY MR. LEVIN:

Q I'm going to refer you back to Exhibit 6, Mr. Mulkey. Mr. Mulkey, I want you to look on Exhibit 6 and look near the top where it says "original principal." Now I know you haven't seen this document prior to either yesterday or today; is that correct?

A That's correct.

MR. SWILLINGER: Have you seen it before today?

THE WITNESS: I have not.

BY MR. LEVIN:

Q You have not even seen it yesterday?

A No, I did not see it yesterday.

Q Okay. Let's look at the part near the top third marked "original principal."

A Yes.

Q And you see $11,000.

A Yes.

Q Then look at the bottom part. I want to ask you

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if these correspond with your recollection, where it says "trans 60." Are you following me? Then there is a date and it will say "P." Looking at the top line, do those appear to correspond to the advances made to the committee, to your recollection?

A I don't really recall.

Q Well, let me try to refresh, and maybe this won't help you at all. Tell me if it doesn't.

11 is the original advance from the bank and then 11,500, which would bring it to 22,500, and then 7 to 29,500. That brings it to the end of the reporting period. Then the next reporting period you have a 5500, and that is reflected in the 2500 and the 3000, and then there are no more advances during that reporting period. Does that refresh your recollection at all as to --

A That seems to be what the reports say, the way it was reported.

Q Let me refer you to the next 60 entry. If this doesn't refresh you, tell me. That would be the last set of figures, the third one down, 8/27/86, 2500. And 8/29/86, 15,500.

Now, Mr. Mulkey, does that add up to more than

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$35,000?

A Yes.

Q Were you aware that the committee had received other advances -- these advances on August 27th and August 29th?

A No.

Q Would you have received notices of that?

A I would assume I would have.

Q Was there any reason why they were not reported?

A I was not aware of them.

Q But you received notices of them. I'm talking about these other two advances, the 8/27 and 8/29?

A If I would have received the notices they would have been reported.

Q I'm going to show you the October quarterly again.

A Yes.

Q Now, the problem here is, of course, you would have to look through every page of the October quarterly. Unfortunately, -- I mean, that is time-consuming. If you want to -- but they were not reported. Now, I don't normally do this but I know you are consulting with

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counsel as to how to interpret that report. Is there any reason -- were you told in any way not to report those advances? That is really what I want to know.

A No.

Q Who made the decision not to report those advances?

A I was unaware of them. If I would have been aware of them, they would have been reported.

Q Okay. Thank you.

Mr. Mulkey, do you know what the Salt River project is?

A Yes.

Q What is it?

A It supplies water both for agriculture and for private use to central Arizona.

Q Do you remember a letter of credit and a loan from United Bank to support payments by the committee for its utilities to the Salt River project?

A No.

Q Do you remember a letter of credit?

A No.

Q You were not told of any loan?

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A No.

Q If there were such a loan would you have received any notice of such a loan?

A The only way I would have received notice, if there were deposits into the checking or savings.

MR. LEVIN: I am handing the reporter an exhibit to be marked as FEC 19.

(FEC Exhibit 19 identified.)

BY MR. LEVIN:

Q I will hand you this exhibit, Mr. Mulkey, and direct you to the center of the page. Apparently there has been something -- something has been stapled on top of another document. Can you identify FEC Exhibit 19?

A It says -- according to the heading it says "United Bank of Arizona, application for stand by letter of credit."

Q Okay. Let's just look at that advice of charge, there in the middle.

A Yes.

Q Would you have received something like that, that advice of charge?

A I should have received something like that.

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Q Do you recall receiving something like that?

A No, I do not.

Q Mr. Mulkey, do you recall the committee, the Rhodes committee, receiving a $50,000 loan from Sun National Bank?

A Yes.

Q And what do you recall about that loan?

A I became aware of that in the report period in which it took place. I reported it.

Q So did you become aware of it at the time of the loan?

A No.

Q You became aware of it at the end of the report period?

A Yes.

Q And in what form would you have seen evidence of the loan?

A Deposits into the checking account, or savings account.

Q Would you have seen the check, the actual -- the check of the loan proceeds?

A No.

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Q Would you have seen any of the notes?

A No.

Q Were you ever told any of the circumstances of the loan?

A When I inquired about the loan I had to -- I needed certain information to prepare the report, like the interest rate, et cetera, and I got that information, and in fact I believe I called Sun National Bank for that information.

Q What did you find out as to the guarantee of that loan?

A John Rhodes.

Q Did you find out that John O'Neill was the guarantor?

A No.

Q Did anybody ever tell you that John O'Neill was the guarantor of that loan?

A No.

Q When is the first time you heard that?

A Tom Rawles.

Q Was this at the same time that he told you the other information, with respect to O'Neill's activities

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with the campaign that you have referred to before?

A Yes.

Q Was that before or after you received information from the bank as to the loan?

A That was -- I need clarification there. What period -- when was that loan taken out?

Q September 3rd, '86.

A September 3rd.

Q Your reporting period ends at the end of September.

A Okay. Can you repeat the question for me, please?

(The reporter read the record as requested.)

THE WITNESS: I had a conversation with Tom Rawles after we had filed the report; in other words, after that period of time, about the loan.

BY MR. LEVIN:

Q Okay. With respect to the cashier's checks, was that before or after you had filed the October quarterly?

A The same thing.

Q It was the same conversation?

A We had several conversations during that period

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of time, but it was -- the conversations were basically after the report date.

Q After the October quarterly report date?

A Right. In other words, we submitted that information -- whenever we became aware of that, that is when we sent --

Q You are pointing to the October quarterly with the cover letter?

A Right. We were aware of the problem with the contributions at that point in time. I was not aware of a problem with the Sun National Bank loan, I don't believe, until after that.

Q When you saw the information as to the $50,000 loan, in order for you to file the October quarterly, you were not aware of a problem at that point; correct?

A That's correct.

Q When would you gather such information? Now, remember the -- let me clarify this. The reporting period ends September 30th, and you have, I guess, you have a 15-day window to report. When would you have gathered information?

A Normally I started gathering that information

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anywhere between -- let's see -- probably after the 5th of October.

Q Not until the reporting period has ended?

A Correct.

Q Did you speak to Ben Dodson about this $50,000 loan?

A No.

Q You spoke to no one before your conversation with Rawles. Did you speak to anyone about the $50,000 loan?

A Let me clarify. Whenever I became aware of the problem I spoke to nobody about the problem --

Q Until that point?

A Right.

Q Were you aware of rules with respect to signatures on loans and a loan guarantee?

A Yes.

Q No question came into your mind as to the size of the loan?

A No.

Q And the loan guarantor?

A No.

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Q Loan meaning the only guarantor in this case?

A Not originally, not until, again, it was disclosed to me.

Q Would you receive information subsequently on this loan, updates from the bank as to the status of the loan?

A When I had to do a report I would call the bank and ask them for the interest that was paid, because -- I don't recall exactly how this was set up, because I don't recall whether the interest was financed or we had to write a check for the interest. But the information I would need would be interest paid, and once I had the original information regarding the guarantor, the interest rate, the term, then I wouldn't need that information again.

If the loan was paid back -- normally there would be a check written to pay back the loan, if it was paid back.

Q After the initial arrangements for this loan, who made the subsequent arrangements for the loan, let's say, on renegotiation, that sort of thing?

A I don't know.

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Q Did you?

A No.

Q You had nothing to do with this loan, other than to receive information as to it?

A That's correct.

Q From the bank?

A Yes.

Q Did you render any advice on situations like loans to the committee?

A Advice.

Q The reason I ask is you are a certified public accountant. I assume you have some expertise in finances.

A The conversations about loans were basically -- it was a distress situation. I mean those were the types of conversations. I was never asked specifically to help arrange a loan or to supply information, or anything about what you could do or couldn't do. The conversations about loans -- it was because it was right before the primary, the campaign was out of money, and money had to be borrowed. Nobody liked that. I mean, we were trying to raise money, but those are the types of conversations I

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would have.

Q In other words, not ones that really dealt with your specific professional expertise?

A No.

Q That means you are agreeing with what I said? The no --

A That means yes.

Q I have to be clear for the record?

A I understand.

Q Now, you said that means yes. So you are agreeing with me that this does not have to do with your professional expertise? I am doing this because of past experience, please understand.

A I agree with your statement.

Q Thank you. Mr. Mulkey, I'm going to ask you to try to clarify something for me that -- maybe you can. I'm going to ask you to look at a copy I am handing you of the report, of the year end report of 1986. I'm looking through to make sure this is the entire report.

The indications are that it is. If you think it isn't, please tell me.

MR. LEVIN: I'm going to introduce Exhibit 20 at

0043600748

this time. I am handing a copy to the reporter and to the witness and counsel.

(FEC Exhibit 20 identified.)

BY MR. LEVIN:

Q I'm going to ask you -- Mr. Mulkey, I would like you to identify Exhibit 20 for the record.

A It is a statement for the period, basically, of December of 1986, for the Rhodes for Congress Committee regarding the money market account.

Q Have you seen this document before?

A I would assume I have.

Q Mr. Mulkey, I'm going to tell you what I did here. I have done a table of calculations I can show you. I don't know if you want it as an exhibit or not. Things seem to match up between the banking statement and the report fairly well, until this year end '86 report, and -- these aren't precise figures. That is why I am reluctant to look at it as an exhibit. It is not going to be authoritative, but it will reflect a concern I have. I would like you perhaps to explain it to me.

MR. SWILLINGER: Mr. Levin, it seems to me if you are going to ask him questions about it, we ought to

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put it on the record and make it part of the record.

MR. LEVIN: We could make the last page, then, part of the record, and Xerox it.

MR. SWILLINGER: Whatever.

(FEC Exhibit 21 identified.)

MR. LEVIN: Now, that exhibit has a set of bank figures and report figures.

MR. SWILLINGER: I take it R&D means receipts and disbursements?

MR. LEVIN: Yes.

MR. SWILLINGER: Bank means bank statements?

MR. LEVIN: Yes. And report means what is on the report. These are rough -- they are taken mostly from page 2 of the reports, because that would have more of the receipts in them.

BY MR. LEVIN:

Q Now, let me ask you this question. Disbursements from the campaign would go from the money market to the checking account as needed; is that correct?

A Yes.

Q Things seem to match up reasonably well until the last line, the year end line; is that correct, in your

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mind?

A According to your figures, yes.

Q Okay. Well, they would match up -- I can show you the month before, but you can see my concern in Exhibit 20.

Looking at Exhibit 20, below, you will see that there are a tremendous number -- a tremendous total of disbursements from the money market account, checks and other debits, that seems to be reflected roughly in those figures. I have also taken into account the last six or seven days of November to fill out the reporting period.

MR. SWILLINGER: Just to clarify one thing, I believe that Mr. Mulkey testified that funds were transferred from the money market to the checking account.

MR. LEVIN: Correct.

MR. SWILLINGER: So none of these debits on the bank statement would be checks, but rather transfers.

MR. LEVIN: Exactly. But we also have established that, as needed, money market funds would go to checking and then out.

MR. SWILLINGER: Exactly.

MR. LEVIN: I need this explained.

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MR. SWILLINGER: You need what explained?

BY MR. LEVIN:

Q Why this tremendous discrepancy at this point; why the tremendous amounts of money going from money market into checking and then out. That seems not to correspond with the committee reports.

A As far as I know, the committee report everything. I am confused about your question. There is a -- it says five checks and other debits of $83,000 are being transferred.

Q Right.

A That money would have had to have gone into the checking account.

Q Correct.

A Okay. But that transaction does not -- is not reported in the report.

Q Not the money market to checking account, correct.

A So --

Q But if money market went to checking account, as needed, so that you could write checks, it would reflect roughly, as it has in all the previous reporting periods,

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the activity of the committee.

A You are saying in terms of disbursements?

Q Yes.

A That would depend on what the checking account balance was in January.

Q Yes. But considering the as-needed concept. Do you have any idea why this would be?

A No.

Q Do you have any idea of people not reporting fully the disbursements -- do you have -- have you heard of anybody in the committee not reporting fully the disbursements?

A No.

Q No instructions to that effect?

A No.

Q Mr. Mulkey, how often did you go to the campaign office or headquarters?

A As little as possible.

Q What is that?

A Maybe once a month.

Q How long would you be there when you went?

A The only time I was there was either to deliver

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something or pick something up.

Q So when you told us about the duties that Ben Dodson and Ann Brown had, with respect to copying checks and keeping records, that is not based on observation?

A No, it is not.

Q It is based on your assumption?

A It is based on the procedures that were established.

Q Established when?

A Sometime in the beginning of the campaign, as to how things were to be recorded. This all comes back to the information I needed to prepare the reports.

Q So you are saying that would be Ann's function or more Ben's function?

A Ben probably did more of it.

Q You say that you were absolutely certain that no one attended the training school for the RNC. Is that conjecture?

A The reason I am absolutely certain is because I wanted to go, and we didn't have the campaign funds to do it, and if there would have been a check written to pay for it, I would have seen it.

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Q Would that have been -- in other words, you wanted to go on campaign funds?

A Yes. Yes.

Q So were you told that the campaign had not paid for anybody, or that no one had gone?

A Through my observation that a check had not been written to pay for it -- because I had requested to go -- and since I had not seen a check for anyone else, you know, I am assuming that nobody else had gone.

Q So you can't speak about this with any certainty prior to the beginning of the campaign, either?

A No.

Q Not either as to whether they went on their own funds or whether this happened prior to the beginning of the campaign?

A No.

MR. LEVIN: Let's take a five-minute break.

(Recess.)

MR. LEVIN: We are finished with your examination. Dan, do you have any?

MR. SWILLINGER: There is one thing that I want to clarify, because I think early on there may have been

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just a misunderstanding of the question and maybe the response.

Mr. Levin, you asked two or three different times in different contexts when the O'Neill activity was uncovered, and when Mr. Mulkey had the conversation with Mr. Rhodes. I think he has said it was both in late August and in late September, and I think we can clear that up to make sure that we know what we are talking about, so let me just ask it this way.

EXAMINATION

BY MR. SWILLINGER:

Q Do you recall being informed by Congressman Rhodes about what O'Neill allegedly did, before or after the September 9 primary?

A It was after the primary.

Q Do you remember roughly how much after the primary?

A I remember it was hot. That is what I remember.

Q Meaning --

A It was probably at the end of the month. I did not mark it down. I did not -- but it had to have been

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towards the end of September.

Q And that is when you talked to Rhodes and to Rawles about what had happened, and that is when you decided how to respond?

A That's correct.

MR. SWILLINGER: All right. I don't have anything else.

MR. LEVIN: I have nothing further, except do we have -- we have the witness fee check.

(Discussion off the record.)

MR. SWILLINGER: We have an understanding, Mr. Mulkey, about the transcript here. Because this is an ongoing investigation, we don't get a copy of the transcript. On the other hand, you have a right to review it and correct it, so what we are going to do is work something out where the transcript is sent to a reporting service in Arizona and you will have an opportunity to review it there, in the presence of counsel, and make any corrections, and then sign it. We will do that sometime in the next four or five or six weeks, whenever we can arrange that.

THE WITNESS: All right.

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MR. LEVIN: This deposition is continued, not terminated. We may call you again under the same subpoena, but we are concluded for the day.

MS. MILLER: Thank you.

(Whereupon, at 12:35 p.m., the deposition was adjourned.)

KENT H. MULKEY

0043600758

CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, LEANNE P. DOTSON, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Leanne P. Dotson

Notary Public in and for the
District of Columbia

My Commission Expires JULY 31, 1993

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DEPOSITION EXHIBIT FEC 1 7/20/89 LD

100-4 R. 4/73

C. Miller

REGISTER COPY

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA, ARIZONA

№ 101711

CASHIER'S CHECK

81-283/1221

CONTRA 11502 0107

August 13, 19 86

PAY TO THE ORDER OF ******Rhodes To Congress****** $1,000.00*

UNITED BANK 1,000dols00cts DOLLARS

PURCHASER'S SIGNATURE

EXCH. ☐ COLLECTED

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C. Miller

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UNITED BANK OF ARIZONA

MESA, ARIZONA

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81-283/1221

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- EXHIBIT #2 -

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Credited to the Account of
The within named payee in accordance with Payee's instructions
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MESA, ARIZONA 85201

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K A Williams

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K A Williams

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August 13, 19 86

PAY TO THE ORDER OF *****Rhodes To Congress***** $1,000.00*

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RHODES
FOR CONGRESS

DEPOSITION EXHIBIT
Fec 2
7/20/89 LD

CERTIFIED MAIL
August 28, 1986

Dear Sirs:

Enclosed please find copy of last minute contributions form dated August 28, 1986 (2 pages) for the Rhodes for Congress Committee, FID#C00195909.

Very truly yours,

Kent C. Mulkey,
Treasurer

Enclosure

9 4 d 3 1 4 8 0 2 5 6

Paid for by the Rhodes for Congress Committee

SCHEDULE A **ITEMIZED RECEIPTS**

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 1 OF 2

FOR LINE NUMBER

Last Minute Contributions

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NAME OF COMMITTEE (In Full)

Rhodes for Congress Committee ID#C00195909 8-28-86

A. Full Name, Mailing Address and ZIP Code George & Mary Boyd 10 Hanover Square New York, NY 10005	Name of Employer Kidder Peabody	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1000.00
Receipt For: X Primary ___ General ___ Other (specify):	Occupation Investment Banker	Aggregate Year-to-Date $ 1000.00	
B. Full Name, Mailing Address and ZIP Code Max C. Chapman 10 Hanover Square New York, NY 10005	Name of Employer Kidder Peabody	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1000.00
Receipt For: XX Primary ___ General ___ Other (specify):	Occupation Investment Banker	Aggregate Year-to-Date $ 1000.00	
C. Full Name, Mailing Address and ZIP Code Mark W. Dobson 13 N. MacDonald, Suite 500 Mesa, AZ 85201	Name of Employer Self	Date (month, day, year) 8-26-86 8-26-86	Amount of Each Receipt this Period 900.00 P 100.00 G
Receipt For: X Primary X General ___ Other (specify):	Occupation Farmer	Aggregate Year-to-Date $ 1,000.00	
D. Full Name, Mailing Address and ZIP Code Ruby L. Dobson 2645 E. Southern, #339 Tempe, AZ 85282	Name of Employer Housewife	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1,000.00
Receipt For: X Primary ___ General ___ Other (specify):	Occupation N/A	Aggregate Year-to-Date $ 1,000.00	
E. Full Name, Mailing Address and ZIP Code Charles W. Dunn, Jr. 580 Sasco Hill Road Fairfield, CT 06430	Name of Employer Kidder Peabody	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1,000.00
Receipt For: X Primary ___ General ___ Other (specify):	Occupation Investment Banker	Aggregate Year-to-Date $ 1,000.00	
F. Full Name, Mailing Address and ZIP Code Philip L. Erickson 1220 N. Kyrene Road Chandler, AZ 85224	Name of Employer Self	Date (month, day, year) 8-26-86 8-26-86	Amount of Each Receipt this Period 900.00 P 600.00 G
Receipt For: X Primary X General ___ Other (specify):	Occupation Contractor	Aggregate Year-to-Date $ 1,500.00	
G. Full Name, Mailing Address and ZIP Code Mrs. Billy Erickson 1220 N. Kyrene Chandler, AZ 85226	Name of Employer Housewife	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1,000.00
Receipt For: X Primary ___ General ___ Other (specify):	Occupation N/A	Aggregate Year-to-Date $ 1,000.00	

SUBTOTAL of Receipts This Page (optional) .....

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Use separate schedule(s) for each category of the Detailed Summary Page.

PAGE 2 OF 2

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NAME OF COMMITTEE (In Full)

Rhodes for Congress Committee

A. Full Name, Mailing Address and ZIP Code C. Eugene Franzoy 5030 E. Sunrise Drive Phoenix, AZ 85044	Name of Employer Owner	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1,000.00
Receipt For: [ ] Other (specify): [X] Primary [ ] General	Occupation PC Partnerships Aggregate Year-to-Date > $ 1,000.00		
B. Full Name, Mailing Address and ZIP Code Cindy Miller 3609 N. 44th Street Phoenix, AZ 85018	Name of Employer N/A	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1,000.00
Receipt For: [ ] Other (specify): [X] Primary [ ] General	Occupation Real Estate Sales Aggregate Year-to-Date > $ 1,000.00		
C. Full Name, Mailing Address and ZIP Code Randy R. Pooler 17138 E. Amburst Dr. Fountain Hills AZ 85268	Name of Employer Self	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 2,000.00
Receipt For: [ ] Other (specify): [X] Primary [X] General	Occupation Contractor Aggregate Year-to-Date > $ 2,000.00		
D. Full Name, Mailing Address and ZIP Code Stephanie A. Pooler 17138 E. Amburst Dr. Fountain Hills AZ 85268	Name of Employer Housewife	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1,000.00
Receipt For: [ ] Other (specify) [X] Primary [ ] General	Occupation N/A Aggregate Year-to-Date > $ 1,000.00		
E. Full Name, Mailing Address and ZIP Code K. A. Pratto 2002 E. Ranch Road Chandler, AZ 85224	Name of Employer Housewife	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1,000.00
Receipt For: [ ] Other (specify) [X] Primary [ ] General	Occupation N/A Aggregate Year-to-Date > $ 1,000.00		
F. Full Name, Mailing Address and ZIP Code K. A. Williams 5202 E. Cholla Scottsdale, AZ 85254	Name of Employer Self	Date (month, day, year) 8-26-86	Amount of Each Receipt this Period 1,000.00
Receipt For: [ ] Other (specify): [X] Primary [ ] General	Occupation Real Estate Broker Aggregate Year-to-Date > $ 1,000.00		
G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For [ ] Other (specify) [ ] Primary [ ] General	Occupation Aggregate Year-to-Date > $		

SUBTOTAL of Receipts This Page (optional) > 14,500.00

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Rhodes for Congress

DISPOSITION
EXHIBIT
FEC 3
7/20/88 LD

DEPOSITION EXHIBIT FEC4 7/20/89 LD

UNITED BANK OF ARIZONA

ADVICE OF CREDIT

ACCOUNT NO.	TRANS. CODE	AMOUNT
65296 01 073	37	11,000.00

IMPORTANT

YOUR ACCOUNT HAS BEEN CREDITED FOR THE REASON SHOWN AT RIGHT PLEASE ADJUST YOUR RECORDS ACCORDINGLY.

REASON

Advanced on der RLC Note 24436 01

Jay Rhodes I 01100 39 079

to cover checks written

FILE COPY

Rhodes for Congress

C/O Kent Kelley

793 N. Alma School Road

Chandler, Arizona 85224

CREDIT

ORIGINATING BRANCH 07

DATE 6/12/86

AUTH. BY JRBennett

4043607 7 7 1

DEPOSITION EXHIBIT
FDC 5
7/20/89 LD

ADVICE OF CHARGE

ACCOUNT NO.	TRANS. CODE	AMOUNT
11533 01 079	38	$ 819.63

IMPORTANT

YOUR ACCOUNT HAS BEEN CHARGED FOR THE REASON SHOWN AT RIGHT PLEASE ADJUST YOUR RECORDS ACCORDINGLY.

UNITED BANK OF ARIZONA

REASON

Inbtest due thru 12/1/86 on commercial note - 01100 39 079 #244968001

per Steve Todd, RVP

DEBIT

FILE COPY

EN 14-1

2-28 R. 9-84

John J. Rhodes III

1738 N. Gentry Circle

Mesa, AZ 85203

ORIGINATING BRANCH Mesa RHO #07

DATE 12/19/86

AUTH. BY

4004360 7772

UNITED BANK OF ARIZONA BRANCH 907 TYPE

J & J HODES III
BOX 1551

95261

0110035073	00024656 C1	507	
527-55-[illegible]	602-851-6433		

INTEREST RATE	PRIME	TYP	ADJUSTMENT		MTHD	PROM DATE	
10.50000	01	1	200 00		01	04/05/89	

SHORT NAME	NOTE DATE	MATURITY DATE	LAST RENEWAL	SCHED	LAST MAINT	LAST REVIEW	REV	ACCRUAL DATE		
HODES J&Y	06/03/86	03/30/89	01/25/89	4	11/02/87	04/05/88	73		3	

BALANCE INFORMATION

PRINCIPAL BALANCE	ORIGINAL PRINCIPAL	ADVANCES	PRINCIPAL ADJUSTMENTS	CURRENT BALANCE	NOTE TYPE	PAY METH	
000	11,00000	42,00000	51,00000-	000	01	02	0

INTEREST BALANCE	INTEREST EARNED	INTEREST ADJ
000	4,92072	001-

FEES DUE	FEES ASSESSED	FEES WAIVED
000	000	000

PAYMENT SCHEDULE

	FREQ	INCR	START DATE	AMOUNT	# MADE	
1	M	1	02/29/88	000	1	1
1	M	1	03/30/88	000	1	0
0	*	0	03/30/88	2,00000	1	0

DISCOUNT NOTE DATA

ORIGINAL NOTE AMOUNT	ORIGINAL FIN. CHG.	UNEARNED FIN. CHG.
000	000	000

NEXT DUE DATE	NEXT DUE AMOUNT	TIMES LATE				
03/30/88	2,0000	1	16	31	61	91
PAST DUE DATE	PAST DUE AMOUNT	2	31	1	0	0
03/30/88	2,0210					
BILLED THRU DATE	CURRENT BILLED AMOUNT	INT COLLECTED				
03/30/88	2,01750	0			4813	

UP TO DATE BILLING DATA

PRINCIPAL BILLED	INTEREST BILLED	OTHER FEE BILLED
2,00000	4,92130	

GUARANTORS NO: 0

NUMBER	NAME

COLLATERAL INFORMATION

DESCRIPTION	REFERENCE NO	VALUE	PARTICIPANT	BAL
UNSECURED		000		

AFFILIATED ACCT NO	SYS

| CATEGORIES FOR REPORTS | | | | |

ITED BANK OF RIZONA BRANCH 7 TYPE 031 04/05/

NOTE NUMBER	SEC. PART	OFFICER
30C24456	C1	SBT CLOSED

JER J RHODES III

PHONE NUMBERS

INTEREST RATE	ADJUSTMENT %

SHORT NAME	NOTE DATE	MATURITY DATE	LAST RENEWAL	# OF RENEW	DATE LAST MAINT	LAST POSTED	LAST TRAN	STOP ACCRUAL DATE

BALANCE INFORMATION

PRINCIPAL BALANCE	ORIGINAL PRINCIPAL	ADVANCES	PRINCIPAL ADJUSTMENTS	CURRENT BALANCE

INTEREST BALANCE	INTEREST EARNED	INTEREST ADJ.

FEES DUE	FEES ASSESSED	FEES WAIVED

PAYMENT SCHEDULE

FREQ	INCR	START DATE	AMOUNT	#	BALANCE

DISCOUNT NOTE DATA

ORIGINAL NOTE AMOUNT	ORIGINAL FIN. CHG.	UNEARNED FIN. CHG.

NEXT DUE DATE	NEXT DUE AMOUNT

PAST DUE DATE	PAST DUE AMOUNT

TIMES LATE

NOTE TO DATE BILLING DATA

PRINCIPAL BILLED	INTEREST BILLED	OTHER FEE BILLED

BILLED THRU DATE	CURRENT BILLED AMOUNT	HOLD BILL

YTD INT. COLLECTED

GUARANTORS NO:

NUMBER	CD	LIABILITY
4043436		

COLLATERAL INFORMATION

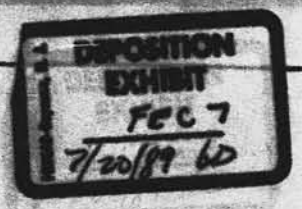
DESCRIPTION	REFERENCE NO.	VALUE	PART. LOAN

AFFILIATED ACCT. NO.	SYS

CATEGORIES FOR REPORTS

EXEMPT CALL	FINCL CODE	FHC 4SS-A	COLL	PURP	BUSN TYPE	EMPL	SIC

TRAN.	DATE		AMOUNT	TRAN.	DATE		AMOUNT	TRAN.	DATE		AMOUNT
S4	04/05/88	I	058-	78	04/04/88	P	2,00000	78	04/04/88	I	2041
36	04/05/88	I	001								



FOR YOUR BANKING NEEDS CALL
1-602-248-2242

LAST STATEMENT	THIS STATEMENT
07/31/86	08/29/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

EO | ACCOUNT NUMBER: 60323-19-072

98807

WITH TAX REFORM LAWS BEING FINALIZED, IT APPEARS UNITED'S FLEXLINE, A HOME EQUITY LOAN PROGRAM, WILL BE A USEFUL AND BENEFICIAL FINANCIAL TOOL. CALL YOUR BANKER FOR DETAILS.

		NUMBER OF ITEMS	DEBITS SUBJECT TO SERVICE CHARGE
STATEMENT OF MONEY MARKET	60323-19-072	7	

ACCOUNT SUMMARY

PREVIOUS STATEMENT BALANCE	17,838.33
12 DEPOSITS AND OTHER CREDITS OF	51,279.43
INTEREST DEPOSIT OF	26.93
7 CHECKS AND OTHER DEBITS OF	69,100.00
SERVICE CHARGE OF	0.00
CURRENT BALANCE AS OF THIS STATEMENT DATE	44.69
YEAR TO DATE INTEREST	457.24

ACCOUNT TRANSACTIONS

DEPOSITS AND OTHER CREDITS

DATE	AMOUNT	DESCRIPTION	
08/01	1,432.50	DEPOSIT	0020202494
08/07	1,037.00	DEPOSIT	0020007094
08/07	3,524.93	DEPOSIT	0020007119
08/11	3,110.00	DEPOSIT	0020199952
08/21	5,000.00	DEPOSIT	0020120657
08/21	12,900.00	DEPOSIT	0020119630
08/22	2,150.00	DEPOSIT	0020146860
08/27	2,930.00	DEPOSIT	0020114154
08/27	5,780.00	DEPOSIT	0020114174
08/27	10,200.00	DEPOSIT	0020138194
08/28	1,700.00	DEPOSIT	0020091591
08/29	1,515.00	DEPOSIT	0020110359
08/29	26.93	INT PAID	

OTHER DEBITS

DATE	AMOUNT	DESCRIPTION	
08/01	1,000.00	DR MEMO	0020166922
08/07	10,000.00	DR MEMO	0020049666
08/07	11,000.00	DR MEMO	0020049674
08/21	4,900.00	DR MEMO	0020120654
08/21	12,900.00	DR MEMO	0020119618
08/25	7,000.00	DR MEMO	0020196734

FOR YOUR BANKING NEEDS CALL
1-602-248-2242

PHONE 248-2304 DATE OF LAST STATEMENT	THIS STATEMENT
07/31/86	08/29/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

EO | ACCOUNT NUMBER | 60323-19-072

98807

STATEMENT OF MONEY MARKET 60323-19-072

ACCOUNT TRANSACTIONS

OTHER DEBITS

DATE	AMOUNT	DESCRIPTION
08/29	22,300.00	DR MEMO

0020252378

DAILY BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
08/01	18,270.83	08/07	1,832.76	08/11	4,942.76
08/21	5,042.76	08/22	7,192.76	08/25	192.76
08/27	19,102.76	08/28	20,802.76	08/29	44.69

AVERAGE DAILY BALANCE..... 7,529.22

AVERAGE COLLECTED BALANCE 4,833 03

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FOR YOUR BANKING NEEDS CALL
1-602-248-2242

DATE OF LAST STATEMENT	DATE OF THIS STATEMENT
08/29/86	09/30/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

EO | ACCOUNT NUMBER | 60323-19-072

98807

NOW GET CASH IN A HURRY AT ANY 24-HOUR TELLER MACHINE. JUST INSERT YOUR BANK CARD, ENTER YOUR PERSONAL ID NUMBER AND PUSH "FAST CASH". GETTING CASH IS NOW FASTER THAN EVER.

STATEMENT OF MONEY MARKET	60323-19-072	NUMBER OF ITEMS	DEBITS SUBJECT TO SERVICE CHARGE
		8	

ACCOUNT SUMMARY

PREVIOUS STATEMENT BALANCE	44.69
15 DEPOSITS AND OTHER CREDITS OF	101,277.88
8 CHECKS AND OTHER DEBITS OF	77,300.00
SERVICE CHARGE OF	0.00
CURRENT BALANCE AS OF THIS STATEMENT DATE	24,022.57
YEAR TO DATE INTEREST	470.12

ACCOUNT TRANSACTIONS

DEPOSITS AND OTHER CREDITS

DATE	AMOUNT	DESCRIPTION	
09/03	1,600.00	DEPOSIT	0010050299
09/03	5,200.00	DEPOSIT	0010010919
09/04	50,795.00	DEPOSIT	0020114330
09/05	4,525.00	DEPOSIT	0020242791
09/11	3,720.00	DEPOSIT	0020175179
09/15	1,375.00	DEPOSIT	0020179897
09/15	4,000.00	DEPOSIT	0020196606
09/17	2,550.00	DEPOSIT	0020048873
09/18	050.00	DEPOSIT	0020162709
09/19	500.00	DEPOSIT	0020197596
09/23	2,000.00	DEPOSIT	0020158284
09/24	9,200.00	DEPOSIT	0020101010
09/25	4,000.00	DEPOSIT	0020053901
09/30	10,750.00	DEPOSIT	0020142587
09/30	12.88	INT PAID	

OTHER DEBITS

DATE	AMOUNT	DESCRIPTION	
09/04	15,000.00	DR MEMO	0020110740
09/05	42,600.00	DR MEMO	0020197075
09/12	8,250.00	DR MEMO	0020153545
09/15	5,000.00	DR MEMO	0020180190
09/18	2,550.00	DR MEMO	0020138951

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FOR YOUR BANKING NEEDS CALL
1-602-248-2242

DATE OF LAST STATEMENT	DATE OF THIS STATEMENT
08/29/86	09/30/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

EO | ACCOUNT NUMBER: 60323-19-072

98807

STATEMENT OF MONEY MARKET 60323-19-072

ACCOUNT TRANSACTIONS

OTHER DEBITS

DATE	AMOUNT	DESCRIPTION	
09/19	1,550.00	DR MEMO	0020115119
09/22	350.00	DR MEMO	0020195509
09/23	2,000.00	DR MEMO	0020155045

DAILY BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
09/03	6,844.69	09/04	42,639.69	09/05	4,564.69
09/11	8,284.69	09/12	34.69	09/15	409.69
09/17	2,959.69	09/18	1,459.69	09/19	409.69
09/22	59.69	09/23	59.69	09/24	9,259.69
09/25	13,259.69	09/30	24,022.57		

AVERAGE DAILY BALANCE..... 6,383.26

AVERAGE COLLECTED BALANCE 2,284.70

.D16

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FOR YOUR BANKING NEEDS CALL
1-602-248-2242

DATE OF LAST STATEMENT	DATE OF THIS STATEMENT
09/30/86	10/31/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

EO ACCOUNT NUMBER 60323-19-072

98807

UNITED'S NEW FLEXLINE HOME EQUITY LOAN PROGRAM..."TODAY'S SMART MONEY LOAN THAT LOWERS YOUR COST OF BORROWING". FOR MORE INFORMATION, CONTACT YOUR LOCAL UNITED BANKER.

STATEMENT OF MONEY MARKET	60323-19-072	NUMBER OF ITEMS	DEBITS SUBJECT TO SERVICE CHARGE
		3	

ACCOUNT SUMMARY

PREVIOUS STATEMENT BALANCE	24,022.57
12 DEPOSITS AND OTHER CREDITS OF	97,848.79
3 CHECKS AND OTHER DEBITS OF	44,715.26
SERVICE CHARGE OF	0.00
CURRENT BALANCE AS OF THIS STATEMENT DATE	77,156.10
YEAR TO DATE INTEREST	619.16

ACCOUNT TRANSACTIONS

DEPOSITS AND OTHER CREDITS

DATE	AMOUNT	DESCRIPTION	
10/02	475.00	DEPOSIT	0020193145
10/02	3,500.00	DEPOSIT	0020193142
10/03	3,000.00	DEPOSIT	0020242678
10/06	9,625.00	DEPOSIT	0020297483
10/08	3,325.00	DEPOSIT	0020165862
[redacted]	2,500.00	DEPOSIT	0020091602
[redacted]	5,750.00	DEPOSIT	0020088767
10/16	13,150.00	DEPOSIT	0020060174
10/22	23,975.00	DEPOSIT	0020150107
10/28	20,325.00	DEPOSIT	0020161798
10/29	12,074.75	DEPOSIT	0020168946
10/31	149.04	INT PAID	

OTHER DEBITS

DATE	AMOUNT	DESCRIPTION	
10/01	24,000.00	DR MEMO	0010130644
10/06	715.26	DR MEMO	0020181081
10/30	20,000.00	DR MEMO	0020129363

DAILY BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
10/01	22.57	10/02	3,997.57	10/03	6,997.57
10/06	15,907.31	10/08	19,232.31	10/09	21,732.31

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FOR YOUR BANKING NEEDS CALL
1-602-248-2242

LAST STATEMENT	DATE OF THIS STATEMENT
09/30/86	10/31/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

ACCOUNT NUMBER	
EO	60323-19-072

98807

STATEMENT OF MONEY MARKET 60323-19-072

DAILY BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
10/15	27,482.31	10/16	40,632.31	10/22	64,607.31
10/28	84,932.31	10/29	97,007.06	10/30	77,007.06
10/31	77,156.10				

AVERAGE DAILY BALANCE..... 38,756.96

AVERAGE COLLECTED BALANCE 32,903.87

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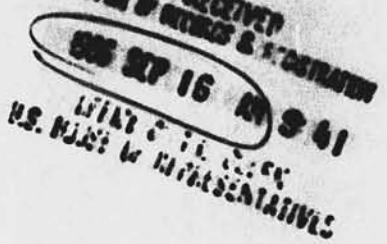

C88195989

MS-d

(IN 182)

CERTIFIED MAIL
September 11, 1986

Dear Sirs:

Enclosed please find a copy of last minute contributions form dated September 11, 1986 (2 pages) for the Rhodes for Congress Committee. ID #C88195989.

Sincerely,

Kent H. Malkby
Treasurer

Enclosure.

34509413361 0 5

MLF 9/18

AEF 9/18

Paid for by the Rhodes to Congress Committee

SEP 23 1986

SCHEDULE A — ITEMIZED RECEIPTS — PAGE OF

Last Minute Contributions 9-11-86

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)

Rhodes for Congress Committee

A. Full Name, Mailing Address and ZIP Code Doris Roberts 5607 S. Outrigger Drive Tempe, AZ 85283	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 2000.00
Receipt For: X Primary X General ☐ Other (specify):	Occupation Aggregate Year-to-Date $2000.00		
B. Full Name, Mailing Address and ZIP Code Victoria Roberts 2322 Rogers Estate 32 Mesa, AZ 85202	Name of Employer N/a	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 2000.00
Receipt For: X Primary X General ☐ Other (specify):	Occupation Decorator Aggregate Year-to-Date $2000.00		
C. Full Name, Mailing Address and ZIP Code Carol Mass 4940 E. Chella Scottsdale, AZ 85258	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 1000.00
Receipt For: X Primary ☐ General ☐ Other (specify):	Occupation Housewife Aggregate Year-to-Date $1000.00		
D. Full Name, Mailing Address and ZIP Code Barry Schmitz 673 E. Brown Rd. Mesa, AZ 85203	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 2000.00
Receipt For: X Primary X General ☐ Other (specify):	Occupation Construction Aggregate Year-to-Date $2000.00		
E. Full Name, Mailing Address and ZIP Code Clifford Chappelle 8032 E. 3rd Ave. Mesa, AZ 85205	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 2000.00
Receipt For: X Primary X General ☐ Other (specify):	Occupation Concrete Construction Aggregate Year-to-Date $2000.00		
F. Full Name, Mailing Address and ZIP Code Edwin T. Smigel, Sr. 2247 E. Jasmin Mesa, AZ 85203	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 2000.00
Receipt For: X Primary X General ☐ Other (specify):	Occupation N/A Aggregate Year-to-Date $2000.00		
G. Full Name, Mailing Address and ZIP Code Mrs. Clifford Chappelle 8032 E. 3rd. Ave. Mesa, AZ 85203	Name of Employer N/A	Date (month, day, year) 9-9-86	Amount of Each Receipt this Period 1000.00
Receipt For: X Primary ☐ General ☐ Other (specify):	Occupation Housewife Aggregate Year-to-Date $1000.00		

SUBTOTAL of Receipts This Page (optional) .....

TOTAL This Period (last page this line number only) .....

94 01 04 13 36 10

SCHEDULE A — ITEMIZED RECEIPTS — PAGE ___ OF ___

Last Minute Contributions

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (in Full)
Rhodes for Congress Committee — ID #C00195396

A. Full Name, Mailing Address and ZIP Code
Peggy Ann Sale
2502 E. Allen
Phoenix AZ
Name of Employer: N/A
Date (month, day, year): 9-9-86
Amount of Each Receipt this Period: 1000.00
Receipt For: X Primary ___ General ___ Other (specify): X
Occupation: N/A
Aggregate Year-to-Date: $1000.00

B. Full Name, Mailing Address and ZIP Code
James Cramer
1050 W. Mountain View
Mesa, AZ 85201
Name of Employer: Self
Date (month, day, year): 9-9-86
Amount of Each Receipt this Period: 1000.00
Receipt For: X Primary ___ General ___ Other (specify):
Occupation: Dentist
Aggregate Year-to-Date: $[illegible]

C. Full Name, Mailing Address and ZIP Code
Michael Smigel
2247 E. Jasmin
Mesa, AZ 85203
Name of Employer: N/a
Date (month, day, year): 9-9-86
Amount of Each Receipt this Period: 1000.00
Receipt For: X Primary ___ General ___ Other (specify):
Occupation: N/A
Aggregate Year-to-Date: $1000.00

D. Full Name, Mailing Address and ZIP Code
Edwin T. Smigel, Jr.
53 N. Miller
Mesa, AZ 85202
Name of Employer: N/a
Date (month, day, year): 9-9-86
Amount of Each Receipt this Period: 1000.00
Receipt For: X Primary ___ General ___ Other (specify):
Occupation: Construction
Aggregate Year-to-Date: $1000.00

E. Full Name, Mailing Address and ZIP Code
Grace Gillespie
5812 N. 12th St #17
Phoenix, AZ 85014
Name of Employer: N/A
Date (month, day, year): 9-9-86
Amount of Each Receipt this Period: 2000.00
Receipt For: X Primary X General ___ Other (specify):
Occupation: Retired
Aggregate Year-to-Date: $2000.00

F. Full Name, Mailing Address and ZIP Code
Doris Roberts
5607 S. Outrigger Drive
Tempe AZ 85283
Name of Employer: N/A
Date (month, day, year): 9-9-86
Amount of Each Receipt this Period: 2000.00
Receipt For: X Primary X General ___ Other (specify):
Occupation: Retired
Aggregate Year-to-Date: $2000.00

G. Full Name, Mailing Address and ZIP Code
Name of Employer
Date (month, day, year)
Amount of Each Receipt this Period
Receipt For: ___ Primary ___ General ___ Other (specify):
Occupation
Aggregate Year-to-Date: $

SUBTOTAL of Receipts This Page (optional) .....

TOTAL This Period (last page the line number only) .....

34 5 01 13361043 [illegible]

CERTIFIED MAIL:

October 1, 1986

Certified Mail

Clerk of the House
1036 Longworth House Office Building
Washington, DC 20515

Dear Sir:

Enclosed please find a list that were erroneously reported as last minute contributions for reports submitted 8-20-86 and 9-11-86, and as such will not be reported on the 10-15-86 quarterly report.

Sincerely,

Kent H. Malkey, CPA
Treasurer, Rhodes for Congress Committee

KHM/bd

Paid for by Rhodes for Congress Committee

[redacted]

[redacted] for Congress Committee ID/C00195909

[redacted] Peggy Ann Hale 2525 E. Allen Phoenix, AZ	[redacted]	[redacted] 9-9-92	[redacted] 1000.00
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted] Grace Gillespie 5812 E. 12th St. #17 Phoenix, AZ 85014	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

40436078585

[redacted]

[redacted] for Congress Committee [redacted]

[redacted]

[redacted]

[

[redacted]

Name of Committee [redacted] ID#C00195909

Name of Employer	Date (Month, day, year)	Amount of Each Payment and Period
[redacted]	8-26-06	1000.00
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

SCHEDULE B — ITEMIZED DISBURSEMENTS

DEPOSITION EXHIBIT FEC 10 1/10/89 CD

Use separate schedule(s) for each category of the Detailed Summary Page

Any information copied from such reports and statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee

Name of Committee (In Full)

Rhodes for Congress Committee

A. Full Name, Mailing Address and ZIP Code Conley D. Wolfswinkel 1005 W. Southern Mesa, AZ 85202	Purpose of Disbursement Contribution refund Disbursement for: ☒ Primary ☐ General ☐ Other (specify):	Date (month, day, year) 9/30/86	Amount of Each Disbursement This Period 2,000.00
B. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: ☐ Primary ☐ General ☐ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
SUBTOTAL of Disbursements This Page (optional)			
TOTAL This Period (last page this line number only)			2,000.00

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DEPOSITION EXHIBIT FEC 4 7/20/89 LD

MESA REGIONAL HOME OFFICE

Conley D. Wolfswinkel

UNITED BANK OF ARIZONA MESA, ARIZONA

No 100568

CASHIER'S CHECK

91-283/1221

REGISTER COPY

CONTRA 11503-01-072 91-283

JUN 30 '86

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1900.00

UNITED BANK 1,900dols00cts DOLLARS

PURCHASER'S SIGNATURE Bob Rhodes

EXCH. FEE. ☐ COLLECTED ☑ WAIVED

INITIALS AUTH. SIGNATURE

grb

⑈100568⑈ ⑆122102831⑆ ⑈214104007⑈ ? ⑈0000190000⑈

MESA REGIONAL HOME OFFICE

Conley D. Wolfswinkel

UNITED BANK OF ARIZONA MESA, ARIZONA

No 100568

91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1900.00

UNITED BANK 1,900dols00cts DOLLARS

CASHIER'S CHECK

AUTHORIZED SIGNATURE

grb

⑈100568⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000190000⑈

EXHIBIT #7

JY '86 01
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

0436-0-7900

JY '86 01
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

4043600791

Bernadette Wolfsohnol

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA, ARIZONA

№ 100567

91-263/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ..... $ 2,000.00

UNITED BANK 2,000dols00cts DOLLARS

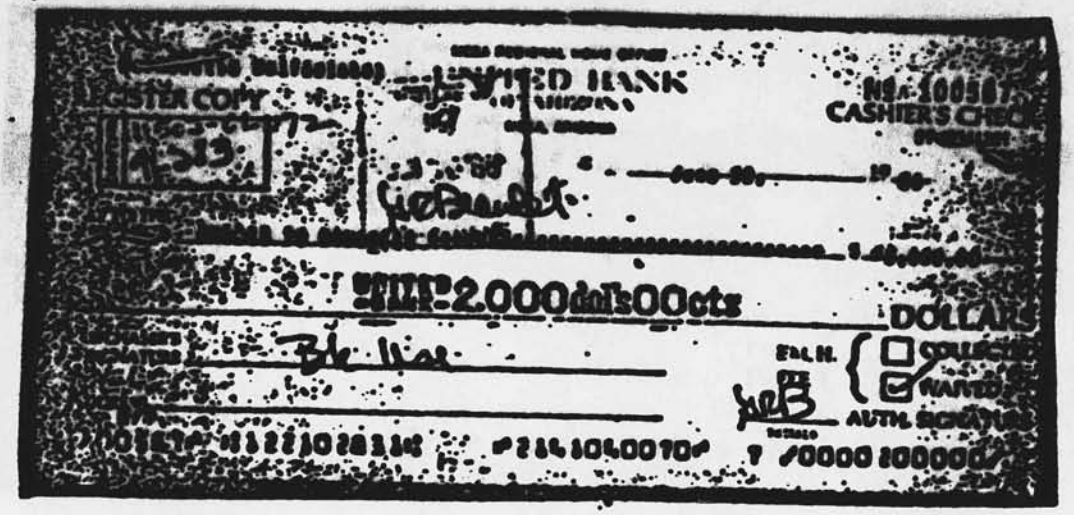
CASHIER'S CHECK

Bernadette R. Brandt
AUTHORIZED SIGNATURE

⑈100567⑈ ⑆122102831⑆ ⑈214100070⑈ ⑈0000200000⑈

4C

4043600792



Dustin Wolfswinkel

REGISTER COPY 072

CONTRA 1503-01 91-283

MESA REGIONAL HOME OFFICE
UNITED BANK OF ARIZONA
MESA, ARIZONA
JUN 30 '86
COUNTERSIGNING

№ 100566
CASHIER'S CHECK
91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

EXCH. FEE ☐ COLLECTED ☑ WAIVED

AUTH. SIGNATURE

INITIALS

⑈100566⑈ ⑆122102831⑆ ⑈214104007⑈ ? ⑈0000100000⑈

4 2 4 3 6 0 0 7 9 3

Dustin Wolfswinkel

MESA REGIONAL HOME OFFICE
UNITED BANK OF ARIZONA
MESA, ARIZONA

№ 100566
91-283/1221

June 30, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

grb

George R. Rhodes

AUTHORIZED SIGNATURE

⑈100566⑈ ⑆122102831⑆ ⑈214104007⑈ ⑈0000100000⑈

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

JY '85 01

PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
0053219878

1:0000b1:00c6

UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

JY '85 01

1:0000b1:00c6

0053219878

Rhodes for Congress Committee

FOR DEPOSIT ONLY

PAY TO THE ORDER OF

UNITED BANK OF ARIZONA

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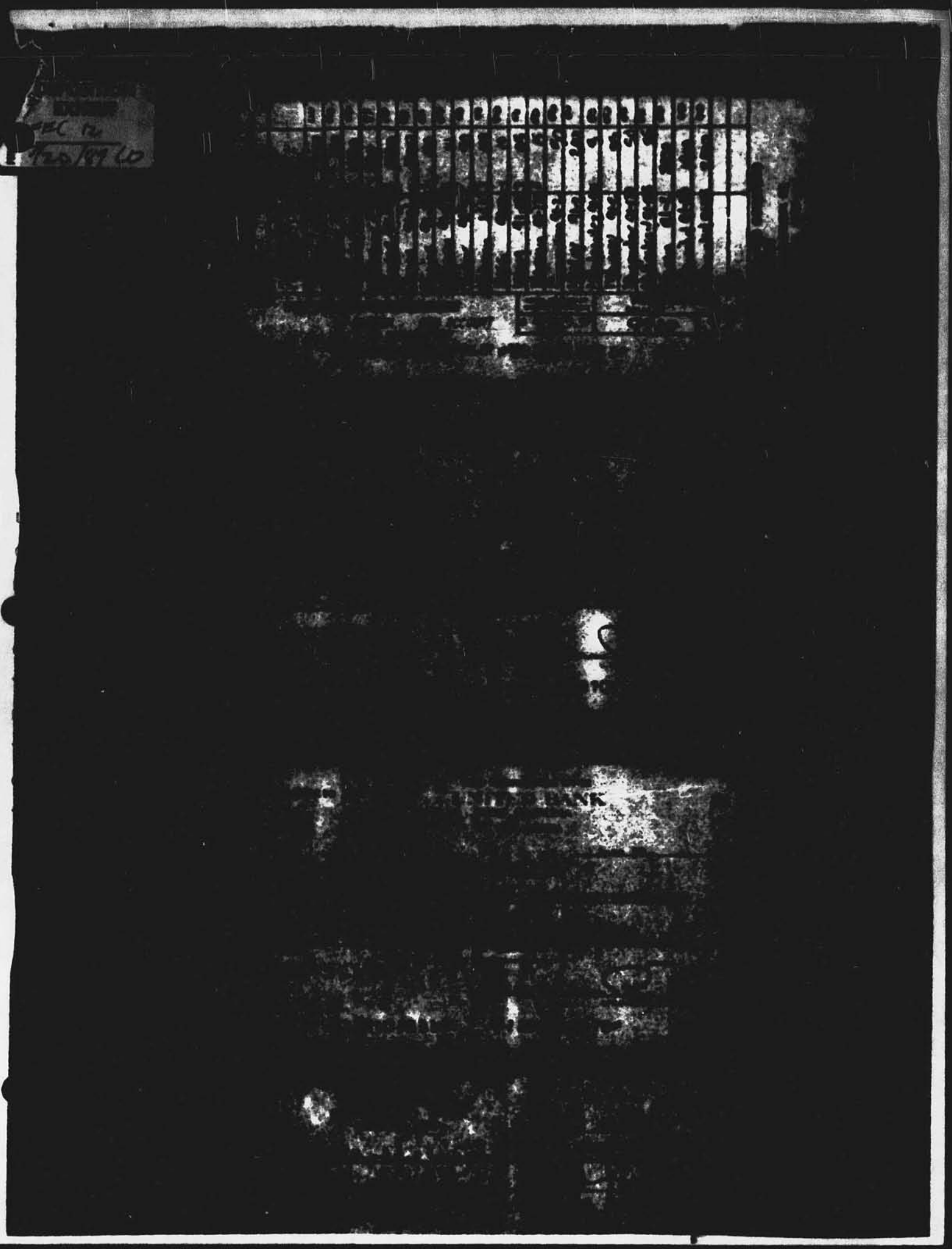

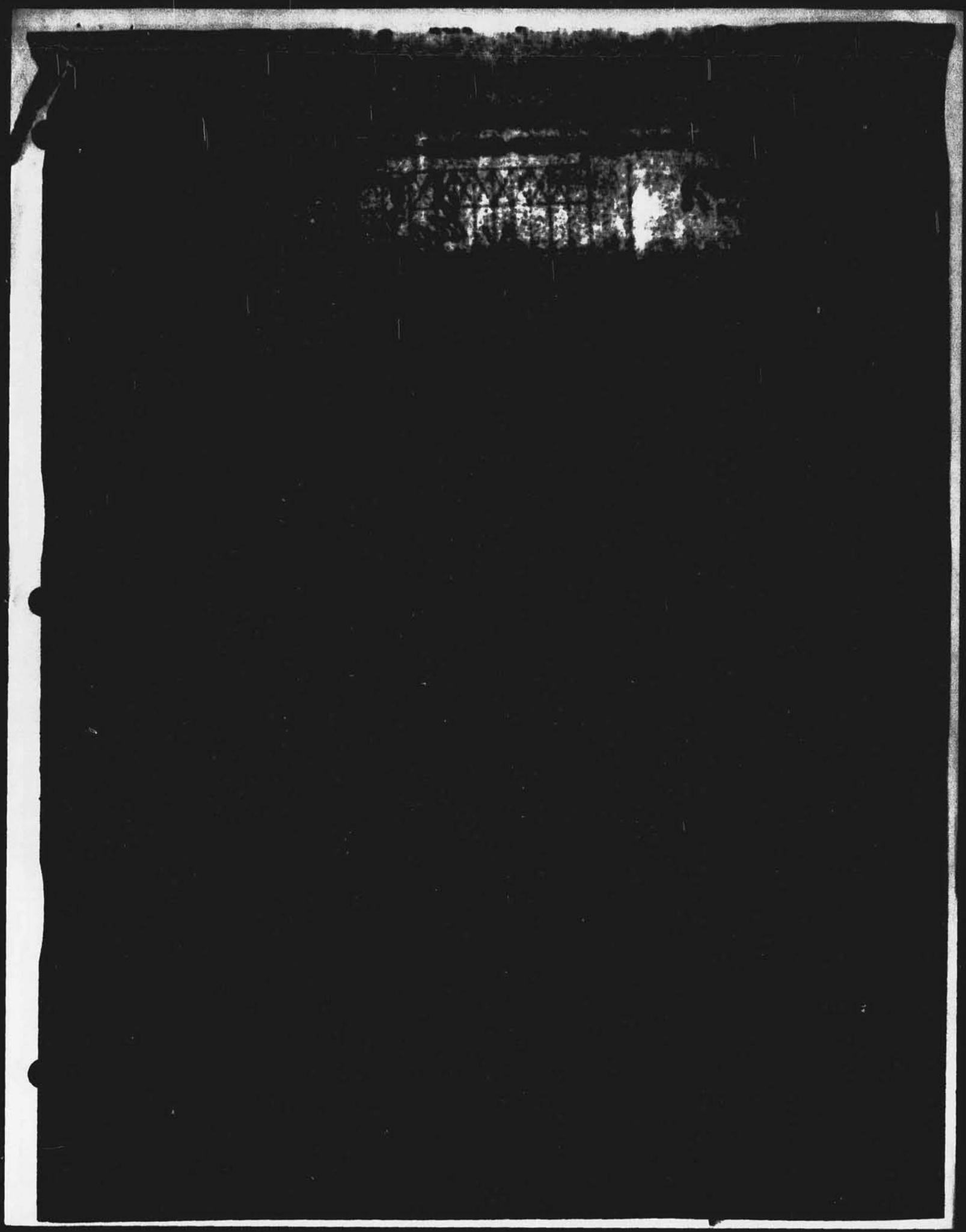

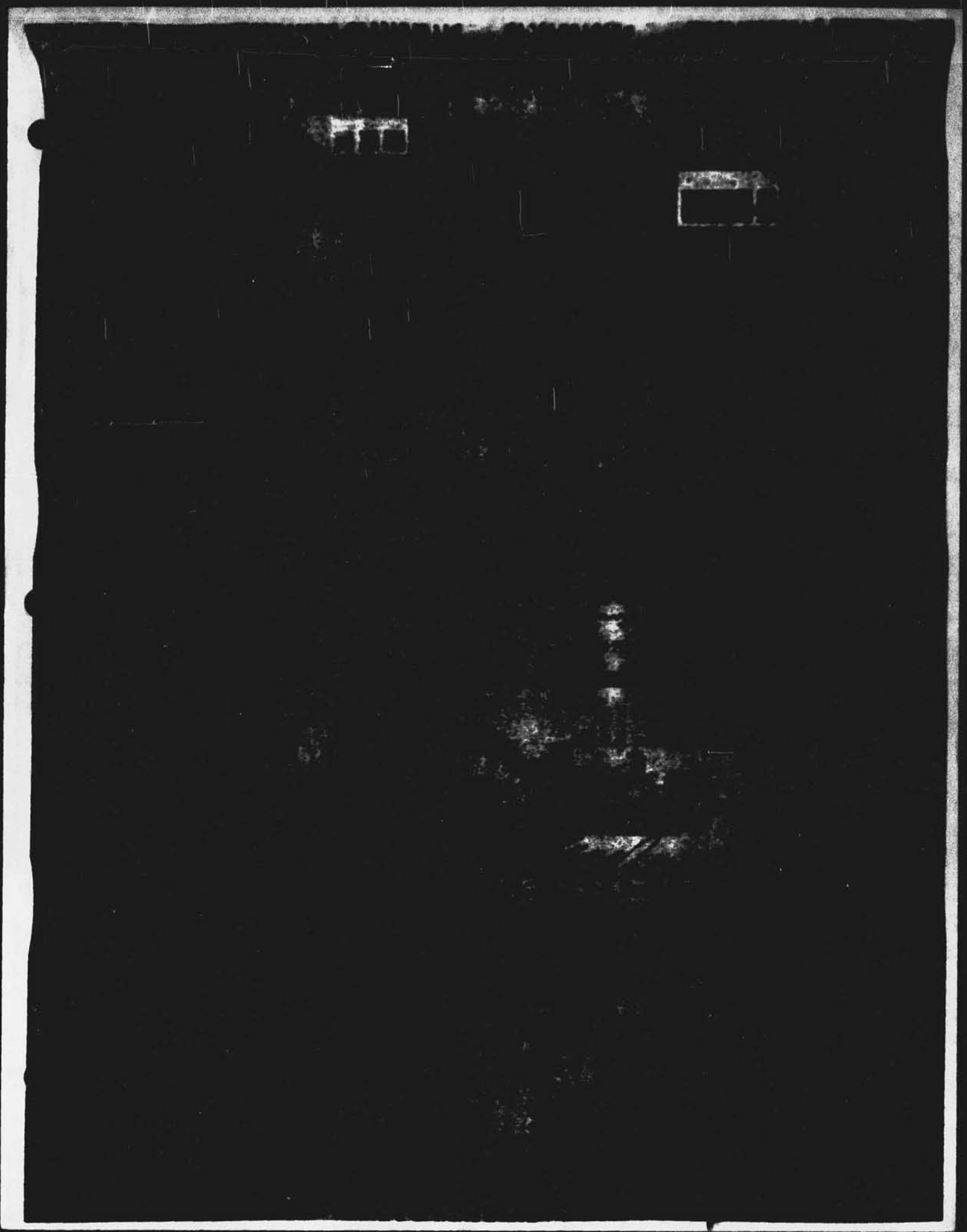

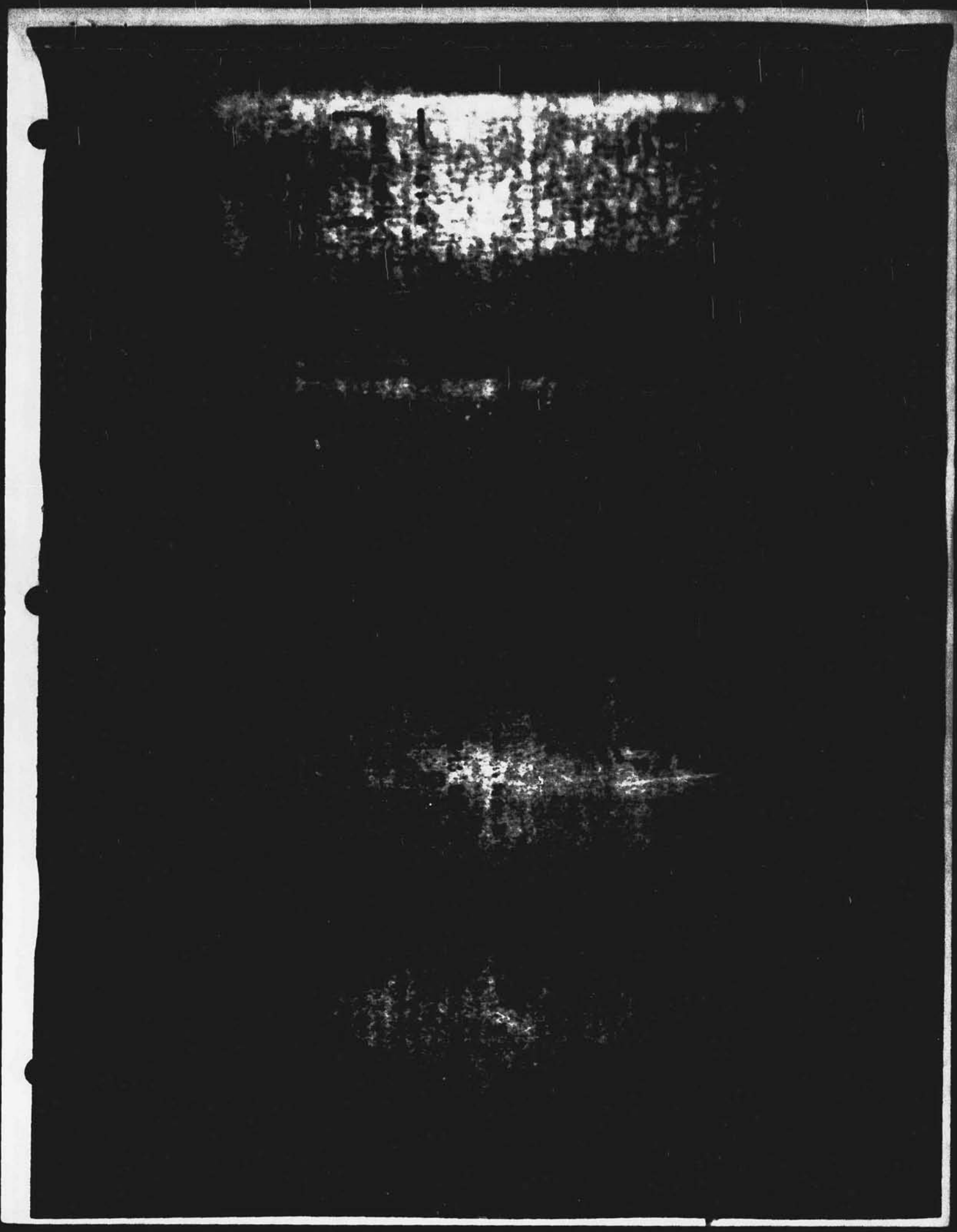

FEC
7/20/89 20

SCHEDULE A — ITEMIZED RECEIPTS

PAGE 2 OF 134

FOR LINE NUMBER 11A

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (In Full)
Rhodes for Congress Committee

A. Full Name, Mailing Address and ZIP Code Conley Wolfswinkel 1188 North Kyrene Road Chandler, AZ 85224 Receipt For: [X] Primary [ ] General [ ] Other (specify):	Name of Employer Self Occupation Developer Aggregate Year-to-Date $	Date (month, day, year) 06/30/86	Amount of Each Receipt this Period $ 900.00 $ 900.00
B. Full Name, Mailing Address and ZIP Code Bernadette Wolfswinkel 1188 North Kyrene Road Chandler, AZ 85224 Receipt For: [X] Primary [ ] General [ ] Other (specify):	Name of Employer N/A Occupation Housewife Aggregate Year-to-Date $	Date (month, day, year) 06/30/86	Amount of Each Receipt this Period $1,000.00
C. Full Name, Mailing Address and ZIP Code Daryl Wolfswinkel 1005 West Southern Avenue Mesa, AZ 85202 Receipt For: [X] Primary [ ] General [ ] Other (specify):	Name of Employer Self Occupation Developer Aggregate Year-to-Date $	Date (month, day, year) 06/16/86	Amount of Each Receipt this Period $1,000.00 $1,000.00
D. Full Name, Mailing Address and ZIP Code Dustin Wolfswinkel 1188 North Kyrene Chandler, AZ 85224 Receipt For: [X] Primary [ ] General [ ] Other (specify):	Name of Employer Self Occupation Printing Aggregate Year-to-Date $	Date (month, day, year) 06/30/86	Amount of Each Receipt this Period $1,000.00 $1,000.00
E. Full Name, Mailing Address and ZIP Code Joe E. Woods 3102 East Fairbrook Circle Mesa, AZ 85203 Receipt For: [X] Primary [ ] General [ ] Other (specify):	Name of Employer Self Occupation Contractor Aggregate Year-to-Date $	Date (month, day, year) 06/04/86 06/30/86	Amount of Each Receipt this Period $ 250.00 $ 100.00 $ 350.00
F. Full Name, Mailing Address and ZIP Code Bryce Kempton 3335 East Main Mesa, AZ 85203 Receipt For: [X] Primary [ ] General [ ] Other (specify):	Name of Employer Self Occupation Farmer Aggregate Year-to-Date $	Date (month, day, year) 06/01/86	Amount of Each Receipt this Period $1,000.00 $1,000.00
G. Full Name, Mailing Address and ZIP Code Dustin Wolfswinkel 1188 North Kyrene Chandler AZ 85224 Receipt For: [X] Primary [ ] General [ ] Other (specify):	Name of Employer N/A Occupation Student Aggregate Year-to-Date $1000.00	Date (month, day, year) 6-30-86	Amount of Each Receipt this Period 1000.00

SUBTOTAL of Receipts This Page (optional)

TOTAL This Period (last page this line number only)

3 5 0 1 3 0 1 1 0 6 2 4 0 4 3 6 0 . 1 9 9 6

SCHEDULE A

Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

NAME OF COMMITTEE (In Full)
Dean Young for Congress committee

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
Dean Young 7330 E.Griswold Scottsdale AZ 85258 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Occupation Aggregate Year-to-Date • $ 50.00	6-17-86	50.00
B. Full Name, Mailing Address and ZIP Code Ashton Wolfswinkel 1180 N. Eyrene Chandler AZ 85224 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer N/A Occupation Investment Aggregate Year-to-Date > $ 1000.00	Date (month, day, year) 6-30-86	Amount of Each Receipt this Period 1000.00
C. Full Name, Mailing Address and ZIP Code Ronald Ellis 10000 N. Scottsdale RD. Ste. 302 Scottsdale AZ 85224 Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Name of Employer Self Occupation Investments Aggregate Year-to-Date • $ 1000.00	Date (month, day, year) 6-1-86	Amount of Each Receipt this Period 1000.00
D. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date $	Date (month, day, year)	Amount of Each Receipt this Period
E. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date $	Date (month, day, year)	Amount of Each Receipt this Period
F. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date $	Date (month, day, year)	Amount of Each Receipt this Period
G. Full Name, Mailing Address and ZIP Code Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Name of Employer Occupation Aggregate Year-to-Date $	Date (month, day, year)	Amount of Each Receipt this Period

SUBTOTAL of Receipts This Page (optional) .....

TOTAL This Period (last page this line number only) .....

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DEPOSITION EXHIBIT
FEC 14
7/20/89 LD

ITEMIZED DISBURSEMENTS

LINE NUMBER: 17
(Use separate schedule(s) for each category of the Detailed Summary Page)

...and from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for ...poses, other than using the name and address of any political committee to solicit contributions from such committee.

...mittee (in Full)

Rhodes for Congress Committee

A. Full Name, Mailing Address and ZIP Code Windward Moody Garvey 500 E. Thomas Phoenix, AZ 85012	Purpose of Disbursement Public Relations Disbursement for: ■Primary □General □ Other (specify)	Date (month, day, year) 3/21/86	Amount of Each Disbursement This Period $1,200.00
B. Full Name, Mailing Address and ZIP Code Wolfswinkle Foundation	Purpose of Disbursement Fundraiser Disbursement for ■Primary □General □ Other (specify)	Date (month, day, year) 2/3/86	Amount of Each Disbursement This Period $ 300.00
C. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
D. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
E. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
F. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify).	Date (month, day, year)	Amount of Each Disbursement This Period
G. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
H. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
I. Full Name, Mailing Address and ZIP Code	Purpose of Disbursement Disbursement for: □Primary □General □ Other (specify):	Date (month, day, year)	Amount of Each Disbursement This Period
SUBTOTAL of Disbursements This Page (optional)			
TOTAL This Period (last page this line number only)			35,448.98

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DEPOSITION EXHIBIT
FEC 15
7/20/89 LD

4043600802

Kimberly Simons
REGISTER COPY

MESA REGIONAL HOME OFFICE
UNITED BANK
OF ARIZONA
MESA ARIZONA

No 97689
CASHIER'S CHECK
91-283/1221

CONTROL 17680-01 085

MAR 04 '86
NCB

March 5, 1986

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $**1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

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MESA REGIONAL HOME OFFICE

Kimberly Simons

UNITED BANK
OF ARIZONA
MESA ARIZONA

No 97689

91-283/1221

March 5, 1986

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $**1,000.00

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

grb

Georgiann R. Beaudet
AUTHORIZED SIGNATURE

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UNITED BANK
PHOENIX, ARIZONA
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PAY ANY BANK, PLEASE
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PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
603231907

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91-283

PAY ANY BANK, PLEASE
UNITED

HR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20107448

Michael Simons

REGISTER COPY

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA ARIZONA

No 97688

CASHIER'S CHECK

81-283/1221

CONTRA 1760-05-005

MAR 05 '86

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1,000.00

UNITED BANK- 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

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Michael Simons

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA ARIZONA

No 97688

81-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $ 1,000.00

UNITED BANK- 1,000dol's00cts DOLLARS

CASHIER'S CHECK

grb

Georgeann R. Beaudet

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UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

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PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
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HR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

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Cortland Silver, Jr.

REGISTER COPY

CONTRA $1680-00

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA ARIZONA

MAR 05 '86

No 97685
CASHIER'S CHECK
91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1000.00

UNITED BANK 1,000dol's00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

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Cortland Silver, Jr.

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA
MESA ARIZONA

No 97685

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS $1000.00

UNITED BANK 1,000dol's00cts DOLLARS

CASHIER'S CHECK

grb

Georgiann P. Beaudet

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PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
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PAY ANY BANK, FED
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MR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

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91-293

MR 86 05
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

4043600 8808

MESA REGIONAL HOME OFFICE

Suzanne E. Davis

UNITED BANK OF ARIZONA
MESA ARIZONA

№ 97687
CASHIER'S CHECK
91-283/1221

REGISTER COPY

CONTRA 17680-01 005

MAR 05 '86

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $ 1,000.00

UNITED BANK 1,000dols00cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS grb

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MESA REGIONAL HOME OFFICE

Suzanne E. Davis

UNITED BANK OF ARIZONA
MESA ARIZONA

№ 97687

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $ 1,000.00

UNITED BANK 1,000dols00cts DOLLARS

CASHIER'S CHECK

grb

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UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

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PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
603231972

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MR 86 07
UNITED BANK
PHOENIX, ARIZONA
PAY ANY BANK

⑈20107441

Larry H. Davis

REGISTER COPY

CONTRA 17680-01 DOS

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA ARIZONA

Nbk - 7 1 3

DRB COMPLIANCE

№ 97686

CASHIER'S CHECK

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $ 1,000.00

UNITED BANK 1,000 dollars 00 cts DOLLARS

PURCHASER'S SIGNATURE

ADDRESS srb

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Larry H. Davis

MESA REGIONAL HOME OFFICE

UNITED BANK OF ARIZONA

MESA ARIZONA

№ 97686

91-283/1221

March 5, 19 86

PAY TO THE ORDER OF RHODES TO CONGRESS ********** $ 1,000.00

UNITED BANK 1,000 dollars 00 cts DOLLARS

CASHIER'S CHECK

srb

Georgeann R. Beaudet

AUTHORIZED SIGNATURE

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UNITED BANK
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PAY ANY BANK

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PHOENIX, ARIZONA
PAY ANY BANK

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PAY TO THE ORDER OF
UNITED BANK OF ARIZONA
FOR DEPOSIT ONLY
Rhodes for Congress Committee
603231972

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DEPOSITION EXHIBIT
FEC 11
7/20/89 LD

SCHEDULE A

ITEMIZED RECEIPTS

Page 1 of 1 for
LINE NUMBER 11A(1)

Any information copied from such Reports or Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Name of Committee (In Full)

Shadegg For Congress Committee

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
United Bank Of Arizona P.O. Box 1381 Mesa, AZ 85201	NA	6/03/86	29,500.00
Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Occupation		
	Aggregate Year-to-Date-$ 29,500.00		

B. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify)	Occupation		
	Aggregate Year-to-Date-$		

C. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify)	Occupation		
	Aggregate Year-to-Date-$		

D. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation		
	Aggregate Year-to-Date-$		

E. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation		
	Aggregate Year-to-Date-$		

F. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation		
	Aggregate Year-to-Date-$		

G. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Occupation		
	Aggregate Year-to-Date-$		

SUBTOTAL of Receipts This Page (optional)	
TOTAL This Period (last page this line number only)	29,500.00

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DEPOSITION EXHIBIT
FEC 17
7/20/89 CO

SCHEDULE A — ITEMIZED RECEIPTS

Use separate schedule(s) for each category of the Detailed Summary Page

PAGE 1 OF 1

FOR LINE NUMBER: 13(a)

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NAME OF COMMITTEE (In Full)

Rhodes for Congress Committee

A. Full Name, Mailing Address and ZIP Code	Name of Employer	Date (month, day, year)	Amount of Each Receipt this Period
United Bank of Arizona P.O. Box 2908 Phoenix AZ 85062-2908	N/A Occupation	7-3-86	5,500.00
Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date > $ 35,000.00		
B. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date > $		
C. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date > $		
D. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date > $		
E. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date > $		
F. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date > $		
G. Full Name, Mailing Address and ZIP Code	Name of Employer Occupation	Date (month, day, year)	Amount of Each Receipt this Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date > $		
SUBTOTAL of Receipts This Page (optional)			
TOTAL This Period (last page this line number only)			5,500.00

4043608113

EXHIBIT
FEC 18
7/20/89 LD

SCHEDULE C
(Revised 2/86)

LOANS

Page 1 of 1 for this schedule
Line number 30
(for each applicable line)

Name of Committee (in Full)
Rhodes for Congress Committee

A. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
John J. Rhodes, III 13 N. McDonald, Ste. 500 Mesa AZ 85201(personal funds)	962.00		962.00

Election (Primary) (General) (Other (specify))
Terms: Date Incurred ___ ___ Date Due ___ Interest Rate ___ Secured ___

List All Endorsers or Guarantors (if any) to Item A

1. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding
	$
2. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding
	$
3. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding
	$

B. Full Name, Mailing Address and ZIP Code of Loan Source	Original Amount of Loan	Cumulative Payment To Date	Balance Outstanding at Close of This Period
United Bank of Arizona P.O. Box 2908 Phoenix AZ 85062-2908	35,000.00		35,000.00

Election (Primary) (General) (Other (specify)).
Terms: Date Incurred 6-3-86 Date Due 12-1-86 Interest Rate Pt. Secured

List All Endorsers or Guarantors (if any) to Item B

1. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding
John J. Rhodes, III 13 N. McDonald Ste. 500 Mesa AZ 85201	Self Attorney $5,000.00
2. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding
	$
3. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation / Amount Guaranteed Outstanding
	$

SUBTOTALS This Period This Page (optional)	
TOTALS This Period (last page in this line only)	35,962.00

Carry outstanding balance only to LINE 3, Schedule B, for this line. If no Schedule B, carry forward to appropriate line of Summary.

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DEPOSITION EXHIBIT
DEC 19
7/20/89 20

APPLICATION FOR STAND-BY LETTER OF CREDIT

L/C NO. _____
DATE: _____

PLEASE ESTABLISH AN IRREVOCABLE LETTER OF CREDIT FOR THE AMOUNT OF Eight Hundred Twenty-Five and no/100--

BY ☒ MAIL ☐ AIR MAIL ☐ EXPRESS MAIL ☐ FULL CABLE ☐ SHORT CABLE

IN FAVOR OF: Salt River Project, P. O. Box 2950, Phoenix, Arizona 85062 Atten: Credit Dept.

FOR ACCOUNT OF: Rhodes to Congress 1303 S. Longmore, Suite 6, Mesa, Arizona 85202

AVAILABLE BY DRAFT(S) ON YOU AT SIGHT AND ACCOMPANIED BY THE FOLLOWING DOCUMENTS:

No other documents required

ADVICE OF CHARGE

ACCOUNT NO.	TRANS CODE	AMOUNT
65796 01 073	38	50.00

IMPORTANT
YOUR ACCOUNT HAS BEEN CHARGED FOR THE REASON SHOWN AT RIGHT PLEASE ADJUST YOUR RECORDS ACCORDINGLY.

UNITED BANK OF ARIZONA

REASON
Fee for letter of Credit to Salt River Project (Letter of Credit #3346)

DEBIT

ORIGINATING BRANCH 07

DATE 6/12/86

AUTH BY

FILE COPY
EN 14-1
2-28 R. 9-84

Rhodes for Congress
C/O Kent Hulkey

. LETTER OF CREDIT AGREE

PER ANNUM, MINIMUM 350.00.

NEGOTIATION FEE OF 1/8% OF FACE AMOUNT OF DRAFT, MINIMUM 35.00.

AMENDMENT FEE:
IF EXTENDING EXPIRATION DATE OR INCREASING AMOUNT, SAME AS ISSUANCE FEE WITH MINIMUM OF $25.00.
OTHER AMENDMENTS _____.

Rhodes to Congress
(Name and Address of Applicant)
1303 S. Longmore, Suite 6, Mesa, Az 85202

By: John J. Rhodes III
AUTHORIZED SIGNATURE — TITLE

ACCEPTED BY UNITED BANK OF ARIZONA

AUTHORIZED SIGNATURE
John J. O'Neill, Regional Vice Pres.

6-7 R.1/85

DEPOSITION EXHIBIT
FEC 20
7/20/89 Lb

FOR YOUR BANKING NEEDS CALL
1-602-248-2242

LAST STATEMENT	DATE OF THIS STATEMENT
11/28/86	12/31/86

RHODES FOR CONGRESS COMMITTEE
C/O KENT H MULKEY
793 N ALMA SCHOOL RD
CHANDLER AZ 85224

EO

ACCOUNT NUMBER
60323-19-072

988

PAGE 1

UNITED'S NEW FLEXLINE HOME EQUITY LOAN PROGRAM..."TODAY'S SMART MONEY LOAN THAT LOWERS YOUR COST OF BORROWING". FOR MORE INFORMATION, CONTACT YOUR LOCAL UNITED BANKER.

		NUMBER OF ITEMS	DEBITS SUBJECT TO SERVICE CHARGE
STATEMENT OF MONEY MARKET	60323-19-072	5	

ACCOUNT SUMMARY

PREVIOUS STATEMENT BALANCE	82,489.44
3 DEPOSITS AND OTHER CREDITS OF	3,224.20
5 CHECKS AND OTHER DEBITS OF	83,239.44
SERVICE CHARGE OF	0.00
CURRENT BALANCE AS OF THIS STATEMENT DATE	2,474.20
YEAR TO DATE INTEREST	1,102.11

ACCOUNT TRANSACTIONS

DEPOSITS AND OTHER CREDITS

DATE	AMOUNT	DESCRIPTION	
12/08	1,750.00	DEPOSIT	0020326145
12/23	1,300.00	DEPOSIT	0010202246
12/31	174.20	INT PAID	

OTHER DEBITS

DATE	AMOUNT	DESCRIPTION	
12/03	1,500.00	DR MEMO	0020151375
12/04	35,000.00	DR MEMO	0020097954
12/09	6,000.00	DR MEMO	0020034321
12/17	5,000.00	DR MEMO	0020202360
12/23	35,739.44	DR MEMO	0010174224

DAILY BALANCE SUMMARY

DATE	BALANCE	DATE	BALANCE	DATE	BALANCE
12/03	80,989.44	12/04	45,989.44	12/08	47,739.44
12/09	41,739.44	12/17	36,739.44	12/23	2,300.00
12/31	2,474.20				

AVERAGE DAILY BALANCE..... 33,963.93

AVERAGE COLLECTED BALANCE 33,760.70

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D17

DEPOSITION EXHIBIT
FEC 21
7/20/89 CD

Totals

	Bank R	Bank D	Report R	Report D
MY 85	4,650	0	5,888.94	
YE 85	50,790	32,684	57,850.11	35,717.56
1Q 86	31,214.94	45,468	27,576.19	44,003.41
2Q 86	40,613	44800	85,624.57	80,640.32
PP 86	53,200	53,318	49,515.45	61,445.36
BQ 86	143,452.88	24,400	135,372.81	152,306.30
PG 86	28,324.04	24,715.26	40,863.38	14,959.93
PostG 86	103,858.09	45,000	90,548.38	90,107.21
YE 86	3,224	87,239.44	5,263.02	14,977.58
	459,327.00	457,624.70	498,504.85	492,157.67

498,504.85
-63,739.03
439,7--

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DOC 2602

TRANSCRIPT OF PROCEEDINGS

ORIGINAL

UNITED STATES OF AMERICA

BEFORE THE

FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 SEP 12 PM 12:30

- -x

IN RE:

M U R 2602

- -x

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DEPOSITION OF JOHN J. RHODES III

Washington, D. C.

Saturday, July 22, 1989

ACE-FEDERAL REPORTERS, INC.
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Nationwide Coverage
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CORRECTIONS TO DEPOSITION

Page	Line	Correction:
23	16	Change "Boston" to "Washington"
103	19	" "Ghence" to "Lunds"
110	2	Change "Subsequent" to "Substantive"
137	21	add "I"

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UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ELECTION COMMISSION

- - - - - - - - - - - - - - - - - - - -x
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IN RE: :
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M U R 2602 :
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DEPOSITION OF JOHN J. RHODES III

Washington, D. C.

Saturday, July 22, 1989

Deposition of JOHN J. RHODES III, called for examination pursuant to notice of deposition, at the offices of the Federal Election commission, 999 E Street, N.W., Sixth Floor, at 9:30 a.m. before LEANNE P. DOTSON, a Notary Public within and for the District of Columbia, when were present on behalf of the respective parties:

COLLEEN MILLER, ESQ.
JONATHAN LEVIN, ESQ.
LISA KLEIN, ESQ.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D. C. 20463
On behalf of Federal Election Commission.

DANIEL J. SWILLINGER, ESQ.
DENIS L. VENTRIGLIA, ESQ.
Alagia, Day, Marshall, Mintmire & Chauvin
1000 Thomas Jefferson Street, N.W.
Washington, D. C. 20007
On behalf of the Deponent.

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PROCEEDINGS

Whereupon,

JOHN J. RHODES, III

was called as a witness and, having first been duly sworn, was examined and testified as follows:

EXAMINATION

BY MS. MILLER:

Q Good morning.

A Good morning.

Q We are here this morning as part of an investigation entitled Matter Under Review 2602. It is an investigation that is being conducted under Title 2, Section 437(g). The parties present this morning are reminded that these proceedings and the entire investigation are governed by certain confidentiality requirements of 437(g), subsection A. Basically you are not to discuss this deposition or the investigation with anybody other than your counsel.

My name is Colleen Miller. This is Jonathan Levin and Lisa Klein. We are attorneys from the Federal Election Commission.

The parties have stipulated to reserve all

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objections this morning, except as to form or foundation, until the time of trial if there is any. The deponent has been sworn.

Would you state your name for the record, please.

A John J. Rhodes, III.

Q Are you represented by counsel this morning?

A I am.

Q And what is your counsel's name?

A Dan Swillinger.

Q Does he represent you personally?

A Yes.

Q I assume that you are familiar with a deposition, but I'm going to go over some instructions anyway, so please forgive me if I am telling you what you already know.

A Yes.

Q I'm going to ask you a series of questions. If you don't hear any question or don't understand it, just say so, and I will either repeat it or I will try to rephrase it, so that you can answer it. If you answer a question, I will assume that you heard it and you

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understood the question. If you don't know the answer to a question or don't recall the answer, just say so.

I'm going to be asking questions that go back a number of years, so it may take a little while for you to recall the answer to it. Just take your time and think about it. If we get later on into the deposition and you remember an answer to something that goes to a question we discussed earlier, stop me and we will go back and clear that up and clarify that.

You need to answer out loud because a written record is being taken. If you answer with a shrug or a sound that isn't a word it won't appear on the record.

If you need to take a break at any time, stretch your legs, talk to your counsel, just want to take a walk or something, we can do that. Just say so and we will take a break. Do you understand these instructions?

A Yes.

Q You stated your name is John J. Rhodes. Are you known as Jay or John?

A Jay as a nickname.

Q Jay is the nickname?

A Yes.

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Q Where are you employed, Mr. Rhodes?

A I am a member of the United States House of Representatives, representing the first district of Arizona.

Q How long have you been employed at the House of Representatives?

A I was elected in November of 1986 and took office in January, 1987.

Q What is your educational background?

A I graduated from Yale University in 1965 with a bachelor of arts degree, and from the University of Arizona in 1968 with a law degree.

Q Where were you employed before you were a member of Congress?

A I was an attorney in private practice in Mesa, Arizona.

Q Did you have any other occupation? Was there any other way you were passing your time prior to your election?

A I was a candidate, but no, my occupation was a private practitioner of law.

Q When did you declare your candidacy?

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A In May, 1985.

Q Were you employed as a solo practitioner in Mesa, or with a law firm?

A I was in partnership with one other individual, Rodger, R-o-d-g-e-r, A. Golston, G-o-l-s-t-o-n.

Q When did that partnership begin? Do you recall?

A Rodger and I formed a three-person partnership in 1981, I believe. The third partner was Joe S. Reynolds. In 1983 or '84, I can't remember which, Mr. Reynolds left and Rodger and I continued in a two-man partnership.

Q Would you describe for me your political experience prior to declaring your candidacy in May of 1985?

A Formal or informal?

Q Well, you can start with formal and then we will discuss the informal.

A I had twice been elected to office in nonpartisan elections in 1972, elected to the Mesa, Arizona, Board of Education, and in 1982 elected to the board of directors of the Central Arizona Water Conservation District, which is the management agency for

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the Central Arizona Project, an irrigation project.

Q How would you describe your informal political experience?

A Well, my family had been involved in politics since I was very young. My father was a member of Congress. I had participated in many of his campaigns and had been a volunteer in numerous other elections and campaigns over the course of time in various capacities.

Q Could you name some of those for me?

A You mean aside from my father's campaigns?

Q Yes.

A Well, I was in the Ford reelection campaign in Arizona in 1976, involved in both Reagan campaigns in Arizona in '80 and '84, and various gubernatorial and legislative races. I couldn't be much more specific than that.

Q Did you work with Congressman, now Senator, McCain?

A Yes. I worked with him in his '82 general election and in his '84 reelection campaign.

Q Is there a candidate by the last name of Russell that you worked with?

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A In '82 Russell was an opponent of McCain's in the primary, and I did not work for Russell but I did support him in his losing effort against McCain.

Q Okay.

A He rewarded me by running against me in '86.

Q It sounds as though you have had a lot of varied political experiences. Are there any other experiences that you want to mention right now, or does that pretty much summarize it?

A No. That is about it.

Q Did you work in the congressional offices of any of the candidates that you discussed, after their election?

A No.

Q So the campaigns -- the candidates that you mentioned -- Ford, Reagan, McCain, and -- you didn't work for Russell, but Ford, Reagan, and McCain -- you worked in the campaigns, not as a part of their administration?

A No. No. I never held any position.

Q What did you do on the campaigns?

A I was what is referred to as a surrogate speaker, mostly. I would appear on behalf of the

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candidate, stand in for the candidate, and in the case of McCain, obviously, where he couldn't appear, and in the case of presidential campaigns, just simply be a representative for the campaign at various events.

Q Did you do any fundraising for those candidates?

A Not per se, no.

Q In 1985 and in 1986 you were a candidate for the House of Representatives?

A Yes.

Q I'm not sure there is such a thing as a job description for a candidate, but could you describe for me what all that involved? If that is too broad maybe you could describe for me a typical day as a candidate.

A Colleen, there is no such thing as a typical day for a candidate. But it could -- you know, in a race such as that one was, I did virtually everything from painting my own signs to walking neighborhoods, passing out literature, obviously making appearances at events, making speeches, having interviews with the media; whatever one needs to do to attract the attention of the public and hopefully achieve enough votes to be successful.

Q Would you, as a part of your duties as a

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candidate, would you be writing letters to supporters?

A Certainly, from time to time I would at least sign a lot of mail. I may not have actually prepared the prose, but certainly there is a heavy involvement with mail.

Q Would you on a daily basis read press clippings or read the newspaper to see what the media was saying about your candidacy?

A Avidly.

Q Would you begin the day maybe with a speech at a breakfast or anything like that?

A That would be reasonably typical; probably three or four times a week I would have some sort of an early morning meeting of some kind.

Q Did you typically spend the entire day as a candidate or were you also working at the law firm?

A We are talking about an 18-month period of time.

Q True.

A In the summer and fall of '85 and in the winter of '86 it was certainly not a full-time job.

Q All right.

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A It was kind of hard to get people interested in elections that far away, in that period of time. But as you get closer to the actual election date, the number of hours in the day devoted to campaigning certainly do expand dramatically. But over the course of the period of time I was certainly devoting a significant part of time to the practice of law. Earlier it was more the practice of law and less campaign. Later it was more campaign and less practice of law.

Q As you got closer to the primary, were you still at least going to the law office on a daily basis?

A As it got closer I would not be able to say I got in there on a daily basis. I got in there as often as I possibly could, but, you know, in the closing three or four weeks I certainly was not there on a daily basis.

Q As a candidate, did you have responsibilities for some of the day-to-day operation of the campaign, like writing checks --

A No.

Q Instructing volunteers?

A As far as volunteers are concerned, I would say my function was more encouraging them rather than

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instructing them. I had people who were responsible for carrying out the campaign plan and seeing to it that there were people available to do what needed to be done. So no, I wouldn't say I was instructing anybody.

Q Okay. You announced your candidacy in May of 1985. Who all was involved with the campaign at that point?

A I would have to say that it was really a kitchen table campaign: my wife and some of our close friends. We basically mapped out the early strategy and did the early work leading up to the time of the announcement.

Q Can you name for me the close friends that were involved in that?

A John and Peggy Rubach, Joanie and Michael Flatt, we had -- well, they were the ones, of course, along with my wife and myself, who were intimately involved from the start. I presume that there were others who came in and out from time to time. I would say it is the six of us, basically.

Q Was Kent Mulkey involved in it at that point?

A Not at that time, no.

Q When did he start with the campaign?

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A Well, I would have to imagine that it would have been around the time that we made the actual, formal filing with the FEC and with the Secretary of State of Arizona, which was something in the middle of the summer of '85, late June or early July.

Q How about Benetta Dupree? Was she involved in it from the beginning?

A She came in early. I can't tell you for sure exactly -- she was the first hired employee. I'm not sure exactly when that occurred, but that would have been, again, the same early to middle summer time frame.

Q Rudy Campbell?

A Rudy was one of my cochairs, and Rudy and Hazel Davis-Conley were the cochairman of the campaign, and again, the same general time frame.

Q Around the same time?

A Yes.

Q Was Jim Simons involved with the campaign?

A Not formally.

Q Was he a supporter or contributor?

A Definitely a supporter and a contributor.

Q When did Tom Rawles join on with the campaign?

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A Early. Tom was a candidate in the primary. He dropped out in the spring of '86 and offered to support me, and he was kind of an informal on-again, off-again participant through the primary. Then he became much more heavily involved from the late primary through the general. I don't remember if I actually gave him the title but he was functioning as the campaign manager.

Q After the primary?

A Yes.

Q When did John O'Neill come onto the campaign?

A Back again in the midsummer time frame of '85.

Q What was his function at that point?

A Finance chairman.

Q How about Ann Lorenzo?

A I don't remember exactly when Ann came in. It would have been later than John, sometime in possibly the fall, again, of '85.

Q Was that now Ann Lorenzo O'Neill?

A They are married. I don't know if she carries his name or not, but they are married.

Q Was Conley Wolfswinkel involved in the campaign early on?

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A No, not at all.

Q Not at all?

A No.

Q As a supporter or contributor?

A Well, yes, but he had no function.

Q You do know Conley Wolfswinkel?

A I do know Conley Wolfswinkel.

Q How do you know Conley Wolfswinkel?

A Well, I have known him for a number of years, dating back to I would say the mid '70s. He was a client of the law firm that I was a partner in, in the '70s. He was not my client, he was a client of my senior partner's, but I guess I first became acquainted with him in that time frame.

Q Would you consider that he was a friend of yours?

A There was a time when I thought he was a friend of mine, yes.

Q Did you do any legal work for him?

A No.

Q Other than his involvement with the senior partner?

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A No.

Q Did you have any investments with him?

A No.

Q Did you ever ask Conley Wolfswinkel to help you with the campaign?

A By "help," you mean what?

Q Well, let's start with, did you ask him to serve on any committees?

A No.

Q Did you ask him to take a title?

A No.

Q Did you ask him to contribute?

A Yes.

Q In what way?

A John O'Neill had told me that Conley had agreed to raise a substantial sum of money, and that pledge of assistance kept not happening, and finally John said, "I think that it probably is going to need you to go talk to him." And so I did, and I explained to him what our -- this was as we were approaching the primary. It would have been the summer, early summer, I think, of '86 -- explained to him what our needs were for the balance of

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the primary, what our financial situation was, what we projected our requirements, told him that John had told me that he, Conley, had agreed to raise a sum of money and that I needed him to do it, and he said, "I told John I will do it and I will do it. You can count on it." I said "thank you very much." That was the end of that.

Q Do you recall what the sum of money was that he agreed to raise?

A They had always talked in terms of $25,000 to $30,000. I don't recall that Conley and I discussed a specific sum, but that was the number that John had used.

Q When you talked to Conley Wolfswinkel about this commitment do you recall any details about how he would go about raising the funds?

A No. I didn't ask him.

Q Did you ever travel to Washington, D.C. with Conley Wolfswinkel?

A No.

Q Not in December of 1985?

A With him?

Q Yes.

A No.

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Q Would you have seen him in Washington around that time?

A Yes.

Q Do you recall the circumstances of that?

A Yes. I had a fundraising event here in I think early December and Conley and his family either had been in New York or were on their way to New York, and either came to Washington from New York, or stopped in Washington on their way to New York to attend that fundraiser.

Q Do you recall at that fundraiser whether there was any discussion of his commitment to raise funds for you?

A No.

Q You didn't have any discussion with him?

A No.

Q Do you recall whether your wife might have had a discussion with him at that fundraiser about his commitment to raise funds?

A I would doubt it. I have got to -- we have to get the time frames straightened out. This is December of 1985.

Q Right.

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A And involvement of Conley as a potential major raiser of funds didn't occur until later, until '86, the spring.

Q Who knew about Conley's commitment to raise money for the campaign?

A I have no idea.

Q Do you know anybody other than yourself and John O'Neill that knew about it?

A No.

Q Was it discussed in any committee meetings that you can recall?

A It may have been. I simply don't know. I don't remember.

Q Okay. Did Mr. Wolfswinkel do a lot of fundraising in the Phoenix community, the Mesa community?

A Mr. Wolfswinkel was very active in I guess what you would call community activities, charitable activities. He was a very active charitable fundraiser.

Q Do you recall whether he held many fundraisers for political campaigns?

A The only response I can give you is the only fundraising events that I have attended that Conley was

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involved with were charitable.

Q Were charitable?

A Yes.

Q Nonpolitical?

A Yes.

Q He didn't do any fundraising for any of the campaigns that you mentioned earlier that you worked on?

A Not that I am aware of.

Q All right. Do you know whether Mr. Wolfswinkel was otherwise involved in politics in any way?

A Not that I am aware of.

Q In your discussions with him at any time did you ever get the impression that he knew his way around politics?

A Frankly, I would have to say the contrary.

Q That he didn't know very much about politics?

A I think that is true.

Q Do you know whether he was aware of the limitations on fundraising?

A I do not know.

Q When you met with him to discuss his commitment to raise funds with you did that come up at all?

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A No, it did not.

Q In February of 1986 your committee reported to the FEC a disbursement to the Wolfswinkel foundation for a fundraiser, a disbursement of $300. Do you recall any of the circumstances around that?

A I don't even recall that.

Q You don't recall the disbursement?

A No.

Q Could it have been as early as February, 1986, that Mr. Wolfswinkel made that commitment to raise funds?

A I have no way of knowing when O'Neill may have had his initial conversations with Wolfswinkel. I don't believe that I was told or made aware that he had made any sort of a commitment that early. I don't think it was that early.

Q We discussed a few minutes ago a fundraiser that was held in Washington in December of 1985.

A Yes.

Q Can you recall what kind of a fundraiser that was? Was it a prayer breakfast or a --

A No, ma'am. It was your typical Washington cocktail party-political action committee fundraiser.

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Q Do you recall how long you were in Washington for that fundraiser?

A Not specifically. I would doubt it was more than a couple of -- a couple or three days.

Q Did you do anything else related to the campaign while you were in town?

A Yes. I made some calls and went to the Republican National Committee and to the campaign committee, and made a few generally futile attempts to raise some money with some of the Washington Boston-based PACs, those sorts of things.

Q Did Mr. Wolfswinkel accompany you on any of those other errands?

A No. No.

Q Do you know whether Mr. Wolfswinkel went to the Republican national headquarters for anything?

A I don't know that he did or did not. I have no reason to -- I don't know why he would, but I don't know.

Q Is Mr. Wolfswinkel still a contributor to the Rhodes to Congress Committee?

A Absolutely not.

Q Do you know Cortland Silver?

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A I know Cortland Silver.

Q How long have you known Cortland Silver?

A Well, I first met him sometime during the time frame between May, 1985, and the election.

Q Do you recall the circumstances of when you met him?

A Yes, I do. Mr. O'Neill had met him at some point in time, and I have no idea when, and felt that Mr. Silver was a potential contributor and fundraiser, and Mr. Silver had expressed some interest in being involved in that way. Mr. O'Neill felt it was important that I meet him. Mr. Silver was a developer of apartment complexes. He was having a grand opening reception for one of his apartment complexes. Mr. O'Neill thought that that would be a good thing for me to attend and a good opportunity for me to meet Mr. Silver, so I did attend and I did meet Mr. Silver at that time. That was the first time I met him.

Q Did you come to know him in any way outside of the campaign?

A No.

Q Did you become friends with him?

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A No. I think that aside from that, I probably physically saw the man maybe two or three times since then.

Q We are speaking of Cortland Silver, senior; is that correct?

A Is there a junior?

Q I guess that answers my next question. Do you know Cortland Silver, Jr.?

A Not that I am aware of, no.

Q Okay. Did you ask Silver, Sr., to raise any funds for you?

A I don't think I ever directly asked him. I know that he and O'Neill were talking about it, and I think that probably at that reception, or at some subsequent point in time, he indicated that he was going to or he was. I don't think I ever specifically asked him to.

Q Did you ever do any legal work for him?

A No.

Q Did you ever have any other business dealings with him, any investments or anything?

A No.

Q Do you know his daughter, Debbie Lorshbough?

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A Yes, I do.

Q Would you know her to see her?

A No.

Q You just know the name?

A Well, I know her. I mean I have met her. I have encountered her, but it has been some time. I would not -- I don't believe I would recognize her now.

Q Do you know whether Cortland Silver was involved in politics in the community?

A It strikes me, if my memory is correct, that he was involved in politics in the Midwest before he moved to Arizona. I don't know of any political involvement that he had in Arizona.

Q Do you think that -- do you have any way of knowing whether he was familiar with the rules and limitations of campaign contributions?

A I have no way of knowing.

Q From your impression of his involvement in the Midwest, do you have any sense of whether he may have come to learn the rules in that involvement?

A I would have to say no, because I can't remember what his involvement was. I just remember his mentioning

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that he had been involved in politics. I can't remember what state or in what capacity or anything. I would have to say no.

Q Is Cortland Silver still a contributor to the Rhodes to Congress campaign?

A I certainly hope not.

Q He --

A No. He is not.

Q We mentioned, a little bit earlier, Ann Lorenzo.

A Yes.

Q Did she have a title with the Rhodes to Congress campaign?

A Yes. She was either vice chairman or cochairman of the finance effort.

Q Do you recall when she was asked to take that position?

A I really don't.

Q Do you recall whose idea it was that she --

A O'Neill's.

Q I'm sorry?

A Mr. O'Neill.

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Q Mr. O'Neill's?

A Yes.

Q Did Mr. O'Neill ask her to take that position or did you?

A He did.

Q He did?

A Yes.

Q Were you present when he asked?

A No, I was not.

Q Were you present when the decision was made to ask her?

A No, I was not.

Q He just informed you of it?

A That is basically correct.

Q Okay. Do you have any idea why she was chosen for that?

A No, I do not.

Q Is she involved in the financial community in and around Mesa or was she, I guess, at the time?

A She was at that time a branch manager, I believe, of First Federal Savings, which is now called MeraBank. She was a branch manager at that point.

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Q Do you recall whether she was involved in a lot of civic activities?

A Yes, she was very heavily involved.

Q Would that include any political campaigns?

A I don't believe so.

Q Did she attend the fundraiser in Washington in December of '85?

A I think so. Yes. She did.

Q Do you recall whether she might have gone to the Republican national headquarters during that trip?

A I know O'Neill did and I think she went with him. I would assume she did.

Q So at that point she was already the vice chairman or the cochairman of finance?

A Yes. Yes.

Q What was the purpose of O'Neill's and probably Lorenzo's trip to the Republican national headquarters?

A Twofold. First, to glean whatever helpful hints they might have been able to give them about fundraising techniques and so forth, and secondly to receive a briefing from legal counsel over there on the legalities of fundraising. They had long since been given all the

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manuals and pamphlets and books, but I wanted them to have a face-to-face, and have the opportunity to ask questions and get questions answered.

Q You mentioned they had long since been given manuals and books. Did you give her the materials?

A I didn't give her specifically. I gave them to John.

Q Did you expect him to share them with her?

A Yes, I would.

Q Did he say that he was going to? Do you recall any discussion about that at all?

A I don't recall any discussion.

Q Did you ever discuss the fundraising rules with Ann Lorenzo?

A I can't recall that I did.

Q Would it have come up in any planning meetings or organizational meetings that she might have attended?

A It certainly would have come up in meetings of that type. I can't tell you specifically that she was in attendance.

Q Do you think she had an understanding of the rules regarding fundraising?

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A I think so. Let's be a little more specific about the rules.

Q Okay.

A I think it is safe to say that everybody involved in any kind of responsible capacity knew the basic rules: you can't take more than 1000 from an individual, you can't take anything from a corporation, you don't take cash. Okay? Those are the nuts and bolts of the rules, and I suspect that everybody knew that.

Q From volunteers and office staff on up?

A I'm not necessarily including the run-of-the-mill volunteer.

Q Okay.

A But certainly from office staff on up.

Q The key players?

A Yes.

Q Do you think she would know the rules regarding a reimbursed contribution?

A I wouldn't know.

Q We have mentioned she is now married to John O'Neill. His name has come up several times so far. How do you know John O'Neill?

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A How do I know him?

Q Yes.

A Well, like just about everybody else in this cast of characters, I have known him for years and years, from various settings. First of all, he has been my personal banker for a long time. He was a frequent golf partner when I played golf, which is not frequent. In community work, socially. We were good friends. We did a lot together. Those types of acquaintances.

Q Was he a client of yours?

A At one time.

Q Did you have any investments with him?

A No.

Q Apart from his capacity as a banker?

A No.

Q I think we established that he sort of began with the campaign in the summer of 1985?

A Yes.

Q Did you ask him to help with the campaign or did someone else do that?

A I did.

Q Do you recall the circumstances of when you

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asked him to come on board?

A Frankly, no. I don't recall what the circumstances were.

Q At that point in the summer of 1985, did you ask him to be the finance chairman?

A Yes, I did.

Q Did you discuss with him what all that would involve?

A Yes, I did.

Q Can you recall any of that discussion?

A He had been finance chairman for a number of more local type campaigns: city council races, legislative races. So he had a pretty good idea of what we were talking about, only multiplied by about a hundred, and he was pleased to be asked and I was pleased that he agreed to do it.

Q Did he have any involvement with your father's campaigns?

A I don't believe so.

Q Did he have any involvement in any of the other campaigns you worked on -- Ford?

A I can't recall that he did.

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Q Reagan?

A No, not that I can recall. He may have had some involvement with McCain's, but I don't know that for a fact.

Q You didn't work with him on any of those campaigns?

A No.

Q Was John O'Neill also on the steering committee of the campaign?

A Yes, he was.

Q Why did you ask John O'Neill to be the finance chairman?

A He has, as I mentioned before, served in that capacity at other campaigns; admittedly, smaller, but still, in other situations where raising money in a timely fashion was critical. He had been successful. He had done a good job, he had a good reputation in the community, well-known. I thought that he was a good choice.

Q Was he well thought of in the financial community?

A Yes, he was.

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Q Would you describe him as well connected?

A I would.

Q Was his position as a banker a factor in your decision?

A No.

Q Was his connections with potential big supporters like Conley Wolfswinkel and Cortland Silver one of the factors?

A Well, if you can modify that question to, "Was his potential with -- was his connection with potential big supporters a factor?" The answer is yes.

Q Without using specifics?

A Without using specifics, yes.

Q He also traveled to Washington in December of 1985?

A He did.

Q Would you describe it as traveling with you? Was he part of your party?

A He didn't come on the same plane.

Q Okay.

A But he came for that purpose.

Q And he attended the fundraiser?

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A Yes.

Q The cocktail party?

A Yes.

Q And had a couple of meetings at the Republican national headquarters?

A Specifically the national Republican campaign committee. He may have gone to the Republican National Committee. I don't know that, but I do know he went to the NRCC.

Q Were there any other occasions on that trip, formal or informal, to discuss fundraising for the campaign?

A My recollection is that, aside from the actual event, the cocktail party, I don't remember seeing very much of him during that trip. He went his way and I went mine.

Q You didn't have dinner with him?

A No, I don't think so.

Q Drinks or anything?

A No, I don't think so.

Q Do you know whether John O'Neill made any other trips to Washington in connection with the campaign?

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A Not that I recall.

Q Did he make trips in connection with the campaign outside of the congressional district?

A Well, undoubtedly. The first congressional district is geographically rather small, and undoubtedly he went out of the district on campaign business just as a matter of course. So did I.

Q All right. Is it your impression that John O'Neill understood the rules regarding fundraising for campaigns?

A Yes, it is.

Q Would it have been --

A Let me qualify that.

Q Certainly. Certainly.

A John is not a lawyer. So if you are -- I don't want that answer to imply that John knew the book from cover to cover.

Q Many lawyers don't.

A I suspect most don't. But I think that he had -- his knowledge certainly was deeper than the three points that I mentioned earlier. How deep it goes, I don't honestly know, but I think he knew the fundamentals

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of the rules.

Q Okay. Would it have been his job as finance chairman to explain the fundamentals to other people?

A I guess on an as-needed basis. Certainly he wasn't responsible for delivering seminars and that sort of thing, but as it was necessary, certainly he would be one person who could do that.

Q It wouldn't be his job to meet with a group of volunteers that were about to go out door-to-door and give them the point by point?

A No.

Q You mentioned some local campaigns. I don't even recall whether you mentioned them by name, but you mentioned that John O'Neill was involved in some local campaigns.

A Yes.

Q Can you think now of any other federal campaigns he might have been involved in?

A No. As I said, I -- he may or may not have been involved with one or the other of McCain's campaigns. I simply do not know. I don't know of anything else he might have been involved in.

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Q Can you recall whether he would have been involved in the John Kyl campaign?

A I don't know that he was. Kyl's campaign was contemporaneous with mine. I would be surprised if he was, but I don't know.

Q Was he involved with the Barr for governor campaign? That is not a federal campaign, but was he involved in that?

A I don't know.

Q Okay. Did you attend meetings of the finance committee?

A Well, there really wasn't a finance committee as such. We had the so-called steering committee. Our fundraising apparatus as such was -- periodically we would have a lunch or a breakfast with a varying group of people, and ask them if they would, first of all, make a contribution themselves, and secondly, if they would agree to go out and raise a specified sum of money from their circle of acquaintances.

They did not -- that did not constitute finance committee. It constituted basically a fundraising event, almost. We never really formulated the committee as

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such.

Q So that the committee would have been no more than the chairman and the cochairman?

A Formally, I guess, I would have to say that is correct.

Q Okay. At the meetings you were just describing that you had said were almost fundraisers, would John O'Neill be present at those events?

A Yes.

Q Is that yes, always, or yes, most of the time?

A Well, first of all, always implies that there were an awful lot of these. There were probably not more than four or five, and I can't tell you to a dead certainty he was at all of them, but I think he probably was.

Q Okay. How frequently would the steering committee meet?

A Well, early, probably monthly, and then as we got into '86 probably every other week, and then as we got closer to the election, weekly.

Q Who all was on the steering committee?

A Lorenzo, Mulkey, Rudy Campbell and Hazel Conley,

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me and my wife, O'Neill, Benetta Dupree, my campaign consultant Bruce Merrill, and representatives of the public relations firm -- Parker and Johnson. I don't remember.

Q We won't tell them.

A That is all right. Those would be the ones who would normally attend most of those meetings.

Q Was Peggy Rubach on that?

A Yes. She would be at least invited.

Q I think you mentioned her husband, John.

A John would have been welcome at any time he was able to attend, but he is a physician and normally would not have been present.

Q You mentioned Joanie and Michael Flatt. Is that F-l-a-t?

A T-t.

Q T-t?

A Yes.

Q Were they on the steering committee?

A No. We had one of those political fallings-out, and they didn't participate in the rest of the campaign.

Q How long were they in?

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A How long were they involved?

Q Yes.

A I think we parted company very early. We parted company sometime in the summer of '85.

Q Were these meetings in the strategy committee or steering committee usually lunchtime meetings?

A No, I think late in the afternoon.

Q They would last most of the afternoon?

A No, late in the afternoon and last maybe an hour.

Q And was John O'Neill present at most or all of those meetings?

A In the beginning John attended regularly. As we got closer to the end, and as finances became more of a problem, he attended less.

Q Didn't want to be on the hot seat?

A Well, I will allow you to draw that conclusion.

Q Where were the meetings of the steering committee usually held?

A Usually in the second floor conference room of the United Bank's offices in Mesa.

Q Would that be John O'Neill that would make

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arrangements for that meeting there, or --

A Yes. That is where his offices were located.

Q When did John O'Neill discontinue as the finance chairman for the committee?

A He was terminated as the finance chairman of the committee late in September of 1986.

Q Who replaced him, then, as finance chairman?

A May I confer with Mr. Swillinger?

Q Sure.

THE WITNESS: Do I know the answer to that?

(Witness conferred with counsel.)

(Discussion off the record.)

THE WITNESS: To the best of my recollection I did not formally designate anybody as the finance chairman from that point on.

BY MS. MILLER:

Q To the best of your recollection was there someone functioning as finance chairman?

A Well, I guess I was.

Q Why was Mr. O'Neill terminated as finance chairman?

A Well, he was terminated as a result of the

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events which lead us to be here on this beautiful Saturday morning. He became involved in a plan or a device which resulted in what I consider to be at least improper, and possibly illegal contributions to the campaign, and I terminated him.

Q How did you learn about his involvement with the illegal and improper schemes?

A We had been told by him -- I had been told -- the "Wolfswinkel money" came through sometime either late in August or early in September.

Q "Came through," meaning made its way to the campaign?

A It arrived. Right.

Q To the campaign accounts?

A Yes. Late in September it was -- we were advised that it might be a good idea to take a look at the Wolfswinkel money. I asked Tom Rawles if he would do that. Tom came back and he said, "There is something very funny about this," and he outlined to me what it appeared had occurred, showed me the documentation that led him to the conclusion that he had reached. I went to see Mr. O'Neill and I said to him, "This is what appears to

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have occurred. Is this what did occur?" And he said, "Yes, it is." And at that point I terminated him.

Q Do you recall who suggested that you look into the Wolfswinkel money?

A I had a phone call from my father. He said a friend just called me and said it would be a good -- said, "Tell Jay to go take a look at the Wolfswinkel contribution. Something is wrong."

Q Did your father ever tell you who the friend was?

A He did not.

Q Do you have any idea whether it was someone from the FBI or someone from the bank?

A I would rather not speculate.

Q Okay.

A I do not know.

Q It sounds to me like you asked Tom Rawles basically to do an investigation into this.

A Yes.

Q Into the Wolfswinkel money. Is that how you described it?

A Yes.

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Q How would someone know what the Wolfswinkel money was? That isn't the form in which it reached the campaign?

A No, it is not.

A I don't know exactly how Tom tracked it down. I think that there was a coincidence of dates, a lot of things happening very suddenly. I know that there were a series of cashier's checks, some contributor cards that in some way didn't make sense, but in some way tied themselves together. Precisely how he dug it out, I don't know.

Q Do you recall whether he conducted this investigation just based on the committee's records, or did he do any investigating at the bank, anything like that?

A He wouldn't have had any access to the bank, or any way to get into the bank's records. He did it through material that was available at the committee.

Q Can you recall whether you might have been given any other hints, other than the Wolfswinkel money, as to what to look at?

A No, I do not.

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Q Let me see if I understand the sequence of events. Your father gave you a call. You contacted Tom Rawles and asked him to look into it. He conducted an investigation of the records and maybe some other things at the campaign headquarters. At that point did he come to you and tell you what he thought was going on?

A Yes.

Q Or as much as he --

A Yes.

Q How much time would have passed between your request that he look into it and his report back to you?

A It happened very suddenly, just within a matter of hours.

Q Would that be the point, then, when you approached John O'Neill with your questions?

A Yes, it was.

Q What did you do after that?

A Got back together with Tom and we sat down and went over the whole thing again, and I said to him, "Tom, something is wrong here. It looks to me like the law has been broken. My inclination is to go to the United States attorney and put this on his desk and turn it over to

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him." And Tom said, "that is exactly my inclination, too. I would remind you that we are both lawyers and we are about to commit the lawyer's cardinal mistake of representing a fool, and we had better go find a lawyer."

So we went, I believe that afternoon or the subsequent afternoon -- I tend to think it was -- well, we went almost immediately, as fast as we could arrange an appointment, to see Melvin McDonald, who was a former United States attorney and an acquaintance of both of ours, somebody we had a lot of confidence in, and we laid everything out to him. He said, "What do you want to do?" I said, "I want to go to Stephen McNamee, the U.S. Attorney". And Mel said, "Well, I am glad that is what you said, because that was what I was going to advise you to do."

He picked up the phone and somewhat miraculously got McNamee on the phone and said, "I need to come down and see you," and Mel and I -- I don't think Tom went with us, but Mel and I went down again in the same afternoon and sat down with McNamee and said, "Here it is. This is what we think has happened. Here is what we have got. We probably have more that we haven't found yet, but whatever

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we have is yours."

McNamee took it from there.

Q In the course of these events did you ever get the impression that it had already been reported to the United States attorney?

A No, I did not.

Q After you met with the U.S. Attorney, did you continue to -- or did Tom Rawles continue to investigate the matter?

A Yes, he did. He wanted to be sure there wasn't anything else.

Q At any point in the investigation did you get involved in sort of the nitty-gritty of trying to discover what happened, or was it mostly just Rawles?

A No, I did not. Just Tom.

Q Do you know whether Tom discussed any of the material with Ben Dodson as he was encountering it?

A I believe he did.

Q Do you recall whether that would have been before you met with the United States attorney, or after?

A I couldn't say.

Q Do you know whether Mr. Rawles met with Kent

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Mulkey to ask any questions in the course of his investigation?

A I think he did. I think so.

Q Do you have any sense of whether that was before or after the meeting with the U.S. Attorney?

A I think it was before.

Q Would there have been anybody else that Mr. Rawles talked to in his investigation?

A I think not.

Q Would --

A Are you talking about before or after.

Q Before the meeting with the U.S. Attorney.

A I think not.

Q How about Mr. Wolfswinkel?

A Did Tom talk with Mr. Wolfswinkel? I would seriously doubt it.

Q Did you speak with Mr. Wolfswinkel?

A I did.

Q Before you met with the U.S. Attorney?

A After.

Q Afterwards?

A Yes.

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Q Can you recall how soon after?

A Well, shortly. Now -- within a day or two. I think it was probably within a day, as a matter of fact.

Q From your conversation with -- or your meeting with Mr. Wolfswinkel, or from anything that you encountered in the investigation, what is your understanding of what Mr. Wolfswinkel's role was in the whole incident?

A I really can't answer that. The purpose of my meeting with Mr. Wolfswinkel was to advise him that I had found out what had happened, that I had terminated O'Neill, that I had gone to the United States attorney, and that we would be returning his money to him. That was about the substance of the conversation. It didn't last very long.

Q Can you recall his reaction?

A His reaction was, frankly, one of surprise, one of, "what is wrong? What do you mean, you have gone to the United States attorney? Why do I have to have my money back? I don't want my money back." He didn't understand.

Q Do you recall whether he made an offer at that

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point to draw up a loan agreement or a note of some sort that you would owe to him?

A Absolutely not.

Q He reacted with surprise, you described. Was he surprised that you were returning the money to him or surprised that John O'Neill was involved in something like that. Or do you know why he was surprised?

A Surprised is my perception, obviously.

Q Sure.

A I gained the perception from his reaction, which was basically, "what is wrong here? Why did you have to go to the authorities? Why are you refunding my money? I don't understand."

I didn't pursue it with him. I just simply said to him, "well, this is wrong. Something is wrong here. It is something that needs to be handled by the authorities. I cannot keep this money. It came from you. It is coming back to you."

Q Was this approximately around the end of September, the early part of October that you met with him?

A It was -- I believe it was all within the last

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week in September. Now I can't be specific about dates. The last week of September -- may have lapsed over into October, I don't know. But it was late September.

Q So at this point the primary is over.

A Yes.

Q And you have essentially got it in the bag; right?

A I have never heard anybody describe an election yet to come as "in the bag." And I certainly wasn't conducting myself as if it were in the bag. I was still doing the 14-hour days and doing everything -- in retrospect, yes, it was in the bag, but it was what I was focusing my attention on.

Q To be a little more precise, is it true that in the first congressional district in Arizona that the real contest is in the primary?

A Normally, yes, that is true. The reason I would hedge that a little bit in that particular election is because it was an open seat. It was not a presidential year. There was a very, very contentious race for governor that was very much up in the air, and it was hard to gauge what the impact of that might be on the balance

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of the ticket, and we just weren't taking anything for granted.

Q Sure. At the point of your meeting with Mr. Wolfswinkel, there is approximately a month or six weeks left before the general election, is that true?

A About.

Q In your discussion with him at that point, was there any mention of the fundraiser he had promised to do for you?

A No, ma'am. And -- no, there was not.

Q When he said, "I don't want this money back. I am still planning to do-" -- would he have said that, "I am still planning to do a fundraiser for you"?

A I don't recall that he said that, no.

Q Do you know whether any plans were made during the summer up to the point of your meeting with him for the fundraiser that he had promised?

A First of all, I don't recall him promising to do an event.

Q Okay.

A He promised to raise some money. I don't --

Q That may mean just going to 30 of his closest

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friends --

A That's right. I don't think an event was ever in the offing.

Q All right. When you met with Mr. Wolfswinkel, did you return the money to him at that time?

A No. I didn't have it at that time. We returned the money to him as quickly as we could. I think it was in installments. I don't remember the size of the various installments. I don't remember how quickly we got it back to him, but it was pretty quickly.

Q Was it before the general election?

A Yes. Yes, it was.

Q Who made the decision to return the money directly to Conley Wolfswinkel?

A Well, that was another discussion Rawles and I had. We knew we had to get it back, and the question was where does it go, and we finally decided that the money originated with Wolfswinkel and it would go back to him, and he could figure out what to do with it.

Q What was the alternative, to return it to --

A There basically wasn't any. That was what we -- we sat down and said, "what are our options? What can we

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do?" And we determined we didn't have any. An option to keep the money was never considered as an option. We knew it was going back.

Q Did you ever discuss returning it to the people whose names were used for the contributions?

A Well, at that point in time we couldn't identify those names. We simply did not know if they had in fact made the contributions or had not. As I said earlier, we decided to give it back to Wolfswinkel, and he can figure out what to do with it.

Q We have all been living with this scenario for a while. You have been living with it longer than I have. But I need to recall that we are making a record here, and I don't think I have asked you what you uncovered in your investigation, so why don't you describe what your investigation of the incident -- what conclusions were reached as a result of that investigation.

A The one thing I'm not clear about is where we got the bottom line of $30,000. It could be that -- well, I can't speculate. I don't remember where we got that number. But what Rawles ultimately pieced together was that John had taken $18,000 and applied it to the

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campaign's existing line of credit, with United Bank; had taken I think it was $7,000 and had created seven $1000 cashier's checks in the names of various individuals, and deposited those sums in the campaign account, and my recollection is that at least for those seven he made up contributor cards. I don't know now if he did the same thing for the $18,000 or how he accounted for the $18,000. That got us to 25.

Then, if memory serves me accurately, he apparently gave a thousand to Ann Lorenzo, who turned around and made a $1000 contribution, and he apparently gave $1000 to himself or to one of his relatives, who then made a $1000 contribution. That got us to $27,000. And we were stumped at that point. And we had this $3,000 that was unaccounted for. And at that point I recalled his payment to me in the middle of September of a $3000 legal fee, and I then went back to him and I asked him if the funds that he had used to pay me the $3000 legal fee were funds -- from the Wolfswinkel money, and he said yes, it was. And so I then refunded to him from my personal funds that $3000. So we ultimately wound up giving Wolfswinkel $27,000 and giving O'Neill $3000 on the same

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premise that we gave the $27,000 to Wolfswinkel. I knew the $3000 originated with Wolfswinkel but it got to me through O'Neill, and so I refunded it to O'Neill and let O'Neill and Wolfswinkel wrestle over the $3000. It was up to them.

Q Did you suggest to him that he ought to return to it to Wolfswinkel?

A No. I wasn't in the business of suggesting much of anything to him at that point, anything that I would care to have on the record.

Q Okay. Do you recall learning -- I may be repeating something you have just said -- do you recall learning how the $18,000 was ever accounted for by Mr. O'Neill, when he put it into the line of credit?

A You mean in terms of its origin?

Q No, in terms of making it look legitimate?

A No. I do not know.

Q Okay. Do you recall in your investigation reaching any conclusions about any of the other players in the incident? Did you make any conclusions about whether the scheme had been partly Mr. Wolfswinkel's idea?

A Well, there wasn't any evidence presented to me

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by Tom Rawles that pointed towards Conley, except that he was the originator of the sum, of the money.

Q Did you make any conclusions about Ann Lorenzo's involvement?

A No.

Q Any conclusions about the names that were used as contributors, whether those people knew their names had been used or not?

A I had -- if I had seen -- let me tell you, counsel yesterday showed me copies of the seven checks. I can't recall if I had seen copies of the checks themselves before yesterday. The names that are on the checks don't mean a thing to me. I'm not familiar with any of them.

Q Do you recall in the investigation ever learning whether those persons had any kind of relationship to O'Neill or to Wolfswinkel?

A Well, as I say, the names are meaningless to me. I don't have any idea who they are. I can't speculate as to what relationships they might have, or even if they exist. I simply don't know.

Q Was the purpose of your investigation only to trace the funds or was it also to find out who was

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responsible?

A Well, I would say it was twofold. It is obviously an unsettling experience to find that something that you are ultimately responsible for has gone awry, and naturally I wanted to find out both what had happened and who had done it.

MS. MILLER: Okay. Let's take a short break.

(Recess.)

MS. MILLER: On the record.

BY MS. MILLER:

Q I need to clear up some confusing points that we seem to have on this side of the table about the things that you learned in your investigation of the Wolfswinkel money as it was described to you.

Let's start with, can you recall what you asked Tom Rawles to look into when you first asked him to conduct the investigation?

A Frankly, no. I think it was a pretty broad request. I mean I think I said to him something like, "it would appear that there could be something screwy with the money that was allegedly raised by Wolfswinkel. Would you go see what you can find out?"

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Q At that point had you some knowledge that money had been raised by Wolfswinkel?

A Yes. It had been somehow -- and I have to confess to you I can't remember exactly how, but either late in August or early in September the information had been given, or the word had been spread or whatever, that Conley had followed through with his -- on his pledge and had come up with the money he had promised to raise.

Q Do you recall whether that is something you would have heard in a strategy committee meeting?

A I honestly can't remember just exactly how that knowledge was imparted to me. I truly cannot.

Q Can you recall whether it was John O'Neill that told you that?

A It must have been.

Q So when you got the tip to look into the Wolfswinkel money, your thinking was the money that he had raised?

A Yes.

Q And there would have been some way in the committee records to identify which contributions had come from Wolfswinkel's fundraising efforts?

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A I wouldn't have known that at the time, but obviously when Tom went back and looked, he was able to draw these connections. I don't know exactly how he did it, what techniques he used. Just as a point of clarification, you have asked about my investigation. I didn't go rummaging through the records. Tom did it and came back and reported to me.

Q Okay. When I am referring to your investigation, I am contrasting that with anything that might have been conducted by the bank or the FBI?

A I don't want to leave the implication that I myself --

Q Thumbed through the records?

A Did the work. I did not do that.

Q Did you give Tom any suggestions how to go about --

A I did not.

Q Where did the notion of a sequence of checks being a trouble signal come from?

A Well, I can only say to you that that was the information that Tom brought back to me. That is as far as I can go. I don't know -- I don't know any more than

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that.

Q When you asked Tom to look into the Wolfswinkel money, did you give him a time frame within which you thought Wolfswinkel had raised the money, or was he already aware of that?

A I think he -- I have to assume that he knew, because towards the end of the primary and the beginning of the general, Tom had become more and more involved, so I presume he had a pretty good idea of at least the time sequence that he was looking at.

Q What was your impression of Conley Wolfswinkel before this incident came up?

A Conley is a very, very intelligent, relatively unsophisticated, unschooled person. I don't -- I think, but I couldn't swear -- Conley has a high school diploma, but I'm not sure he even actually went through high school. He has been a very successful person in real estate. His background is in farming, and he had, as many people in the southwest had done, had parlayed his farm assets into real estate interests, and he had been very successful. He was very, I would say, almost visionary in his ideas about the development of our community. His

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real estate developments were very high quality.

He has a very deeply ingrained sense of community. He is a native and feels very strongly about Arizona, and about where we live and the quality of life. As he became more successful he sought out ways to become involved in the community as a participant, as a -- not just a contributor but as an organizer and as a sponsor. He devoted a lot of his community work to health-related activities. He became a member of the board of directors, for example, of the largest hospital chain in the state. But through all this he was still a pretty unsophisticated guy, but a very careful person. He was -- he recognized his lack of sophistication very well, and consequently he relied heavily on attorneys and accountants and managed himself with prudence, I would say. But all of those adjectives have to include unsophisticated.

Q Was John O'Neill one of the persons on whom he relied?

A Yes.

Q Did Mr. Wolfswinkel have any reputation for questionable financial dealings?

A I would have to say no. People who are in the

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kind of trade that he was in, and are successful at it, always cause people's heads to turn, but I never heard of any outright accusation leveled at Conley Wolfswinkel of any sort of shady or underhanded dealing.

Now, sharp, yes. The guy is sharp, and he knows when to make a deal, and knows how to make a good deal. But there is a substantial difference between being sharp, and being not quite on the right side of the line, and I don't think he was ever on the wrong side of the line, that I am aware of.

Q To your knowledge has this incident with the $30,000 affected his reputation in the community in any way?

A I don't know how widely known it is. I would have to say not to my knowledge, no.

Q Do you know who Keith Turley is?

A Yes.

Q Who is he?

A Keith is at this moment chairman of the board and chief executive officer of a company called Pinnacle West.

Q Pinnacle West?

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A Pinnacle West. And I think in 1986 -- I don't know exactly when Pinnacle West came into being, but prior to Pinnacle West, he was chairman of the board and chief executive officer of Arizona Public Service.

Q What is Arizona Public Service?

A It is a utility. Pinnacle West is a holding company which was organized and now owns Arizona Public Service, so he -- as I say, I can't recall exactly when that reorganization, structural reorganization, took place, but he was either in charge of Pinnacle West or in charge of Arizona Public Service.

Q Do you know whether it was Keith Turley that told your father to look into the Wolfswinkel money?

A I do not know.

Q Do you -- had you ever heard?

A Well, as I said earlier, I could speculate as to the origin of my dad's -- or as to the -- as to where my dad got the information that he got, but it would be speculation.

Q Well, we will put on the record that it is just speculation and take it for what it is worth. Would you speculate for us?

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MR. SWILLINGER: I think you are welcome to speculate with the understanding that that is all it is.

THE WITNESS: Turley certainly could have been a source.

BY MS. MILLER:

Q Anybody else?

A Simons could have been a source. Beyond that I wouldn't go.

Q And Simons is Jim Simons?

A Yes.

Q Who was president of United Bank; is that true?

A Chairman, president; chairman and president.

Q Somebody important?

A Somebody like that. Yes.

Q Also with the understanding that this is just speculation, but how would Keith Turley have found out about something like this?

A That I could not tell you.

Q Okay. Let's go back to the discussion that we had of your conversation with Conley Wolfswinkel when you told him about your -- the results of your investigation. What was the purpose of that meeting with him?

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A I guess I just felt I probably had better let him know. First of all, he was going to get a sizable sum of money back. I felt he ought to know why. I of course did not know then and do not know now what his role was in putting this plan together, but certainly I felt like I wanted him to know that I knew, and that I was going to be returning the money to him.

Q Did you ask him what his role was?

A No, I did not.

Q Why not?

MR. SWILLINGER: I think that is really getting beyond the -- again, this is speculation.

THE WITNESS: I would be happy to enter it.

MR. SWILLINGER: If you want to answer it, understanding --

THE WITNESS: I would be happy to. I was extremely angry, extremely hurt. I didn't particularly want to see or talk to either of the gentlemen. I felt an obligation to tell him and to advise him the money was coming back and I didn't want to have anything more to do with him than that.

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BY MS. MILLER:

Q You were angry at Mr. Wolfswinkel?

A Yes. I think that is fair to say I was angry at Mr. Wolfswinkel.

Q As well as angry at John O'Neill?

A I was furious with John O'Neill. I was angry with Mr. Wolfswinkel.

Q Was Tom Rawles with you when you met with Mr. Wolfswinkel?

A No.

Q There wasn't anybody there to hold you back or keep you from slugging him?

A He is very large.

Q You wouldn't have been tempted to slug him?

A No. I may have been tempted but I would not have yielded to that temptation.

Q Do you know whether Tom Rawles ever met with Wolfswinkel separately to try to sort out the details?

A I do not know. I don't think he did, but I don't know that.

Q Okay. Well, let's leave this unpleasant topic for a moment and go back to the discussion that we had of

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the early part of the campaign.

Would you describe for me some of your early organizational efforts for the campaign? Did you have -- you described "kitchen table meetings" that you had.

A Yes.

Q Can you describe any other meetings that you had?

A I had so many meetings in 18 months -- are you looking for something specific?

Q Just trying to get a sense of when the campaign became an organized effort. You declared your candidacy in May?

A It was an evolutionary process. I think we were pretty well organized when we had the initial press conference.

Q That was in May?

A That was in May. We knew -- we basically had a pretty good idea of what we wanted to do, and how we wanted to structurally organize the campaign. We had a kind of a generic organizational chart with a lot of boxes with no names in them, and as time went on and as the need arose, we would fill in the box. And it just -- you know,

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it went -- it went according to plan, mostly, as those 18 months unfolded.

Q Were most of the early organizational meetings held in your home?

A Either my home or the Rabach's.

Q Did you have any at the Mesa Country Club?

A We had meetings at the Mesa Country Club, but not of the so-called organization. I'm sure we had one or two of those fundraising type sessions at the country club.

Q The ones you described earlier this morning?

A Yes.

Q Would you have had an organizational meeting in Chandler in the summertime of '85, the fall of '85?

A At the --

Q Maybe at the Chamber of Commerce building?

A Well, the district is composed of all or parts of six cities, and part of the organizational plan was to have an "advisory committee" from each of those cities. Chandler is one of those cities. At some point in time I would have had a meeting of the individuals who had agreed to serve on the Chandler advisory committee in Chandler.

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I can't remember when. I doubt seriously if it was at the Chandler Chamber of Commerce because the Chandler Chamber of Commerce building obviously is very small. Honestly I can't remember where or even when I would have had that meeting.

Q Can you recall who your key people in Chandler were?

A Some of them. Jim Patterson, his wife Jinx, J-i-n-x, just like it sounds, Jackson Bogle, Kent Mulkey, Mark Seba, Duane Dobson. Those are the ones that come to mind.

Q When you met with those people to organize the Chandler area would Benetta Dupree have come with you?

A I expect so.

Q Would Peggy Rubach?

A She may have.

Q Would John O'Neill?

A I can't recall.

Q What were the other cities -- six cities in the region, you mentioned? Chandler is one.

A Mesa, Tempe, Scottsdale, Phoenix, Gilbert. Is there a specific meeting in Chandler that you are trying

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to get me to recall, because --

Q I am just trying to clear up some details about -- not surprisingly, many people's recollection is vague of events that took place four years ago.

How many volunteers would you say were working on your campaign?

A Well, at any given moment in time or over the continuum?

Q I would say -- any moment in time in the summer of 1986?

A Never enough.

Q That is the right answer.

A I would probably say a couple of dozen.

Q Would the volunteers be responsible for asking people for contributions?

A No. No. They --

Q You are speaking of sort of rank and file volunteers at that point?

A I'm talking about envelope-stuffers and precinct-walkers and telephoners and the stuff that gets campaigns done.

Q Those people had no responsibility for actually

0043600892

asking for money?

A No. Absolutely not.

Q But most of the other people we have discussed today were also volunteers.

A Yes.

Q With the exception of Benetta Dupree and Ben Dodson?

A And Ben, and later Ann Brown.

Q And some of those more key people did have responsibilities for --

A It was an ancillary responsibility. They understood that from time to time they might be asked to go out and ask a specific person for a contribution.

Q Did any of the paid staffers have responsibilities for asking for money?

A No.

Q No?

A No.

Q Can you describe for me the mood of the campaign in the summer prior to the primary?

A Frantic, cautiously optimistic, worried about money. I think those three pretty well sum it up.

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Q There was a sense that it was going to be a close race?

A Yes.

Q A close fight?

A Yes.

Q How many contenders were there in the primary?

A Four.

Q Four?

A Yes.

Q Was it thought that it was going to be a close race among the four of you, or did you really consider you had only one or two competitors?

A I really felt that it was going to come down between me and Ray, roughly, and the key was how much the other two were able to pull.

Q Do you recall around May or June of 1986, determining that there is now a need for increased television ads, radio ads for the campaign?

A Well, the use of television was in the campaign plan all along. We had planned to use more television than we ultimately were able to, because of funds. We did prepare a TV ad, I think in May or June -- sometime in

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there -- late spring or early summer. But we were not able to get it on the air until late in the campaign.

MR. SWILLINGER: Just to clarify, that question assumed that there had been radio or TV advertising before. You said "increased radio or TV." I think you might want to establish when the first commercials ran, and so on, and try to track this.

MS. MILLER: Not a bad idea.

BY MS. MILLER:

Q Prior to that time had you used any television or --

A No.

Q Radio advertisements?

A No. We were on television for a very limited period of time very late in the primary. It is possible that we did run some radio. I think we did run some radio late in the spring, I think. I'm not sure. We never were on television until the very end.

Q Were you getting your name into the newspapers through press releases?

A Trying.

Q All along?

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A Trying. Obviously we were doing everything we could to get some free media.

Q So around the -- the game plan all along had been that around the summertime of '86, that you would start hitting up the television and the radio with advertisements; is that right?

A That was the plan.

Q And is it true that it also was looking like you weren't going to have as many funds to do the advertising that you had hoped to do?

A That is why we didn't carry out the plan.

Q Was that around the time that you met with Mr. Wolfswinkel to remind him of his pledge?

A That was exactly the time.

Q And after you met with Mr. Wolfswinkel, was it then John O'Neill's job to sort of follow up on that, and make sure that he was going to carry through with it?

A That's correct.

Q Was it also around that time, May or June of 1986, that you decided to take out some loans for the campaign?

A Yes. I would -- May or June, yes, that is about

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right.

Q Had that been part of the major game plan from the beginning, or was that something that came up as stuff developed?

A No, that was not part of the plan. That was one part of the plan that went awry. My wife and I had made it very clear to ourselves, and to everybody else from the start, that we were going to go through with this campaign, but we were not going to personally go into debt. I'm sure that is something that every candidate promises to himself and to his or her spouse. We were not as successful at raising funds as we had anticipated, and in May or June -- and I can't recall specifically which -- it was presented to us that if we were going to be able to even complete what was by then a drastically scaled-back plan, that Annie and I were going to have to go into the tank. We resisted, but those who knew better, and did not have to sign the notes prevailed upon us and we took out a loan sometime in that time frame.

Q Who were the people that were attempting to persuade you to change your mind?

A I think everybody you have named and then some.

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Q John O'Neill --

A The basic campaign organization just simply said, "we can't -- we need money now." I think one of the things we needed the money now for, was to produce that TV ad. They don't do that on credit. I recognized the situation, and so Annie and I went ahead and signed a note.

Q Was John O'Neill among those who was trying to persuade you to take out the loan?

A Actually John was not. He felt that we shouldn't have to do it, and he resisted as long as we did, but ultimately we -- everybody -- we agreed it was necessary.

Q Do you think O'Neill might have felt that it was sort of a reflection on his job as finance chairman, that you had to resort to a loan?

A Well, I don't know if he felt it or not. He should have.

Q Did you think it was?

A Yes.

Q Did you discuss that with him at that point?

A Did I discuss the fact that he was not

0043608898

performing up to expectations? No. I didn't.

Q The loan that you took out in the summer of 1986 was from United Bank; is that true?

A Yes.

Q Did Mr. O'Neill help you with any of the forms in applying for that?

A I am certain, yes.

Q That is the bank where he worked, is that true?

A Yes.

Q Did you also at that time make any decisions to hold any sort of big ticket fundraisers or revise your fundraising strategy around that time?

A I don't recall anything of that nature. You have to remember what Arizona is like in June and July and August. Socially it goes to the mountains, literally. No, we didn't devise any plans to have any events of that nature.

Q Do you know whether the campaign committee was late in paying any bills because of the lack of funds?

A Not to my knowledge.

Q Do you know whether they were bouncing any checks or overdrafting anything?

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A I don't believe so. Not to my knowledge.

Q Did the sense of a lack of funds become more intense as the primary got closer?

A Certainly.

Q The loan you ultimately took out with United Bank, I think is called a revolving line of credit.

A Yes.

Q What does that mean?

A It means that the funds are available for us to draw on as we need them.

Q Is it the type of thing that if you draw and then pay back you can still borrow back up to the maximum?

A That is my understanding. You basically replenish the fund.

Q Was this loan taken out in your name?

A Yes.

Q Would it have been you that got the notices of transfers in and out of the line of credit?

A Let me back up. You asked me if it was taken out in my name. It was either in my name or I guaranteed it. I'm not quite sure which it was. But no, the mailing address for the account or the loan from the bank would

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have been the campaign committee's address, not mine.

Q It would have been someone in the campaign office that handled those statements?

A Presumably Kent.

Q Kent?

A I would assume. Certainly not I.

Q Could it have been Ben Dodson?

A Yes. I would have to guess the initial hands-on of the document would have been Ben, and I would presume Ben would -- I don't know what would happen. Ultimately it would get to Kent.

Q But you are fairly confident that these statements were not sent to you?

A Yes, ma'am.

Q Was there any time that that was changed? Was there any time when you told the bank to start sending them to you personally?

A Throughout the life of the loan? Possibly after the election.

Q Okay. I am hoping you can help me with some loose ends that have come up through the course of the investigation. Do you know what the Salt River project

0043600901

is?

A I certainly do.

Q What is it?

A The Salt River project is a major utility which services, roughly speaking, the eastern part of Maricopa County. It supplies not only power but water for both irrigation and domestic purposes. It is a major, major, major mega-utility.

Q Was it a utility that the campaign office had to receive services from?

A Where was -- the campaign office? Yes.

Q Do you recall having to obtain a line of credit with regard to receiving services from the Salt River project?

A Well, I don't -- I can't say to you I recall it, but I can say this to you. When SRP hooks up a commercial customer, they require a deposit, and usually a fairly hefty one. They hold that deposit for a year. At the end of a year if the customer has established his credit with SRP, meaning paid his bills on time, and is current, they refund the deposit.

If one does not wish to put a fairly hefty sum

0043600902

of cash into the hands of the Salt River project for them to use for a year, the project will accept a bank line of credit.

Q A bank line of credit or letter of credit?

A Excuse me, a bank letter of credit that they can draw on demand. It is a relatively common practice to buy that letter of credit for a relatively nominal sum rather than fork over sometimes as much as $1000 to them.

Q As a deposit?

A For the deposit. Then at the end of that same year, again if you have established your credit, they return that letter.

Q Okay.

MS. MILLER: Let me show you a document that I will hand to the reporter also and ask her to mark as FEC Exhibit 1.

(FEC Exhibit 1 identified.)

MS. MILLER: This might help you refresh your recollection. Take a moment and look over that and just look up at me when you have looked at it.

THE WITNESS: I have not seen this before.

4043609903

BY MS. MILLER:

Q The first page?

A The first page I have not seen before.

Q There are several pages to it. You may have seen some of the other pages.

A All right. I have not seen page 1 before. I have not seen page 2 before.

MR. SWILLINGER: Your signature appears at the bottom of page 2.

THE WITNESS: That is not my signature.

I don't think that is purported to be a signature. I think this is an internal -- it looks to me like an internal document. But page 3 is headed "Revolving Credit Note," dated June 3rd, 1986. Again yesterday my counsel showed me this -- or a copy of this document. I cannot specifically recall having seen it, but it is my signature. I assume that I -- I don't assume. That is my signature. I signed it. I cannot recall the circumstances or the location or the time at which I signed it. But it is a note for a $35,000 line of credit. There is no question it is my signature.

Page 4 is a promissory note dated the same date,

0043609004

June 3rd, 1986, and that is for $825. It says, "see attached loan memo for remarks." I presume that is 8/1. Again, my signature. Again, I have no specific recollection of the circumstances under which it was signed.

The next page is headed "Letter of Credit Agreement." I don't recall having ever seen that before, but that doesn't mean I haven't.

The next page is headed "Application for Stand-by Letter of Credit" for the sum of $825. Again, that is my signature and again, I have no independent recollection of having signed it.

The last page is entitled "Irrevocable Letter of Credit No. 3346," amount $825, dated June 11, 1986, in favor of the Salt River project or addressed to the Salt River project. This would be that letter of credit that I discussed with you earlier.

BY MS. MILLER:

Q Okay.

A Issued by the United Bank to the Salt River project.

Q And that is for the amount of $825?

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A Yes, ma'am.

Q That would be the deposit that Salt River project required from the Rhodes to Congress office to turn on the water?

A That would be my assumption. I know of no other reason why anything like this would have occurred.

Q Do you know whether Salt River Project ever had to draw on that $825?

A I am quite sure they did not.

Q Okay. I think you mentioned that there was a fee for the letter of credit.

A Yes.

Q Do you recall how much that was?

A No.

Q Even generally?

A All I can tell you is that, in relationship to the alternative, which is the cash deposit, it is nominal. I -- hold it. Excuse me. One of the documents that you, Dan, showed me yesterday -- didn't that indicate a fee of $50? I think it was a $50 fee.

Q Okay. Do you recall what document you saw that would refresh your recollection that it might have been

0043609006

$50?

A That --

Q You referred to having seen a document yesterday.

A Yes.

Q With your counsel.

A Yes.

MR. SWILLINGER: I can probably answer that more specifically. It was a copy of a bank document referring to that line of credit, and I believe it is one that had been an exhibit in an earlier deposition, and -- one of the earlier depositions this week. I don't have it with me.

BY MS. MILLER:

Q If you would look at the first page there, under the comment section, the first comment --

A Yes.

Q There is a statement there that, "the loan will be repaid from contributions with any balance being loaned to Jay by his parents."

A That is what it says.

Q Do you recall discussing that with anyone at

0043600907

United Bank?

A No, I don't.

Q Would your parents have loaned you the money?

A I suspect that if we got to that they would. That certainly was not intended by me to be a primary source of funds to repay the loan. But I have no doubt that if we really got to the point that it was due, and I couldn't pay it, they would have helped.

Q Did they ever have to help you with it?

A No.

Q Did you ever ask your parents to cosign a loan with you?

A No.

Q Your father?

A No.

MS. MILLER: Let me hand you a document that I will ask the reporter to mark as FEC Exhibit 2.

(FEC Exhibit 2 identified.)

THE WITNESS: Okay.

BY MS. MILLER:

Q Have you ever seen this letter before?

A I don't recall having actually seen the letter.

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Q Do you recall discussing the substance that is described in the letter?

A Yes, I do.

Q Could you just summarize -- identify the letter for us?

A Yes. This is a letter dated November 26th, 1986, to Mr. William Horton, the president of the Sun National Bank, signed by Thomas V. Rawles. It is on Rhodes to Congress stationery and it references Rhodes to Congress loan, and the letter was prepared to provide the Sun National Bank information as to sources of funds which we anticipated being able to use to repay the $20,000 loan from the Sun National Bank to the campaign.

Q Okay. There are six separate items discussed in this letter. The first one describes an event that already occurred asking federal PACs for assistance.

A Yes.

Q The second one describes certain specific clubs, it appears, within the Republican party. Was a request made to those clubs to help with the debt retirement -- I can't tell from the wording of that sentence whether that is something that was going to occur or something --

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A I understand. I know that letter went. I don't know if it was prior to this date or subsequent, but that letter was signed by Senator Goldwater, and was sent.

Q The third item describes a fundraiser that says that it is scheduled for March of 1986.

A Yes.

Q I assume from the date on the letter that it is actually scheduled for March of 1987.

A Well, we don't need to worry about what -- it never happened.

Q Okay.

A But yes, I think you would be accurate, it should say March of 1987.

Q And that never occurred?

A No.

Q Likewise the item in number 4, describing something that is going to occur in February of 1986 --

A Should be '87.

Q Do you know whether that event ever occurred?

A That event did not occur.

Q Did not occur?

A No.

0043609 10

Q Item number 5, did you ever have any relatively high ticket priced luncheons and breakfasts in the community?

A Not that I can recall. Yes -- no. We did have one, yes.

Q Do you recall when that was?

A I think that probably would have been in the month of December, '86.

Q Not too long after the time that the letter was written?

A Correct.

Q And do you recall in item number 6 whether the United States Chamber of Commerce did assist in the debt retirement?

A Yes, they did.

Q Can you describe that?

A The U.S. Chamber, to my recollection, basically puts out a sort of alert type bulletin indicating that the following are newly elected members of Congress that the U.S. Chamber supported in the election who have debts, and would you please assist him in retiring those obligations.

0043609111

Q The United States Chamber of Commerce did support you in your election?

A Yes.

Q This makes reference to a $20,000 loan to Sun National Bank. Actually it describes a $20,000 renewal of a loan?

A Yes.

Q Was that the amount of the original loan; do you recall?

A I tend to think the original loan was higher. I can't tell you how much it was. I think we paid some of it down, and this was the balance we were asking to renew.

Q Do you recall whether it was $50,000?

A That is possible.

Q Do you recall a problem with that loan surrounding the circumstances of the guarantee for that loan?

A Yes, I do.

Q Can you describe that for us?

A Yes, I can. We discovered at the same time we were unraveling everything else that John O'Neill had

> 4043609 12

done, that he had personally guaranteed that loan. The loan was to the campaign and of course I should have guaranteed it. And when we learned that that had occurred, we went to Mr. Horton, explained the circumstances to him, explained that O'Neill could not personally guarantee that loan, and that only I could, and we prepared the documentation necessary, and I signed the guarantee, and they destroyed or cancelled or whatever it is that they do, O'Neill's guarantee.

Q Do you remember when the loan was originally taken out?

A It was at the time of the primary election. Now I believe it was -- I'm sure it was before. It was a matter of days, I think.

Q Do you remember who told you about the loan?

A Well, John and I went to meet with Horton to discuss the loan, and subsequent to that I am quite sure John advised me that Sun National had approved the loan and then I frankly didn't think about the loan again until we discovered the issue with the guarantee.

Q When you met with Horton to discuss the loan, did you fill out any applications or papers or anything?

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A He gave us the forms. I would have to assume there was a personal financial statement I would have had to fill out. I can't remember. That would seem to be the ordinary course of events. The balance of the loan application John would have done.

Q Okay. Do you recall signing an application for the loan?

A I can't recall it. Again, I have to assume that I did.

Q Okay. Do you think that you signed the application at the time that you signed the guarantee, after you discovered the problem?

A I don't know.

Q Okay. Did Tom Rawles discover the problem with the guarantee of this loan?

A Yes, he did.

Q In the course of his investigation?

A Yes, he did.

Q How did he find out about it?

A Again, I can't be sure. Copies of the loan documentation in the files, whatever. I don't know.

Q He may have found the guarantee in the file and

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said "oops" --

A I would assume that is more or less what happened.

Q We had some documentation on that loan. Let me see if we can clear up any problems or any discrepancies.

Let me show you a document that we will mark as Exhibit Number 3.

(FEC Exhibit 3 identified.)

BY MS. MILLER:

Q Would you take a look at that, please?

A Yes.

Q That appears to be dated September 3rd; is that true?

A Yes, ma'am.

Q Can you describe this document?

A This is -- it doesn't have a title. At the bottom it is called a note. It does say, "I promise to pay to you or your," so yes, this is -- the borrower is Rhodes to Congress, the lender is Sun National Bank, it is dated September 3rd, 1986.

Q Whose signature is at the bottom?

A John O'Neill as campaign chairman and John J.

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Rhodes, III, as candidate.

Q Do you notice that the type under John J. Rhodes or for John J. Rhodes, candidate, seems to be different than the type on the rest of the note?

A I do, indeed.

Q Do you think that you signed this agreement at the same time as John O'Neill did?

A I have --

Q This note?

A I have no recollection at all.

Q This does not help to refresh your recollection of when you signed papers for this loan?

A I know when I signed the guarantee.

Q Okay.

A As I said earlier, I cannot recall at the time the loan originated what paperwork I did sign.

Q Was John O'Neill the campaign chairman?

A No, he was not. He was the finance chairman.

Q Let me show you a document we will ask the reporter to mark as FEC Exhibit Number 4.

(FEC Exhibit 4 identified.)

THE WITNESS: This is a document entitled

4043609116

"Guaranty" dated September 3rd, 1986, in favor of Sun National Bank. It guarantees an obligation from Rhodes to Congress in the amount of $50,000 and it is signed by me.

BY MS. MILLER:

Q Do you recall signing this document?

A Yes, I do.

Q Did you sign it on September 3rd?

A No.

Q When did you sign it?

A It was signed early in October when we discovered the guaranty situation, and it was postdated to the origination date of the loan so that my obligation went back to the origination date of the loan.

Q The response that you have filed with the FEC refers to this as a retroactive guaranty. Is that how the bank characterized it, or is that your characterization of it?

A I think that is more or less my characterization. And that maybe a clumsy term of art. The intent is to portray the fact that I was obligated on this note from the date it originated, even though I did not sign the guaranty on the date it originated. It is my

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acknowledgment of the fact that obligation goes back to the date of origination.

Q If there had been a failure of the committee to repay this loan or to make any payments on it, up until the time that you signed this, the bank would have recourse against John O'Neill, is that true?

A I think you're asking me to draw a legal conclusion there.

Q Okay.

A My intention, though, by permitting this to be back dated was to indicate that if such a default had occurred in that intervening period of time, that they had recourse against me.

Q Okay. Before we leave this area, now that you have taken a gander at the guaranty, do you have any other recall of when you signed the note for the loan?

A I'm sorry, that one really escapes me.

Q Okay.

A I can't help you on that.

Q Did John O'Neill ever suggest to you that your father guarantee a loan for you?

A Not that I can recall.

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Q Do you ever recall -- I think we may have discussed this, so excuse me for repeating myself -- do you recall discussing with your father cosigning a note or guaranteeing a note for you?

A You mean specifically?

Q Yes.

A "I have a specific note here that I need you to cosign"?

Q No, just sort of in the general course of discussion.

A My parents were very supportive of my efforts, and there was never any doubt in my mind that if we encountered difficulties in meeting our obligations that they would help, but was that part of the campaign plan, for example, that they were a backup? No. Absolutely not.

(Witness conferred with counsel.)

THE WITNESS: And we do need to remember that they could no more guarantee a loan for me than John O'Neill could.

BY MS. MILLER:

Q Since that was going to be my next question, let

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me just ask whether you would have pointed that out to me without the brief conference you had with your counsel.

A It probably would not have leapt into my mind until sometime tonight.

Q Okay. I think I'm going to leave this area and move into something new.

MS. MILLER: Off the record.

(Discussion off the record.)

MS. MILLER: On the record.

BY MS. MILLER:

Q Before we took our break we were talking about a loan you had taken from Sun National Bank or a loan that was taken out in the name of the committee. Can you recall, in relation to the primary, when you and Mr. O'Neill met at Sun National Bank to discuss a loan?

A Well, the loan appears to have been funded on September 3rd, so I would say within a week before that.

Q Was the need for funds at that time pretty urgent in the committee?

A Yes. I believe that this was at the time we were trying to get that TV ad on the air, and there was probably a mailing.

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Q I'm sorry, I don't think we have established on the record when the primary was. What was the date of the primary?

A I think it was September 6th or 7th.

Q How does September 9th sound?

A Okay. It sounds fine.

Q You will take that?

A We can take judicial notice that it was the first Tuesday after the first Monday in September, 1986, whatever date that may have been.

Q These documents are dated September 3rd, so we are talking about a week or so before -- or a little less than a week before the primary?

A That's correct.

Q Is it the kind of thing that, when you met with the bank, that Mr. O'Neill would have tried to follow up on it as soon as possible and gotten the loan proceeds as soon as possible?

A Yes.

Q Did you tell me who you met with at Sun National Bank?

A Mr. Horton.

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Q You met with Mr. Horton?

A Yes.

Q Do you recall how long you met with him?

A No. 45 minutes to an hour.

Q And I think you said that he gave you some papers to fill out?

A I said that I assume that he did.

Q You assumed it?

A Yes.

Q Do you recall whether you took the papers with you or whether John O'Neill took them with him?

A Well, I said that I assume there was a personal financial statement that I would have had to fill out. The balance of the documents would have been taken by John.

Q Can you recall what sorts of things you discussed in this 45-minute meeting with Mr. Horton?

A Not specifically. What we needed the funds for, I'm sure, how we anticipated we would be able to repay them, things of that nature.

Q Would you have discussed the committee's indebtedness at that point?

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A Its existing indebtedness?

Q Yes.

A I have no independent recollection that we did, but I would assume that we would have.

Q Would you have discussed the status of your financial condition?

A I have no recollection as to whether we did or did not.

Q Do you think that the bulk of your discussion with Mr. Horton was related to the loan, or was a lot of it passing the time of day?

A I think a lot of it was passing the time of day.

Q Okay. Do you think during that discussion that Mr. Horton would have given you any instructions on how to fill out the forms?

A No, I would think not.

Q You are sitting there with a banker so he assumes you are going to figure out how to fill the forms out?

A I would assume so.

Q Do you recall whether you discussed

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Mr. O'Neill's financial condition during that meeting?

A His personal financial condition?

Q Yes.

A I know of no real reason why we should not.

Q And you have no recollection --

A I have no recollection of doing so.

Q Let me take you back one more time to the investigation that you asked Tom Rawles to conduct concerning the Wolfswinkel funds. Mr. Rawles reported back to you that -- how much of it he had figured out at that point. This is prior to your meeting with O'Neill to confront him with it?

A Yes.

Q I think you said that one of the things that might have tipped him off to it was the sequence -- the numbered sequence of the checks, of the cashier's checks?

A I don't recall referring to the sequence of the numbers of the checks.

Q Maybe I misunderstood you.

A I think I was talking about the sequence of the records, of the recording of -- but again I am surmising as to how he accomplished what he accomplished. I do not

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personally know.

Q Okay. So when you were referring to the sequence that tipped him off, or however -- I can't remember how you phrased it, but you used the word "sequence" -- you weren't talking about the sequential checks that were used?

A No, I was not.

Q Okay. I fear I am probably being redundant again, but did Mr. Rawles tell you whether Ben Dodson had assisted him in this investigation?

A He did not tell me.

Q Do you have any way of knowing whether he did or not?

A At some point in time he obviously had to have information that he got from Ben. Whether he did so in his initial investigation or not I do not know.

Q Could Tom Rawles have just gone into the campaign office and started looking through the records without getting assistance from someone?

A You mean did he have access? Was he entitled to?

Q Okay. Let's do access first. Was he entitled

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to do something like that?

A At that point in time Tom was the 900-pound gorilla. He could do anything he wanted to.

Q Okay. Is it your understanding that he was familiar enough with the way the office was set up and the records were kept that he could have done that without assistance?

A Yes, I believe he was and could.

Q Okay. You were furious with John O'Neill but only merely angry with Conley Wolfswinkel. Why were you angry with Conley Wolfswinkel?

A I had made a distinction in jest. I think I felt equally betrayed and let down by each of them.

Q Why did you feel that Mr. Wolfswinkel had betrayed you?

A I guess at the time -- you have to understand that what I was going through in those moments were not particularly pleasant moments, and it was a rather stressful situation, and I think I assumed that they were each equally involved. I don't know if I had the right to make that assumption as far as Conley is concerned. From that moment to this we have never discussed it.

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Q You and Conley Wolfswinkel have never discussed it?

A Never discussed it. As a matter of fact, from that moment to this John O'Neill and I have never discussed it. I was emotional, and it was just simply my immediate assumption that -- as I said, that they were equally involved. I don't know if that assumption is accurate or not.

Q Would you say that that is a conclusion that Tom Rawles had come to in his investigation, that they were equally involved?

A I don't know. I don't know.

Q Can you recall what your assumption was based on, why you assumed he was equally involved?

A No. I mean the money came from him, O'Neill put it in the system, and as far as I was concerned they were there together.

Q Well then, let's turn to something that might be a little more pleasant to discuss, your --

A I find that hard to imagine.

Q You were busy most of the time prior to the primary, working on your campaign, but you still had a law

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practice. Is that true?

A That's correct.

Q Did you go to the law office on a daily basis?

A Well, as I mentioned to you before, as the campaign -- when it started it wasn't all that busy, and yes, I was practicing full time, and as time passed and as the campaign became more extensive and involved, there was an increasing amount of campaign time and a decreasing amount of law time.

Q Would it be fair to say that you at least stopped in to the office on a daily basis while you were in town?

A Well, again, back to my previous response, towards the end, no, I was not there on a daily basis. I stopped in as often as I could. That would have been three or so times a week. No, there would be days when I would not get there.

Q Were you doing much substantive work, legal work for the firm at that point?

A Well, sliding scale, again.

Q I'm sorry, I should put this in a time frame. In the summer of 1986.

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A As we got closer to September, the amount of involvement I had on a ~~subsequent~~ substantive basis was shrinking. There were still things I needed to attend to, and to the best of my ability I did. From time to time I would go into the office early in the morning or come in late in the evening and dictate, and did everything humanly possible to keep as current as I could on the things that I was continuing to manage.

Q Did you have sort of administrative responsibilities at the firm?

A No.

Q Did you --

A Well, Rodger -- there were just the two of us. We didn't have a managing partner or anything like that. We shared those responsibilities.

Q Did you actually split up the duties? Did one of you have responsibility for inventory and somebody else have responsibility for hiring?

A No. We -- as I say, it was a shared management, if you will. If a decision had to be made, we would sit down and talk it out and make the decision.

Q How about with bookkeeping?

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A Let's see. It was kind of split between our secretaries. I think his secretary -- gosh, I think his secretary generally did the billing. I think mine kept the books, but they kind of split things up, too.

Q Who wrote the checks to pay for things that the firm needed?

A One of the two secretaries.

Q Were they -- did they have the authority to sign them?

A No. No. Rodger or I signed the checks.

Q And you and Mr. Golston shared that responsibility also?

A Yes.

Q Did your two secretaries -- let's get some names to these people, so we are not speaking in the abstract. What was your secretary's name?

A Sheila Kerr.

Q And Mr. Golston's secretary was --

A Bonnie -- she changed her name.

Q Bonnie will do. Did it work pretty strictly that Bonnie only worked for Mr. Golston and Sheila only worked for you?

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A No. But I would say 90 percent of the time Sheila was responsible to me and vice versa, but no, if work loads were uneven or whatever, we all four of us worked together.

Q Did Bonnie prepare the bills for Mr. Golston and Sheila prepare the bills for you for the -- for your clients?

A I think pretty generally it worked that way.

Q How did you keep track of bills that clients owed you? Did you have a file card system or a special filing cabinet that you kept the bills in?

A No, I think we just had a ledger system that showed when a bill had been sent and when payment had been received, a general accounts receivable system.

Q Did you send bills at a particular time during the month, or did you send them throughout the month?

A Generally we billed once a month, at the end of the month.

Q At the end of the month?

A Yes.

Q How would that work? Would your secretary sort of go through the time slips for the month and come up

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with a total and give it to you to review or to sign, or did it work the other way around: You came up with the stuff --

A They totaled up the time slips but they gave us the slips, and we would determine what a billing should be.

Q And this all took place pretty much at the end of the month?

A Yes.

Q Did your secretary ever -- could she send out a bill without you reviewing it?

A No.

Q When she totaled up the time slips, would you check for her math or additions, that sort of thing? Would that be part of your job, or did you pretty much trust her to add it up right?

A Well, there may have been an occasion when I would -- something didn't look right and I would check it, but generally no.

Q If you were going to make a change in the bill, did you write it in by hand or just like yell out the door, "hey Sheila, you got this one wrong" or make a note

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on is it with a yellow stickum or something like that?

A They would calculate the time that had been expended and multiply it by our hourly rate and say -- which would indicate if you are going to bill strictly time on this matter; this is what you have got in it, and we would indicate that that is okay, or we would adjust it up or adjust it down, depending on the circumstances.

Q The attorneys would adjust it up or adjust it down?

A That's correct. That's correct.

Q Is that something you could dictate or --

A No. Just do it by hand.

Q Write it right on the bill, or the statement?

A The worksheet.

Q On the worksheet?

A Yes.

Q You mentioned a little earlier today that you received $3000 from John O'Neill in about mid-September. Do you recall that situation, that circumstance?

A Yes. I do.

Q Could you you describe it for me, please?

A I had been working on a matter that eventually

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evolved into a lawsuit for John for -- I suspect it went on for a couple of years, and I didn't bill him while it was going on, except for the expenses that had been incurred, and --

Q Expenses being like filing fees and that sort of thing?

A Yes. It was trial by deposition. It was -- I think we had seven or eight depositions during the course of time and of course I billed him for the costs of the depositions, those things. We had never really agreed on a specific fee arrangement. When you do the inevitable and go out into private practice, my advice to you is don't represent your friends, because you won't sit down in advance and work out a fee arrangement, and you will wind up in the end in a situation that is not comfortable for anybody. But we basically kind of had an understanding that it looked like he had a situation he should recover in, and we would take some kind of a fee at the end, probably -- we had an implicit contingency fee arrangement, basically.

As so frequently occurs, what looked like a good case going in turned out to be a real bummer, and it

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didn't come out well. The individual that we thought we were going to recover against, turned out we didn't have a good case against, and the one we could recover against didn't have any money, and so the whole thing went down the tubes. So it wrapped up there towards the -- during the course of that summer, the summer of '86, and at some point in time John said, "I have to pay you for this. What do I owe you? How much time have you got?" And I said, "I honestly don't know." I went back to the office and we totaled it up and it came out to, if I remember correctly, somewhere around $4000, $3900, $4100, something like that.

I felt he should pay us, but I was not -- I wasn't happy with the way the thing had gone and so I decided I would discount it about 25 percent and -- so the next time I saw him and the next time he brought it up, I said, "it is about $3000.

So then, as I say, in -- sometime in mid-September, he wrote me a personal check for $3000.

Q Did you subsequently find out that that was not his funds?

A I certainly did.

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Q How did you find that out?

A Well, again, as I had explained to you earlier, we -- Tom Rawles and I -- knew we were looking for $30,000. As I also explained to you, I can't remember how we knew it was 30, but it was. We could only account for 27. And it suddenly dawned on me that 27 plus 3 makes 30 and I inquired of John -- sought him out and asked him if the $3000 he had given me for the legal fees was from the Wolfswinkel 30, and he said yes, it was, and so I then wrote him a personal check from my funds for $3000 and returned it to him.

Q Do you recall -- you have described that you were furious with him. I assume you were still furious with him at the point of this conversation?

A That didn't make me any happier.

Q Did you ask him why he had done this?

A No.

Q Why not?

A Colleen, I was not having light conversation with the man.

Q It is not the --

A It was a fact I wanted from him. I got the

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fact. That was it.

Q That was all there was to it? Why did you write it to him from your personal funds instead of the firm's funds?

A Well, because, as you well know, when I had received his check I had deposited it in my personal account instead of putting it through the partnership account.

Q That wasn't your normal course of business?

A That was certainly not the normal course of business.

Q In the years of partnership with Mr. Golston, had you or Mr. Golston ever done that before?

A I had not, to the best of my knowledge -- no. As far as partnership funds is concerned Rodger did not, either. Rodger had a situation with the city of Mesa where he was -- where he served as a judge pro tem for the municipal court, and it was an understanding between the two of us that the funds he earned while serving pro tem, even though he may have been doing it on partnership time, or during business hours -- that those were funds he could keep himself, so checks he drew when he received money

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from the city -- he did not put that through the partnership account. He kept those.

But I certainly have no reason to believe that on any other occasion or any other circumstance he would have done anything other than put partnership proceeds in the account.

Q How was it that this particular check you deposited into your personal account?

A Well, it was, again, a time of rather hectic activity on my part.

Q This was mid-September?

A Yes, as best I can recall. Not being around the office as often as I could, a matter of convenience -- and all of that aside, it was a mistake. It was not something I should have done. But it is a mistake relative to me and Rodger, and something that he and I have discussed and straightened out between the two of us.

Q This occurred in mid-September. It would have been just a week or so, maybe two weeks, before you discovered the actual source of the funds?

A Well, probably three weeks. You know, we discovered the basics at the end of September, and then

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Tom kept digging around and found the guaranty situation and still kept digging around and finally said, "I can only account for $27,000. I can't find 30." So, you know, maybe a week, or a week and a few days after, we started finding -- unraveling the whole thing and I suddenly came to the realization of where that $3000 came from.

Q You described your client relationship or your financial relationship on this deal as an implicit contingency arrangement. You might be using the term differently than I understand it. Maybe it is because I'm not in private practice. But my understanding of a contingency fee is that if you are successful, the attorney takes a certain percent of the success, and if it is not successful, the attorney takes nothing.

A That is generally correct.

Q And you have also described your -- this matter as unsuccessful.

A Correct.

Q Could it have been that Mr. O'Neill assumed he owed you nothing?

A Mr. O'Neill certainly did not assume that he

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owed me nothing. He initiated the entire conversation and he said, "it is time for me to pay you." As I said, we had no arrangement. But it was he who said, "okay, this thing is over. I need to pay you for what you have got in it. Tell me what the bill is."

Q So he didn't really understand this to be a traditional contingency fee?

A We didn't have an understanding. There just was not an understanding.

Q Okay. Let me show you a document that I will ask the reporter to mark as FEC Exhibit Number 5.

(FEC Exhibit 5 identified.)

BY MS. MILLER:

Q I will ask you to take a look at this for a moment?

A Yes. I am having a hard time reading this.

Q We are having a tough time with microfiche copies in general here.

A Okay. I'm looking at it.

Q I will point out that there are two pages to it.

A All right. That is true.

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Q Can you describe this document for me?

A Well, as best I can, on the first page there are pictures of four instruments of some kind. The top one is a check --

Q Is that a check or a deposit slip?

A I can't tell you. I guess it does -- it would appear to be more like a deposit slip. It has mine and my wife's name and account designation at the top to United Bank. It is a United Bank instrument. It has my signature on it. It is dated August 5th. I guess that is '86. I can't tell. I can't tell what the rest of it is.

Q Could that date be August 15th?

A Yes.

Q I know that is a very poor copy.

A I suppose it could.

Q Can you describe the third instrument on that page?

A Yes. That is a check drawn on an account for John J. O'Neill from MeraBank by John J. O'Neill to me in the amount of $3000. It says "legal fees" on the bottom left-hand corner.

Q What is the date of that check?

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A August 13th.

Q So could it have been --

A My memory is appararently one month faulty.

Q It was deposited probably August 15th?

A It would appear that way. I assume this deposit slip -- well, I don't know what I assumed. But there is a deposit slip dated August 15th.

MR. SWILLINGER: I think the record should show that there are no numbers visible on the deposit slip except for a date which appears to be 8/15, so there is no way of knowing whether this deposit slip and the check counsel is asking about are related.

BY MS. MILLER:

Q Could I turn your attention to the second page?

A Yes.

Q Does there appear to be a date on the third instrument there?

A Well --

Q It is not your glasses, it is the copy.

A I don't know if that is a date or not. It appears to me to say "AG," which was imprinted by a machine, and then there appears to be an "86" which was

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written, and then there appears to be -- there is a "15" imprinted by a machine.

Q It appears to you that the 86 is written by hand?

A Doesn't it to you? It is certainly not imprinted with the same device that imprinted the AG and the 15, or wouldn't appear to me.

MR. SWILLINGER: The record should also show that there is no way of relating the faces of the checks on the first page of the exhibit, and what appear to be the backs of the checks or backs of instruments on the second page of the exhibit. They are in the same order, but that doesn't necessarily mean they are related.

BY MS. MILLER:

Q Does it appear that the first instrument on the second sheet is the back of a deposit slip?

A It would appear that way.

Q Does it appear that the fourth instrument on that page is an instrument of slightly larger proportions than the other three?

A Yes.

Q Is that true for the documents on the first page

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also, that the fourth instrument is larger?

A Yes.

Q Thank you. Could you have deposited the check from John O'Neill of $3000 as early as August 15th?

A Well, assuming the accuracy of the third impression on the first page as being dated August 13th, and I'm not willing to say that it isn't accurate, then certainly I could have deposited it by August 15th.

MS. MILLER: I am handing the reporter a document that I will ask her to mark as FEC Exhibit Number 6.

(FEC Exhibit 6 identified.)

BY MS. MILLER:

Q I'm handing you a copy of this, sir. Would you please take a look at that?

A Yes.

Q Notice that there are three pages to the exhibit.

A Yes.

Q Can you identify this?

A This is a copy of our ledger cards that were maintained on clients, showing charges for legal fees and

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charges for costs and payments received and balances due. And this is Mr. O'Neill's -- a copy of Mr. O'Neill's ledger card relating to the matter that I described earlier.

Q Whose responsibility in the firm would it be to actually type that information on the card?

A One of our secretaries.

Q Primarily Sheila's?

A In this case I would imagine Sheila did this. I'm sure she did.

Q On the first page there are several columns. The first column is a date column?

A Yes.

Q Do you know whether that date would be the date that Sheila typed that information on the card? For instance, there is a date 2/5/85 in that column and it says, "January billing"?

A That would be the date she actually typed the information on the card.

Q Okay.

MR. SWILLINGER: Counsel, could you give us a moment to look at this before you go forward with more

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questions?

MS. MILLER: Certainly. Certainly.

MR. SWILLINGER: Thank you.

BY MS. MILLER:

Q I'm going to ask you a couple of questions about this, Congressman Rhodes.

A Yes.

Q Would you tell me in your answers whether your answer would have been any different, apart from your consultation with your counsel that you just had, just whether there might be something that he pointed out to you that you hadn't thought to, just so that we know what is your understanding of what was the --

A My answer to what?

MR. SWILLINGER: I'm sorry. It seems to me you are asking him to disclose what we talked about, and you know you can't ask that question.

MS. MILLER: No.

MR. SWILLINGER: What we did was to go over the document in detail, since the congressman had not seen this since the time the bill was prepared three years ago. I wanted to make sure that he understood everything

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that was on it. I did not suggest to him any testimony. I did not suggest to him how to answer the questions. I think you can ask him about the document but you can't ask him about what we talked about.

MS. MILLER: Perhaps my instruction was awkwardly phrased. I did not intend to seek the substance of your conversation with your counsel, just whether your information -- whether your answer was at all -- anything that I asked you, whether your answer would have been at all different without the consultation.

THE WITNESS: Anything you have previously asked me?

BY MS. MILLER:

Q No, the questions that we are coming up on.

MR. SWILLINGER: I think that is still an improper question, because you are asking him whether I have somehow provided him with an answer, or suggested that he answer a question differently based on my -- what I am telling him as opposed to what he has testified to. You can ask him about the document, you can ask him about anything else you want to ask him about, but what I suggested to him, or whether I did, or whether his answer

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would be different or the same is something you just can't ask him.

MS. MILLER: I am certainly entitled to know whether you suggested answers to him, since it is his testimony that I am seeking and not his counsel's.

MR. SWILLINGER: It is his testimony that you are getting.

BY MS. MILLER:

Q Perhaps we are raising an issue that isn't necessary at this point, so let me just ask you whether your counsel suggested any answers to you during that consultation.

A No.

Q Thank you. Assuming that you deposited the $3000 payment on August 15th, is there a notation on this card for the receipt of that payment on August 15th?

A No.

Q What is the next entry after August 15th on the billing card?

A It says August 28th, '86, August billing.

Q What is the current balance as of that date?

A $3855.45.

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Q From the billing process that we have described earlier on, is it safe to assume that you would have reviewed and approved that bill before it went out on August 28th?

MR. SWILLINGER: I'm sorry, I think you are assuming something that he has not testified to. He has not testified a bill went out on August 28th.

BY MS. MILLER:

Q Is it safe to assume that you would have reviewed this ledger card on or shortly after August 28th?

A Under normal circumstances, in 1985, certainly. On August 28th, 1986, I can't answer that.

Q Is there any notation on this ledger card for receipt of payment in September of 1988 -- 1986?

A No, there is not.

Q What is the next entry in September? What is the only entry in September?

A "September 30, '86, September billing, dictation remember dismissal."

Q And is there a current balance as of the end of September?

A $3885.45.

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Q September 30th is some three weeks after the primary?

A Yes.

Q Is it safe to assume that you would have reviewed this ledger card on or after that date, after September 30th?

A I simply do not know.

Q What is the next notation on that card?

A "Discount to $3000."

Q Whose handwriting is that?

A Mine.

Q Are those your initials?

A Yes, they are.

Q Do you recall making that notation?

A Specifically, no. I don't recall making it, but it is my handwriting and it is something I would have done.

Q Did you --

A And it is my initials.

Q Between the time of August 15th and September 30th how many times would you say you went to the law office? More than 10?

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A Six weeks? Certainly more than 10, yes.

Q Would it have been as many as 30?

A I have no idea.

Q In 10 visits to the office, maybe more, at no time did it occur to you to mark the receipt of payment for the legal fees that you had received from John O'Neill?

A No.

Q And possibly in reviewing this card one or two times, it did not occur to you to mark the receipt of payment?

A No.

MR. SWILLINGER: Again, that question assumes that he did review the card. He has testified, I believe, that he doesn't really recall whether he did or not or when he did it.

BY MS. MILLER:

Q Now, the mark at the bottom of the card indicates that there is a discount, and on the page 3 of that card or page 3 of the exhibit the discount -- the adjustment for the discount appears in the current balance. Is that true?

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A That's correct.

Q That discount appears sometime before December 2nd.

A That's correct.

Q 1986.

A Yes.

Q In the statement that you have made today, and in the statement that you have filed with the Federal Election Commission, you testified or stated that you discounted this amount owed before receipt of payment from Mr. O'Neill. Is that still your recollection of how it worked?

A Yes.

Q Would it commonly be your practice to indicate a discount on a ledger card?

A Certainly.

Q But it wasn't your practice this time?

A What do you mean?

Q There doesn't appear to be any notation of a discount on this ledger card prior to September 30th?

MR. SWILLINGER: Excuse me. That is not a conclusion the witness has drawn. You can draw that

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conclusion. There is a handwritten note at the bottom. That could have been put on at any time at the end of -- towards the end of that card when it got filled up. I don't think there is any reason to believe that that happened before or after -- specifically before or after September 30th.

BY MS. MILLER:

Q Do you recall making that notation on the card in the presence of Rodger Golston?

A No.

Q Would it refresh your recollection in any way if I told you that it was in the presence of Mr. Golston, when you told him about the receipt of the payment, and a discussion you had with Rodger concerning the receipt of payment?

A Would it refresh my recollection that I did this in his presence?

Q Yes.

A No, it does not.

Q Would it surprise you if you did not make that notation prior to October of 1986?

A Would it surprise me? No. I do not know when I

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made that notation.

Q In your answer filed with the Commission you stated that the reason why you filed this -- deposited this in your personal account is because it was "the hectic last days prior to the primary." In fact, the primary was September 9th and this was deposited on April 15th -- August 15th. Would you think it still accurate to describe that as "the hectic last days before the primary"?

A I certainly would.

Q August 15th?

A Yes, ma'am.

Q And it is still your recollection that you discounted this bill prior to the receipt of payment from Mr. O'Neill?

A It is still my --

Q It is still your statement that you discounted --

A Yes.

Q -- the amount owed prior to receipt of payment?

A It certainly is.

Q Can you account for why that is not indicated on

0043609954

the card?

A I think you are equating writing something on a card with the act of actually accomplishing a discount. The discount was accomplished when I told Mr. O'Neill that the fees that were due were $3000. That is the act of discount.

Q Maybe I misunderstood your answer. I thought you also said that you would indicate such a thing on the ledger card, such a decision on the ledger card?

A You asked me that in the abstract, and the answer in the abstract is correct.

Q But it doesn't appear to have been the practice in this case?

A In this case the act of discounting was at a point in time when I told Mr. O'Neill that the fees were due -- the fees that were due were $3000.

Q I think you also stated that you received the payment from him at the conclusion of the matter. Is that true?

A The matter was over and done with.

Q As of August 15th?

A To the best of my recollection.

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Q There is a notation in the August billing on the second page of this exhibit that says, "Argue MSJ." What does that mean?

A Argue motion for summary judgment.

Q Did that occur in the month of August?

A It would appear that way, yes.

Q Could we assume that it occurred sometime after August 3rd, since that is the previous notation on the card?

A Yes.

Q And did you receive a result of the argument for the motion for summary judgment within a few days after the argument?

A No.

Q When did upreceive that?

A We never did.

Q You never did?

A No. After we argued the motion for summary judgment we -- Mr. O'Neill and I conferred, and I said to him, "We are throwing good money after bad. Let's get out of this." He agreed, I conferred with the attorneys on the other side, and we dropped it.

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Q And this discussion would have occurred sometime between the argument for motion for summary judgment, and the receipt of payment from Mr. O'Neill?

A I would assume so.

Q Sometime between August 3rd and August 15th?

A That would be my assumption.

Q There is an item in September, on September 30th billing, September 30th, 1986, "September billing" -- there are some abbreviations used. What does that say?

A Dictation in regard to dismissal as to the matter.

Q So the actual dismissal of the matter, the formal dismissal of the matter, took place sometime in September?

A My recollection is that counsel for the other side actually prepared a stipulation. I obviously had to probably dictate some instructions as to what to do with it after I had signed it. It is three-tenths of an hour.

Q So you actually did work on this matter after you had received payment for it?

A Just exactly what I said. I signed a stipulation for dismissal.

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Q Would it be accurate to state that if your secretary saw the notation on the card discounting the amount to $3000, that she would have adjusted the balance accordingly?

A I assume so, yes.

Q And there is an adjustment of the balance eventually featured on the card. Is that true?

A That's correct.

Q How often did you discount bills for clients? Was it a frequent practice?

A Well, I wouldn't say it was frequent, but it certainly was not unheard of.

Q Could you have done maybe one a month?

A I don't know. I don't think I would characterize that for you, but it was certainly something that was not an unheard-of practice.

Q Do you recall telling Rodger Golston that you had received $3000 from John O'Neill?

A Certainly.

Q Do you recall when that took place?

A Sometime in October.

Q Was it after the discovery of the Wolfswinkel

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funds problem?

A Yes.

Q Was it in connection with -- was it after your discovery that the source of that funds had been Conley Wolfswinkel, the $3000 payment had been Conley Wolfswinkel?

A Well --

Q I asked you two questions and I would be glad to ask one if you would like. Was your conversation with Rodger Golston after your discovery that the source of the $3000 payment from John O'Neill had actually been Conley Wolfswinkel's money?

A I think so.

Q So you would have told him that during that conversation?

A Told him what?

Q That Conley Wolfswinkel's money -- the whole problem with it --

A I believe so.

Q And you have no recollection of marking this card discounted at that time?

A No, ma'am.

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Q Do you recall the law firm applying for a loan of $25,000 on June 13th, 1986?

A The firm?

Q Yes.

A I --

Q I don't know if it was in the name of the firm or your and Rodger Golston's name, but it was for the law firm?

A Applying for a loan in June of '86?

Q Yes.

A The answer is no. The firm had a line of credit. It is entirely feasible that the line had to be renewed. But I know of no loan that was to be funded that the firm made in 1986, or any time prior.

Q Okay. Do you recall the total amount of the line of credit the firm had?

A I think that when we established our partnership that we -- I know we established a line of credit. If you told me it was $25,000, I would not be surprised. I can't -- I have no independent recollection of what it was.

Q Do you recall around the summer of 1986 that the firm was in need of additional cash?

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A No, I don't.

Q Do you recall the firm experiencing diminished income in 1986?

A Again, I don't recall that, but I wouldn't be surprised.

Q Why --

A I wouldn't be surprised that in the summer of '86 we might have had a cash problem. We typically had a cash problem in the summers.

Q Why is that?

A Collections slow down.

Q In the summertime?

A Yes.

Q Could you have been experiencing -- could the firm have been experiencing diminished income as a result of you spending more time on the campaign?

A To the best of my knowledge, it did not work out that way over the continuum of 1986. Our income was not -- didn't significantly vary from '85. There may have -- there may have been, or there probably were periods of time when collections were not as good as they should have been.

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Q Do you recall any bills being paid late by the -- the firm paying bills late?

A I do not.

Q The phone bill?

A No.

Q Rent?

A No.

Q Would it surprise you if those bills were paid late?

A Yes.

Q Was the firm bouncing checks?

A No. Excuse me, not that I am aware of.

Q Were you --

A Nobody to this date has ever told me that the firm was bouncing checks.

Q Were you and your partner able to make draws on a regular basis?

A No.

Q Can you describe the difference?

A The difference? What do you mean?

Q Did you normally --

A We tried to make a draw in the middle of the

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month and the end of the month on a regular basis. We were not always able to do that, and during the course of this particular summer -- on at least a couple of occasions there either was not enough money for both of us to make a draw, in which case, because of the disparity of work that was being done, I agreed that Rodger should go ahead and make his, and I would defer mine. And I think there was one occasion when, probably because of an income tax installment due, he needed an extra draw and I agreed that he should go ahead and take it, again because of the disparity in time that was being spent.

Those are the irregularities that I am aware of.

Q If he needed a withdrawal to pay taxes, income taxes, wouldn't you have also needed a withdrawal at that time?

A Well, I suspect that our individual resources are different. I mean, we are different people. I quite honestly don't remember today what sources of funds I might have used to pay my estimated tax in June of that year, but he needed some additional funds from the firm in order to do so, and I agreed that he should.

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Q Did you normally make two draws a month?

A That's how I recall it.

Q Do you recall in August being able to make only one?

A I'm sure that -- no, I don't recall that.

Q But it is possible?

A It certainly is possible.

Q Do you recall the size of your draws?

A I think they were

Q In the summer of 1986, you were spending the bulk of your time on your campaign; is that true?

A Yes.

Q Would you describe Mr. Golston as doing a lot more work in the office than you were?

A Certainly he was doing more work in the office than I was.

Q On balance do you think that turned out to be true for the entire year of 1986?

A Yes.

Q Could he have done four times as much work as you did?

A I have no idea.

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Q Do you have any idea how much business you generated in 1986 for the firm?

A The partnership or me?

Q You.

A I have no idea.

Q Do you have any idea how much the partnership generated?

A I have no idea.

Q Would it be possible that it was less than total for the firm in business?

A I have no way of knowing, absolutely no way of knowing.

Q Did you normally take a draw in August or September of the year, every year, to pay your quarterly taxes?

A You mean an additional draw?

Q Yes.

A We would take an additional draw if there was money available, regardless of what the purpose of it was. That is all I can answer you.

Q You mentioned that Rodger took a draw for his taxes.

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A He took an additional draw. He used that -- those funds, it was my understanding, to pay his taxes. The purpose for which he took the draw is immaterial as far as I am concerned. He asked for an additional draw and I said "yes, go ahead."

Q Do you recall being unable to take a draw to pay your taxes in August or September of 1986?

A I don't recall being unable to take a draw, period. There was no such thing as a tax draw. It was just money available to draw from the partnership.

Q Roughly what was your income in 1985 from the law firm?

A I honestly cannot recall.

Q Can you recall what your income in 1986 was?

A No, I cannot.

Q Would your income have been the same as your partner's, your income from the firm? Would it have been the same as your partner's?

A At the end of the year?

Q Yes?

A For the totality of the year?

Q Yes.

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A Probably not.

Q What would the discrepancy be?

A The discrepancy would have been the -- at least two occasions when -- the one where Rodger wanted an additional draw to pay -- for the purpose of paying his taxes, and the one where there was enough money to pay a draw to him but not to me. Those are the two occasions that I recall.

Q And those were in 1986?

A Yes.

Q Do you recall any discrepancies in '85?

A No. There would not have been any in '85.

Q So in 1986, Mr. Golston's income would have been just slightly higher than yours?

A

Q If Mr. Golston says that he made would that be about right for you?

A That would be reasonable, a reasonable approximation, yes.

Q And if he says that he made in the in 1986 would that be right for you?

A No.

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Q Why not? What would the difference be?

A I don't believe it was that low.

Q Do you have a ballpark figure of what you think your income in '86 was?

A No, ma'am, I do not.

Q But it was more than

A I believe it was.

Q Is your recollection that your income in 1986 -- what is your recollection of your income in 1986 as compared to 1985?

A My recollection is that it was not that much different.

Q In spite of the fact that you were spending most of your time campaigning?

A As I told you, towards the end of the summer it was most of the time campaigning. It certainly was not all year.

MS. MILLER: Let me show you a document which you produced in your answer. We will mark it FEC Exhibit 7.

(FEC Exhibit 7 identified.)

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BY MS. MILLER:

Q Do you recognize this document?

A It is a United Bank of Arizona personal financial statement.

Q Two pages?

A Two pages.

Q And whose handwriting appears on the document?

A Mine.

Q Do you recall filling this form out?

A This --

Q Specifically?

A Well, no. I do not specifically recall filling it out, but I did fill it out; it is my writing.

Q Do you recall anyone at the bank assisting you with this?

A No.

Q Did John O'Neill assist you with the preparation of this form?

A No. No.

Q Do you see an entry under "income" for net income from business or profession?

A Yes.

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Q The copy is not very good, but can you read what that amount is?

A It looks like

Q Would that be an accurate reflection of how much money you made in 1986?

A This is dated June 26, 1986, so certainly it is not an accurate reflection of 1986.

Q Did you ever make from your law firm?

A As far as I know I did.

Q Would that be approximately how much Golston, your partner, made from the law firm, also?

A He and I were partners on an equal basis.

Q So if you were provided with information that showed you that the firm had business of less than how much of the firm's business then went to the partner's salaries?

A In what period of time?

Q In 1986.

A Well, let me say to you again, this is dated in June of 1986, so this is not reflective of the year 1986.

Q Okay. Is it based on your income then from 1985?

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A Well, it would be based upon a projection of what I would have considered to be a reasonable expectation of income from the firm on an annualized basis.

MS. MILLER: I am handing the reporter a document that I will ask you to mark as FEC Exhibit Number 8.

(FEC Exhibit 8 identified.)

BY MS. MILLER:

Q Can you describe that document?

A Well, it is an income tax form or document of some kind for calendar year 1985.

Q Would this be a form filed with the Internal Revenue Service?

A I would assume so.

Q There is a notation at the very bottom right-hand corner that indicates what schedule it is?

A Schedule K-1.

Q And I'm sorry, did you say what year this was for?

A 1985.

Q Is there an indication on this form what your

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income from the law firm was in 1985?

A [illegible]

Q Would there be any reason to suspect that your income in 1986 was going to be substantially more than your income in 1985?

A There is no reason to suspect that it would not be. We had a practice that was improving and growing. There is no reason -- no particular reason to think that it would not be more.

Q As of June 26th, 1986, were you starting to spend less time at the law firm as a result of your work with the campaign?

A Probably just about then, yes.

Q You stated that the is a projected income for 1986. Did you make that projection?

A I would assume so.

Q Did you do it in consultation with anyone else?

A I doubt it.

Q Do you recall the purpose of this financial information form?

A I would presume it was in connection with the loan.

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Q Do you recall which loan?

A Well, no.

Q Would it have been in connection with the $35,000 line of credit that the committee was taking out?

A That is a perfectly reasonable assumption.

Q If there was a need in June for the law firm to extend or enlarge its line of credit, would this financial form also have been for that purpose?

A I have no -- I don't have any recollection about anything having to do with the financial dealings of the firm in connection with the loan or a line of credit, so I can't relate this document to anything that has to do with the firm.

Q Okay. It is your recollection, then, that this applied to the line of credit?

A That would be my assumption.

Q Did your income in 1986 in fact turn out to be

A As I have told you before, I do not recall what my income in 1986 was. It probably -- I just simply don't recall.

Q Did you have to provide that information to the

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House of Representatives as part of your disclosure?

A What my income was?

Q Yes.

A No. I was not a member of Congress in 1986.

Q And in declaring your candidacy do you recall filling out a form with a projected income?

A No.

Q Okay.

MS. MILLER: Again, a microfiche copy, and I apologize for the quality of them. This is a document I will ask the reporter to mark as FEC Exhibit 9.

(FEC Exhibit 9 identified.)

MS. MILLER: Counselor, I have the microfiche copy here. If it is any easier to read -- I suspect it is not much better.

MR. SWILLINGER: Let's see.

THE WITNESS: Let me just correct myself. My recollection of the pre-election disclosure form, I did not remember that it included income. I knew it included holdings. I did not remember that it included income.

BY MS. MILLER:

Q I understand that there were a lot of forms to

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be filled out at this stage in your candidacy. Hopefully this form will help you refresh your recollection a little bit.

Have you seen this form before?

A Yes.

Q Did you fill it out? Do you recall filling it out?

A I recall it was filled out. I obviously didn't type it. I can't remember who did.

Q Are you not a typist?

A I'm not a typist.

Q All right.

A I would have supplied the information which went into it. I signed it on May 15th, 1986.

Q Roughly six weeks -- five weeks -- before you filled out the financial form for United Bank?

A That's correct.

Q Is there an indication on this form what your income from the law firm is projected to be?

A No.

Q Is there an indication in part 2? I think it is on the second page of the form --

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A Yes.

Q That says "income"?

A Yes.

Q And there is an entry for Rhodes & Golston?

A Yes.

Q And what is that information contained there?

A It is 1985 partnership income, 1986 year to date partnership income, and my wife's employment.

Q What is the 1986 year to date income?

A

Q And at this point we are almost halfway through 1986?

A That's correct.

Q At the time you filled this out?

A That's correct.

Q So at the time that you filled out the disclosure form for the House of Representatives, your income was

A That is what the form says.

Q And a month later you projected that your income would be for the year.

A That's correct.

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Q You mentioned that money was slower to come in in the summertime. Is that true?

A Yes, I did.

Q About when during the year do you notice that money starts coming in slower? Is it just July and August or June, July, and August?

A Well --

Q Summertime has a different meaning depending on whether you are in grade school or college?

A I would say things start to slow down towards the end of May.

Q So at the time that you filled out this form for United Bank you had already noticed the summer slow-down?

A I would think so.

Q In income?

A Yes.

(Witness conferred with counsel.)

MS. MILLER: Let me hand a document to the reporter I will ask her to mark as FEC Exhibit 10.

(FEC Exhibit 10 identified.)

MS. MILLER: I will hand a copy to the witness and counsel.

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MR. SWILLINGER: This is the original microfiche. You will want that one back.

MS. MILLER: Thank you.

BY MS. MILLER:

Q Exhibit 10 is a little easier to read, but I also have the microfiche if you would like to refer to that.

A All right.

Q Have you seen this document before?

A Yes.

Q Can you identify it, please?

A This is my House of Representatives financial disclosure form for calendar year 1986, signed February -- May 14th, 1987.

Q Signed by you?

A Yes.

Q How many pages are there to this document?

A Four.

Q Four?

A Five.

Q I thought I had counted five. Is there an indication on that form of what your income from the law

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firm for 1986 was?

A Well, from Rhodes & Golston, [illegible]. And a carry-over from the previous firm.

Q Why was there a carry-over?

A Fees that were generated when there were three partners that were not collected until 1986.

Q So your total income from legal fees in 1986 would have been in the range of

A Yes.

Q Were you disappointed with your income in 1986?

A I suspect we are always all disappointed in our income. Do I recall a specific feeling of disappointment? No, I don't.

Q It turned out to be some ' less than you had projected, is that true?

A That's correct.

Q Do you have a personal accountant, or did you in 1986 have a personal accountant?

A I have a CPA who does my tax returns.

Q Did he assist you in filling out either of the House of Representative disclosure forms?

A No.

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Q Did anybody assist you with filling out the forms?

A No.

Q Do you recall where you got the information for this form?

A I do not.

Q I assume, just from what I read in the paper, that you would want to be pretty careful with the figures that you use on this. You would want to be pretty certain that they were accurate; is that true?

A That's correct.

Q So given a choice of several different estimations of your income, would you rely more on the figures used in the House of Representative form?

A As opposed to what?

Q Well, as opposed to the figure used in the financial statement --

A To a projection I made in June? Certainly I would rely more on the figures that are in the disclosure form. That is what I would rely on.

Q We have been tossing a lot of papers around here. If I could turn your attention back to the

' 4 0 4 3 6 0 9 9 3 0

financial disclosure -- I'm sorry, the financial form used for United Bank, I think it is FEC Exhibit 7.

A Yes.

Q On the second page there is a description under schedule 4 for securities owned?

A Yes.

Q And there is a notation that I don't understand below the list there. It says, "In whose name are the above securities held?"

A Yes.

Q What does that notation there mean?

A The first one, American Can, is held in the name of husband and wife. The second, Chicago Extruded Metals, is my wife's.

Q Okay.

Q Would those holdings also appear on your disclosure forms for the House of Representatives?

A I don't know. Let me see. Yes.

Q Are you looking at the 1986?

MR. SWILLINGER: What is marked as Exhibit 10, the report filed May of '87 covering 1986.

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BY MS. MILLER:

Q Okay. I think that the House of Representatives disclosure form, that would correlate more closely in time, is the first one that we gave you, FEC Exhibit 9?

MR. SWILLINGER: I think you are wrong, counselor, in that the Exhibit 9 -- well, I'm sorry. Go ahead. Exhibit 9 mostly relates to 1985 rather than 1986. The form that was filed May of '87 covers, I think, all of '86.

THE WITNESS: Yes. So why don't we look at both of them.

BY MS. MILLER:

Q FEC Exhibit 9 was filed on what date? Can you tell?

A The date stamp from the office of the clerk is not really very legible.

Q The date --

A The signature date is legible.

Q You can read that?

A May 15, 1986.

Q On page 3 of that document at the very top, can you read what it says about the dates that are applicable

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for the information?

A In parts 3 and it looks like 4 the -- in parts 3 and 4 the information required should be current as of a date which is less than 31 days before the filing date. The information below is current as of something 15, 1985, or 1986. It must be '86. I cannot read the month. Something 15, 1986, I don't know what that is.

Q Do you still have copies of these in your possession or in your office?

A Yes.

Q Because I am afraid that this is the best the microfiche is going to do.

I will admit to you that I'm not very familiar with these forms, and I may be misunderstanding the information that is contained in part 3 under the holdings. Can you tell me to the best that you can read that, what information you have for the holding of American Can Corporation?

A What information I have?

Q The line says "American Can Corporation" and it says "spouse"?

A Yes.

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Q And it appears on my copy that it has the letter B following that.

A Yes.

Q Do you have any idea what that means?

A What the B means?

Q Yes.

A It is range of values, and I can't --

Q It is in very small print right up there at the top of that page.

MR. SWILLINGER: B looks like $5000 to $15,000.

BY MS. MILLER:

Q Does the notation of "spouse" on that line mean it is held jointly with the spouse, or held by the spouse?

A I think it means that it is held by the spouse. That is what it means: It is held by the spouse.

Q It appears on your financial disclosure statement, or on your statement that you provided to the bank, financial information statement, that your stock of American Can is held by husband and wife. Was there a change in your circumstances in the month's time or was there an error on the information provided to the bank?

A I really can't answer that. The securities that

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we are talking about, the American Can Corporation, were acquired by gift from my wife's grandmother probably in January of '86, which is something that she has done over the course of the last several years. Sometimes what she gives she puts in both of our names and sometimes what she gives she puts only in her name. I'm sorry, I'm not -- I can't explain to you why I put down it was held by both of us on this form and only by her on this one.

Q Okay. In May of 1986, when you filled out the form for the House, you are reporting that the American Can stock was worth less than $15,000.

A Yes.

Q And then in June it is worth more than $15,000?

A It is a publicly traded stock.

Q It went up in value in that time?

A $700.

Q The next item there is the Chicago something Metals?

A Extruded Metals. It is a closely held family corporation. The value of $10,000 is based upon a standing offer to purchase the stock at $10,000.

Q The $10,000 that you have estimated on the form

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that you provided to the bank?

A Yes.

Q The notation in the disclosure to the House has it at less than $5000.

A Well, if you can read that you are better than I.

Q It appears that there is a letter A?

A That may well be.

Q After that?

A All right.

Q The estimate of $10,000 is based on a standing offer?

A That is my understanding. I don't have a thing to do with that. I mean that is, again, my wife's -- once again, I'm sorry, I cannot explain that versus that.

Q Okay. We will leave the House disclosure forms behind for the time being. If I could just turn your attention to the form you filled out for United Bank.

A Yes.

Q Did you tell me whether John O'Neill assisted you with this or not?

A I told you he did not.

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Q He did not?

A No.

Q Did he assist you with filling out any of the other forms for the loan application? There are other documents that needed to be prepared to receive a line of credit.

A I don't know. I do not know.

Q You do not know?

A No.

Q You didn't rely on anyone else's advice or assistance to prepare this personal income form for United Bank?

A No.

Q Did you consult with your wife?

A No.

Q Did John O'Neill advise you to be generous in your estimates when you filled out the United Bank income form?

A No.

Q Did anyone advise you to be generous in your estimates?

A No.

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Q Okay.

MS. MILLER: I would like to take a short break to see whether I can find among my papers the loan instrument for the June 13th loan, that I think the law firm took out. So if we could just take a five-minute break.

(Recess.)

MS. MILLER: On the record.

BY MS. MILLER:

Q I need to clean up a detail that I should have attended to earlier, and it slipped by me. When we were discussing the practice of depositing fees, legal fees, into the firm account, I think you said that the only exception that you could think of, on Mr. Golston's part, was that he was doing some part-time work for the city court of Mesa, and he was depositing those directly into his account?

A That is my recollection, yes.

Q Okay. Let me hand you an exhibit and I will ask the reporter to mark it as Exhibit 11.

(FEC Exhibit 11 identified.)

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BY MS. MILLER:

Q It is a big document. I will see if you recognize it?

A It looks like a check register.

Q Do you recognize the check register?

A Well, it is in the same format as the check register that we used.

Q In the Rhodes & Golston firm?

A Yes.

Q On the first page of this exhibit, down to about line 20, there is an entry and some initials there. Do you recognize those initials?

A Those are mine.

Q JJR?

A Yes.

Q And the initials on the line after that?

A RAG, Rodger Golston.

Q Do you see the amounts of the withdrawal for those lines?

A Yes.

Q And that is under the column marked "draws"? Is that true?

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A Yes, it is.

Q Did you -- I think you testified earlier that you took a draw and you thought the amount was

A That's correct.

Q Twice a month?

A That's correct.

Q Does that make you a little more certain that this is, in fact, the check register from Rhodes & Golston?

A Yes.

Q Okay. If I could ask you to turn in this register to the month of May, if you would --

A Yes.

Q I'm sorry, the month of June. I can't read my own handwriting in my notes.

A Yes.

Q All right. On the second page, for the month of June, on line number 5, do you see a notation there?

A Yes.

Q Can you tell me what that says?

A It says Rodger, "RAG, re: City Court."

Q What was the amount of that check?

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A

Q Do you see is it also came out of the draws account?

A I do.

Q Would you assume, from your familiarity with this register and from the way that accounts were handled in the firm that, that is a withdrawal to Rodger Golston based on the work he had put in for city court, the city court?

A I can't tell you why or for what or why there was a withdrawal. It certainly was a withdrawal under "draws"

Q Do you specifically recall making an agreement with Mr. Golston that he would deposit directly into his personal account moneys earned from the city court?

A That is my recollection, because if he ran it through the partnership account, it would show up as partnership income, which would mean that even though he drew it all back out for himself, it would wind up showing as income to me, which would obviously affect my tax situation. So my recollection is that our understanding was that since that money was to be his, he would retain

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it rather than putting it on the books and taking it back off.

Q Is it your recollection that that is the agreement you had with him from the very beginning of his work for the city court, or might that arrangement have changed as time proceeded?

A My recollection is that that was always our understanding.

Q Would it surprise you if Mr. Golston had a different recollection of how that was supposed to be handled?

A Yes.

Q Okay. Would you look at the month of September, towards the end of this document?

A Yes.

Q If you would look at the second page for September, the fourth line down --

A Yes. It says "RAG draw re: City Court."

Q What was the amount of that draw?

A It looks like it was

Q That doesn't seem to comport with your recollection of the arrangement you had with Mr. Golston;

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is that true?

A It seems to be something which I cannot explain.

Q Okay.

A It would not -- well, it is something I can't -- I do not have an explanation for it.

Q All right. Are you aware of the fact that -- I'm sorry, I will give you a moment to finish looking at that?

A That is all right.

Q Are you aware of the fact that Mr. Wolfswinkel, in June of 1986, was asked to make a mortgage payment for you?

A I beg your pardon?

Q Does that mean you are not aware of that fact?

A Asked by whom?

Q By anybody or by John O'Neill?

A Absolutely categorically not.

Q You are not aware John O'Neill asked him that?

A Well, in direct response to your question: No, I'm not aware of that.

Q If you were to ask me, would I be surprised, I

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would certainly say yes.

Q Did John O'Neill have a fairly good understanding of what your personal finances were like?

A No.

Q In the summer of 1986?

A No. You mean specifically, in detail?

Q Let's try specifically, in detail.

A No.

Q Would he have had had a general sense of what your finances were like?

A No.

MS. MILLER: I think I have no further questions at this point. Do you have any questions, counselor?

MR. SWILLINGER: There is one point that I think would be useful to clarify, having to do with the $3000 legal fee payment which Congressman Rhodes has testified that Mr. O'Neill made to him. I think in the questions that were asked, it was not -- the time sequence was not entirely clear. I think it would be useful if I may ask a couple of questions.

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EXAMINATION

BY MR. SWILLINGER:

Q Was there some passage of time, Congressman Rhodes, between the time you told Mr. O'Neill that the fee amount was $3000, and the time you received the check from him?

A Yes.

Q So those did not occur at the same time, the same day or the same evening?

A That's correct.

Q Do you recall how much time passed between those events?

A Well, not specifically how much time, no.

Q A few days?

A It was certainly a matter of days.

(Discussion off the record.)

(Witness conferred with counsel.)

MR. SWILLINGER: I have no other questions, Ms. Miller.

EXAMINATION

BY MS. MILLER:

Q Just to redirect a little on that issue, if you

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deposited the check from John O'Neill on August 15th, then your original discussion with him about the discounted fees would have been prior to August 15th?

A They would have been prior to August 13th.

Q August 13th, the date of the check?

A Yes, ma'am.

Q A few days -- it may have been around August 10th?

A Some period of time, probably a few days. I'm not going to speculate as to a specific date.

Q If you recall -- we can get that exhibit out again, if you would like -- if you recall, there was an entry on August 3rd for the billing, and we tried to figure out whether you argued the motion for summary judgment after that time. I believe you said you would assume from that, that you did.

A Yes.

Q So it would be your recollection, then, that you argued the motion for summary judgment sometime between August 3rd and around August 10th?

A That is probably correct. I suspect that the conversation was -- you will recall I said we argued the

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motion for summary judgment and afterwards I said to him "Let's get out of this." And I suspect that a portion of that conversation was, "All right, if we, do what is it going to cost me in terms of your fees?" And I would have had to have said to him, "I don't know. I don't know what we have got into. I will let you know."

Q Okay.

MR. SWILLINGER: Excuse me just a moment.

(Witness conferred with counsel.)

MR. SWILLINGER: I'm sorry, go ahead.

MS. MILLER: This deposition is ended for today. The policy in the FEC, we consider the deposition to be continued. We may make a request for better copies of the financial statements for the House, and if need comes up in that area or some other area, we may have to recall you to clarify a few things.

I have for you from the United States Treasury a check in the amount of $30 for your appearance today.

THE WITNESS: I will return to you your check from the United States Treasury for the amount of $30 for the purpose of debt reduction.

(Discussion off the record.)

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THE WITNESS: I will not accept a witness fee, thank you.

MR. SWILLINGER: There is one other matter and that is the transcript, correction of the transcript. Since Congressman Rhodes is in Washington much of the time, it seems to me we will be able to accomplish that here.

MS. MILLER: I don't think there is any need to send the transcript to Phoenix.

MR. SWILLINGER: Once we get the transcript, you and I can figure out how to do that. Congress goes out the 1st of August, and he will be out of Washington at least until early September.

MS. MILLER: All right. Great. Thank you very much.

(Whereupon, at 2:35 p.m., the deposition was adjourned.)

JOHN J. RHODES, III

Subscribed and swom to before me
this 11th day of Sept, 1989

Notary Public

My Commission Expires Aug. 31, 1992

0043609998

CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, LEANNE P. DOTSON, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Leanne P. Dotson

Notary Public in and for the
District of Columbia

My Commission Expires JULY 31, 1993

4043609999

DEPOSITION EXHIBIT FRC 1 7/22/89 LD

UNITED BANK OF ARIZONA

LOAN MEMO

☒ New Loan ☐ Renewal Loan ☐ For Approval

☒ RLC ☐ L/C ☒ Comm. ☐ Loan

Grade: 5

Office: Mesa Regional 07

Date of Loan: 6/3/86

Terms: 1. 180 Days
~~2. On Demand-LC to expire 12/1/86~~

Borrower: John J. Rhodes III

Amount: 1. $35,000.00 RLC
~~2. $ 825.00~~

Rate: 2% over UB Prime
~~10.50 Fixed~~

Maturity: 12/1/86 (both)

Purpose: 1. RLC to be used for handling expenses in Jay's campaign for Congress
2. To support Letter of Credit (Standby) to SRP for utilities at campaign office

Repayment Sources: Income and contributions

Collateral and Value: Unsecured

RECEIVED JUN 17 1986 UNITED BANK CREDIT DEPT. MESA

COMMENTS

1. The $35,000.00 RLC proceeds are to be used in handling expenses in Jay Rhodes' campaign for Congress. This loan will be repaid from contributions with any ~~balance being loaned to Jay by his parents.~~

2. This loan was to support a standby letter of credit to Salt River Project for ~~utilities in the campaign office.~~

Borrower's Financial Information:
Date of F/S: 5/84 *
*new statement being prepared

Net Worth $ 117,661.
Working Capital $
Sales $
Net Profit $

Total Assets $
No. Mos. Covered

Guarantor's Name:
Net Worth $
Date of F/S

Guarantor's Liability:
Direct $
Indirect $

DEBT TO BANK		(CODES)
Loan Reported	1. 35,000.00 RLC ~~2. 825.00~~	C1 (6B) ~~C1 (4A)~~
Commercial Loans	3,500.00	C1 (6B)
Rhodes & Golston IL/MC	5,632.07	IL
Real Estate		
Total Direct	44,957.07	
Indirect		
Total Debt	44,957.07	

DEPOSIT ACCOUNTS

(12) Mo. Avg. $24,524. (12) Mo. Prof. 812.81

ORIGINATING OFFICER	LOAN ADMINISTRATION
John J. O'Neill	
COLLABORATING OFFICER	
BRANCH/DEPT. REVIEW	DATE:

11-3 R.3/86

ITED
ANK

LOAN GRADING SHEET

6 – TOP GRADE

_____ Considered safe and sound now, and expected to remain so. Safe would mean that the loan is probably free from loss while sound would indicate the repayment program is solid and should materialize.

_____ Within Bank policy and properly documented.

_____ Bears minimum of risk to the Bank and involves minimum handling (low handling cost).

_____ Expected to be and could be repaid at maturity.

_____ Unsecured loan or line of credit granted to financially strong company or individual (character and ability being excellent and unquestionable).

_____ Secured – backed by liquid collateral and properly margined.

5 – ACCEPTABLE

_____ A reasonable or satisfactory risk is involved.

_____ Unsecured loan to company or individual supported by a generally good to satisfactory financial condition with no major problems in evidence.

_____ Loan requiring normal supervision by loan officer.

_____ Loan might become a problem in adverse times.

_____ Satisfactory based upon guarantor's financial strength.

_____ Supported by collateral, not as liquid nor as marketable to "Top Grade" loans.

_____ Collateralized by third party assets of sound nature with satisfactory margins.

_____ Loan which might have been graded "Top Grade", but material documentation deficiencies exist.

4 – MARGINAL

_____ There exists a higher than normal credit risk.

_____ Although considered collectible, requires close supervision in order to keep the risk from increasing.

_____ Loan which Bank would not normally solicit.

_____ Loan which might have carried a higher grade, but has deteriorated for one reason or another.

_____ Due to inadequate documentation, credit risk has increased.

_____ Secured loan lacking in appropriate margin or liquidity.

_____ 90 days or more past due, and officer is unable or unwilling to bring current.

3 – ESPECIALLY MENTIONED

_____ Loan has credit deficiency requiring management's attention where failure to correct such deficiencies could result in a substandard classification.

2 – SUBSTANDARD

_____ Loan has obvious and well-defined weaknesses which jeopardize the orderly liquidation of the debt.

_____ Inadequately protected by the current sound worth and paying capacity of the obligor or pledged collateral, if any.

_____ Is characterized by a degree of risk which indicates the distinct possibility that the Bank will likely sustain some loss if the deficiencies are not corrected.

_____ Has become a work-out.

ADDITIONAL COMMENTS: _____

BORROWER: John J. Rhodes III NOTE #24456 RATING: 5 LOAN REVIEW: _____

UNITED BANK OF ARIZONA

REVOLVING CREDIT NOTE (VARIABLE RATE)

Maximum Amount (The "Commitment")

$ 35,000.00

Mesa, Arizona

June 5, 1986

For value received, the undersigned ("Borrower"), promises to pay on or before December 1, 1986 to the order of United Bank of Arizona ("Bank") at its Mesa Regional office in Mesa, Arizona, the aggregate principal amount outstanding on Borrower's revolving line of credit as shown on Bank's records which shall at all times be conclusive and govern, with interest payable quarterly on the unpaid balance outstanding from time to time computed at an annual rate equal to Two- - - - - - percent (--2.00-- %) per annum, more than the "prime rate" of interest charged by United Bank of Arizona. Said annual rate shall be adjusted on a daily basis calculated as of the date of this note. Interest is to be charged on a daily basis for the actual number of days the principal is outstanding, computed on the basis of a 360 day year, from the date of disbursement to the date of maturity or repayment, whichever comes first. If permitted by law the undersigned hereby agrees and contracts to pay all direct costs, fees, taxes and expenses ("Expenses") incurred in connection with this loan transaction and authorizes the direct payment of Expenses and agrees that Expenses and any compensating balance requirements shall be considered, in addition to the interest rate stated in the note, to be interest contracted for in writing. It is expressly agreed by Borrower that the maximum outstanding principal at any one time on this note shall not exceed the amount of Thirty-Five Thousand and no/100---------- Dollars ($ 35,000.00), and the amount outstanding on this note at any specific time shall be the total amount advanced hereunder by Bank less the amount of principal payments made hereon from time to time by Borrower. All amounts payable hereunder shall be paid in lawful money of the United States. All past due payments of principal and interest shall bear interest at Four - - - - - - - - - percent (360 %) per annum, (360 day year) more than the prime rate in effect at the time of default (as such prime shall change from time to time) until paid.

Advances, hereunder, not to exceed an unpaid balance owing at any one time equal to the maximum amount specified above, may be made by Bank at the oral or written request of either John J. Rhodes III or _____ who are authorized to request advances and direct the disposition of any such advances, until written notice of the revocation of such authority is received by the Bank at said office. Any such advance shall be conclusively presumed to have been made for the benefit of the Borrower when made in accordance with such requests despite the fact that persons other than those authorized hereunder may have authority to draw against such account.

This commitment expires December 1, 1986 at which time the entire unpaid principal balance plus unpaid accrued interest shall be due and payable.

This debt may be prepaid without notice or penalty at any time.

2043600002

CREDIT COMMENT

See Attached Loan Memo for Remarks

LIABILITY:

UNSEC.

COLL.

END.

R/E

ORIG. ADVANCE _____ NEW $ 35,000.00 RLC RENEWAL $ _____

LOAN OFFICER'S INITIALS

LOAN REVIEW:

TOTAL INSTAL. LOANS

CURRENT A/C BAL.

3 MO. AVERAGE A/C BAL.

12 MO. AVERAGE A/C BAL.

RECEIVED JUN 17 1986 UNITED BANK CREDIT DEPT.

John J. O'Neill

Address 1738 N. Gentry Circle

Mesa, Arizona 85203

JOHN J. Rhodes

Customer No. 01100 35 079 Note No. 22452

Maturity Date 12/1/86 Class C1 / (6B)

I.C.

PROMISSORY NOTE

UNITED BANK OF ARIZONA

Mesa, Arizona June 3, 19 86

$ 825.00-Commitment

On Demand, after date,

for value received, I, we, and each of us, as principals, promise to pay to the order of UNITED BANK OF ARIZONA at its

Mesa Regional office, in Mesa, Arizona, the principal sum of

Eight Hundred Twenty-Five and no/100 DOLLARS

in lawful money of the United States, with interest thereon from date until paid at the rate of ---10.50---- percent per annum:

Interest payable at maturity - interest shall be computed on a basis of a -360- -day year.

CREDIT COMMENT

See Attached Loan Memo for Renewals

ORIG. ADVANCE NEW $ 825.000 RENEWAL $ Prime ------- -12.0

LOAN OFFICER'S INITIAL

John J. O'Neill

LOAN REVIEW:

LIABILITY:

UNSEC.

COLL.

END.

R/E

TOTAL INSTAL. LOANS

SAVINGS & UMMA BAL.

12 MO. AVERAGE DDA BAL.

12 MO. PROFITABILITY

RECEIVED NOV 17 1986 UNITED BANK CREDIT DEPT.

Customer Name(s) John J. Rhodes III

Customer Address 1738 N. Gentry Circle

Mesa, Arizona 85203

Customer No. 01100 39 079 Note No. 24457

Maturity Date 12/1/86 Class C1 / (4A)

LG 5

11-28 R.12/85

0 0 0 3 0 4 0 4 3 6

LETTER OF CREDIT AGREEMENT

TO: UNITED BANK OF ARIZONA

In consideration of your opening at our request a commercial Letter of Credit, the terms of which appear on the reverse hereof, we hereby agree with you as follows:

1. We will pay you upon demand in lawful money of the United States of America all moneys paid by you under or pursuant to said Letter of Credit, together with your commission and all charges and expenses, including charges for legal services, paid or incurred by Bank in connection with said Letter of Credit and this Agreement plus interest on the principal at the rate or rates agreed or, in the absence of written agreement, at the rate of % per annum and all customary charges; we also authorize you to charge any of our accounts with you for all moneys so paid or for which you become liable under said Letter of Credit and we agree at least one day before the same is due to provide you with funds to meet all disbursements or payments of any kind or character, together with the agreed commission and interest, and charges which you have paid or to which you are entitled under or pursuant to said Letter of Credit. At the Bank's option, we will execute and deliver to you a Promissory Note in form and substance satisfactory to you, payable on demand, and bearing interest at the rate of % per annum. The proceeds of such Promissory Note may be disbursed by you in payment of any amounts paid on Drafts under the Letter of Credit or to pay your commission and any charges and expenses, including legal fees, paid or incurred by Bank in connection with said Letter of Credit and this Agreement plus interest on all proceeds so disbursed.

2. We hereby grant to you a security interest in all goods and documents which shall come into your control or into your possession or that of any of your correspondents as the result of opening or in connection with any transactions under said Letter of Credit, and the proceeds thereof, and all additions, accessions and substitutions, which are and shall be pledged to you as security (a) for all payments made or to be made by you or your correspondents under said Letter of Credit; (b) for any interest, commission or other customary charges in relation to said Letter of Credit and (c) for any other obligations of us to you. Upon any default by us in any of the undertakings set for the in this Letter of Credit Agreement, you are authorized to sell, pursuant to the provisions of the Uniform Commercial Code as adopted in the State of Arizona, any of such pledged goods or documents; in the event of any deficiency, we will pay the same to you immediately or in the event of any surplus, you shall pay the same to us or to the persons entitled thereto. In the event such goods should suffer any decline in value we will upon demand deliver to you additional collateral to your satisfaction.

3. We will obtain, or will cause to be in existence, insurance on any goods described in said Letter of Credit against fire and other usual risks and against any additional risks which you may request. You are hereby authorized and empowered to collect the amount due under any such insurance and apply the same against any of our obligations to you arising under said Letter of Credit or otherwise.

4. As to said Letter of Credit, we represent that any required import or export licenses have been obtained.

5. Neither you nor your correspondents shall be in any way responsible for performance by a beneficiary of its obligations to us, nor for the form, sufficiency, correctness, genuineness, authority of persons signing, falsification or legal effect of any documents called for under said Letter of Credit if such documents on their face appear to be in order.

6. That, except as otherwise expressly provided in this Agreement, or as the undersigned may otherwise expressly agree with regard to and prior to your issuance of any Letter of Credit, the Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce Brochure 400, shall be deemed a part hereof as fully as if incorporated herein and shall apply to each such Letter of Credit. In the event said "Uniform Customs and Practice for Documentary Credits" shall not apply, and only in that event, all rights and remedies of the parties hereto shall be governed by the Uniform Commercial Code as adopted in the State of Arizona.

7. It is agreed that all directions and correspondence relating to said Letter of Credit are to be sent at our risk and that you do not assume any responsibility for any inaccuracy, interruption, error or delay in transmission or delivery by post, telegraph or cable, or for any inaccuracy of translation.

8. If the Application for Commercial Letter of Credit is signed by one individual, the terms "we", "our", "us", shall be read throughout as "I", "my", "me", as the case may be. If signed by two or more parties, it shall be the joint and several agreement of such parties.

9. We also agree to pay you, on demand, such fees or commission to which we have agreed under prevailing lines of credit or approved commitments extended to us by you, as identified on the reverse hereof.

> 40436004

APPL .TION FOR STAND-BY LETTER OF EDIT

UNITED BANK OF ARIZONA

1986

L/C NO. _____
DATE: _____

PLEASE ESTABLISH AN IRREVOCABLE LETTER OF CREDIT FOR THE AMOUNT OF Eight Hundred Twenty-Five and no/100--

BY [xx] MAIL [ ] AIR MAIL [ ] EXPRESS MAIL [ ] FULL CABLE [ ] SHORT CABLE

IN FAVOR OF: Salt River Project, P. O. Box 2950, Phoenix, Arizona 85062 Atten: Credit Dept.

FOR ACCOUNT OF: Rhodes to Congress, 1303 S. Longmore, Suite 6, Mesa, Arizona 85202

AVAILABLE BY DRAFT(S) ON YOU AT SIGHT AND ACCOMPANIED BY THE FOLLOWING DOCUMENTS:

No other documents required

SPECIAL INSTRUCTIONS:

PARTIAL DRAWINGS [X] ALLOWED [ ] NOT ALLOWED

LETTER OF CREDIT TO EXPIRE ON December 1, 1986.

THE OPENING OF THIS CREDIT IS SUBJECT TO THE TERMS AND CONDITIONS AS SET FORTH IN THE COMMERCIAL LETTER OF CREDIT AGREEMENT APPEARING ON THE REVERSE SIDE HEREOF TO WHICH WE AGREE.

ISSUANCE FEE OF -One- % PER ANNUM, MINIMUM $50.00.

NEGOTIATION FEE OF 1/8% % OF FACE AMOUNT OF DRAFT, MINIMUM 35.00.

AMENDMENT FEE:
IF EXTENDING EXPIRATION DATE OR INCREASING AMOUNT, SAME AS ISSUANCE FEE WITH MINIMUM OF $25.00.
OTHER AMENDMENTS _____.

Rhodes to Congress
(Name and Address of Applicant)
1303 S. Longmore, Suite 6, Mesa, Az 85202

By John J. Rhodes III

ACCEPTED BY UNITED BANK OF ARIZONA

AUTHORIZED SIGNATURE
John J. O'Neill, Regional Vice Pre

UNITED BANK OF ARIZONA
International Department
3300 North Central Avenue
Phoenix, Arizona 85012-2501

P. O. Box 2908
Phoenix, AZ 85062-2908
(602) 248-2200

Irrevocable Letter of Credit No. 3346 Amount US$825.00 Date June 11, 1986

Advised Thru

Salt River Project
P.O. Box 2950
Phoenix, Arizona 85062

Atn: Credit Dept.

Gentlemen:

At the request of John J. Rhodes III, 1303 S. Longmore, Suite 6, Mesa, Arizona 85202

and for the account of Rhodes to Congress, 1303 S. Longmore, Suite 6, Mesa, Arizona 85202
we hereby open in your favor our Irrevocable Letter of Credit for sum or sums not exceeding

*****UNITED STATES DOLLARS EIGHT HUNDRED TWENTY FIVE AND 00/100THS****

available by your Draft(s) at *****SIGHT***** on United Bank of Arizona

and accompanied by the following:
No other documents required.

Partial drawings permitted.

We hereby engage with you that drawers, endorsers and bona fide holders of drafts drawn under and in compliance with the terms of this credit that such drafts will be duly honored on presentation to the drawees if negotiated on or before: December 1, 1986, at our International Department, 3300 North Central Avenue, Phoenix, Arizona 85012.

The amount of any drafts drawn under this credit must be endorsed on the reverse hereof.

Drafts drawn under this Credit must be endorsed and contain the clause: "Drawn under the United Bank of Arizona Letter of Credit No. 3346 dated June 11, 1986."

Unless otherwise expressly stated, subject to the Uniform Customs and Practices for Documentary Credits, International Chamber of Commerce Brochure in effect on date of issuance.

UNITED BANK OF ARIZONA

Authorized Signature
C. Lopez, Assistant Cashier

6-10 R 1/84

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PROMISSORY NOTE

UNITED BANK OF ARIZONA

Mesa, Arizona June 3, 19 86

$ 825.00-Consitsent — On Demand ---------- after date,

for value received, I, we, and each of us, as principals, promise to pay to the order of UNITED BANK OF ARIZONA at its

Mesa Regional office, in Mesa, Arizona, the principal sum of

Eight Hundred Twenty-Five and no/100---------- DOLLARS

in lawful money of the United States, with interest thereon from date until paid at the rate of ---10.50---- percent per annum:

interest payable at maturity - interest shall be computed on a basis of a -360- -day year.

CREDIT COMMENT

See Attached Loan Memo for Remarks

ORIG. ADVANCE ____ NEW $ 825.000 RENEWAL's Inc. -------- -12.0

LOAN OFFICER'S INITIAL

John J. O'Neill

LOAN REVIEW:

LIABILITY:

UNSEC. ____

COLL. ____

END. ____

R/E ____

TOTAL INSTAL. LOANS ____

SAVINGS & UMMA BAL. ____

12 MO. AVERAGE DDA BAL. ____

12 MO. PROFITABILITY ____

RECEIVED JUN 17 1986 UNITED BANK CREDIT DEPT.

Customer Name(s) John J. Rhodes III

Customer Address 1738 N. Gentry Circle

Mesa, Arizona 85203

Customer No. 01100 35 079 Note No. 24457

Maturity Date 12/1/86 Class CI / (4A)

LG 5

11-28 R.12/85

0 0 7 0 0 0 4 3 6

LETTER OF CREDIT AGREEMENT

TO: UNITED BANK OF ARIZONA

In consideration of your opening at our request a commercial Letter of Credit, the terms of which appear on the reverse hereof, we hereby agree with you as follows:

1. We will pay you upon demand in lawful money of the United States of America all moneys paid by you under or pursuant to said Letter of Credit, together with your commission and all charges and expenses, including charges for legal services, paid or incurred by Bank in connection with said Letter of Credit and this Agreement plus interest on the principal at the rate or rates agreed or, in the absence of written agreement, at the rate of % per annum and all customary charges; we also authorize you to charge any of our accounts with you for all moneys so paid or for which you become liable under said Letter of Credit and we agree at least one day before the same is due to provide you with funds to meet all disbursements or payments of any kind or character, together with the agreed commission and interest, and charges which you have paid or to which you are entitled under or pursuant to said Letter of Credit. At the Bank's option, we will execute and deliver to you a Promissory Note in form and substance satisfactory to you, payable on demand, and bearing interest at the rate of % per annum. The proceeds of such Promissory Note may be disbursed by you in payment of any amounts paid on Drafts under the Letter of Credit or to pay your commission and any charges and expenses, including legal fees, paid or incurred by Bank in connection with said Letter of Credit and this Agreement plus interest on all proceeds so disbursed.

2. We hereby grant to you a security interest in all goods and documents which shall come into your control or into your possession or that of any of your correspondents as the result of opening or in connection with any transactions under said Letter of Credit, and the proceeds thereof, and all additions, accessions and substitutions, which are and shall be pledged to you as security (a) for all payments made or to be made by you or your correspondents under said Letter of Credit; (b) for any interest, commission or other customary charges in relation to said Letter of Credit and (c) for any other obligations of us to you. Upon any default by us in any of the undertakings set for the in this Letter of Credit Agreement, you are authorized to sell, pursuant to the provisions of the Uniform Commercial Code as adopted in the State of Arizona, any of such pledged goods or documents; in the event of any deficiency, we will pay the same to you immediately or in the event of any surplus, you shall pay the same to us or to the persons entitled thereto. In the event such goods should suffer any decline in value we will upon demand deliver to you additional collateral to your satisfaction.

3. We will obtain, or will cause to be in existence, insurance on any goods described in said Letter of Credit against fire and other usual risks and against any additional risks which you may request. You are hereby authorized and empowered to collect the amount due under any such insurance and apply the same against any of our obligations to you arising under said Letter of Credit or otherwise.

4. As to said Letter of Credit, we represent that any required import or export licenses have been obtained.

5. Neither you nor your correspondents shall be in any way responsible for performance by a beneficiary of its obligations to us, nor for the form, sufficiency, correctness, genuineness, authority of persons signing, falsification or legal effect of any documents called for under said Letter of Credit if such documents on their face appear to be in order.

6. That, except as otherwise expressly provided in this Agreement, or unless the undersigned may otherwise expressly agree with regard to and prior to your issuance of any Letter of Credit, the "Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce Brochure 400", shall be deemed a part hereof as fully as if incorporated herein and shall apply to each such Letter of Credit. In the event said "Uniform Customs and Practice for Documentary Credits" shall not apply, and only in that event, all rights and remedies of the parties hereto shall be governed by the Uniform Commercial Code as adopted in the State of Arizona.

7. It is agreed that all directions and correspondence relating to said Letter of Credit are to be sent at our risk and that you do not assume any responsibility for any inaccuracy, interruption, error or delay in transmission or delivery by post, telegraph or cable, or for any inaccuracy of translation.

8. If the Application for Commercial Letter of Credit is signed by one individual, the terms "we", "our", "us", shall be read throughout as "I", "my", "me", as the case may be. If signed by two or more parties, it shall be the joint and several agreement of such parties.

9. We also agree to pay you, on demand, such fees or commission to which we have agreed under prevailing lines of credit or approved commitments extended to us by you, as identified on the reverse hereof.

0 4 0 4 3 6 0 0 0 8

APPL .TION FOR STAND-BY LETTER OF EDIT

UNITED BANK OF ARIZONA

2 1986

LC NO. _____
DATE: _____

PLEASE ESTABLISH AN IRREVOCABLE LETTER OF CREDIT FOR THE AMOUNT OF Five Hundred Twenty-five and no 100--

BY [XX] MAIL [ ] AIR MAIL [ ] EXPRESS MAIL [ ] FULL CABLE [ ] SHORT CABLE

IN FAVOR OF: Salt River Project, P. O. Box 2950, Phoenix, Arizona 85062 Atten: Credit Dept.

FOR ACCOUNT OF: Rhodes to Congress, 1303 S. Longmore, Suite 6, Mesa, Arizona 85202

AVAILABLE BY DRAFT(S) ON YOU AT SIGHT AND ACCOMPANIED BY THE FOLLOWING DOCUMENTS:

No other documents required

SPECIAL INSTRUCTIONS:

PARTIAL DRAWINGS [X] ALLOWED [ ] NOT ALLOWED

LETTER OF CREDIT TO EXPIRE ON December 1, 1986.

THE OPENING OF THIS CREDIT IS SUBJECT TO THE TERMS AND CONDITIONS AS SET FORTH IN THE COMMERCIAL LETTER OF CREDIT AGREEMENT APPEARING ON THE REVERSE SIDE HEREOF TO WHICH WE AGREE.

ISSUANCE FEE OF -One- % PER ANNUM, MINIMUM $50.00.

NEGOTIATION FEE OF 1/8$ -- % OF FACE AMOUNT OF DRAFT, MINIMUM 35.00.

AMENDMENT FEE:
IF EXTENDING EXPIRATION DATE OR INCREASING AMOUNT, SAME AS ISSUANCE FEE WITH MINIMUM OF $25.00.
OTHER AMENDMENTS _____.

Rhodes to Congress
(Name and Address of Applicant)
1303 S. Longmore, Suite 6, Mesa, Az 85202

By John J. Rhodes III

ACCEPTED BY UNITED BANK OF ARIZONA

AUTHORIZED SIGNATURE
John J. O'Neill, Regional Vice Pre

UNITED BANK OF ARIZONA
International Department
3300 North Central Avenue
Phoenix, Arizona 85012-2501

P. O. Box 2908
Phoenix, AZ 85062-2908
(602) 248-2200

Irrevocable Letter of Credit No. 3346 Amount US$825.00 Date June 11, 1986

Advised Thru

Salt River Project
P.O. Box 2950
Phoenix, Arizona 85062

Atn: Credit Dept.

Gentlemen:

At the request of John J. Rhodes III, 1303 S. Longmore, Suite 6, Mesa, Arizona 85202

and for the account of Rhodes to Congress, 1303 S. Longmore, Suite 6, Mesa, Arizona 85202
we hereby open in your favor our Irrevocable Letter of Credit for sum or sums not exceeding

*****UNITED STATES DOLLARS EIGHT HUNDRED TWENTY FIVE AND 00/100THS****

available by your Draft(s) at *****SIGHT***** on United Bank of Arizona

and accompanied by the following:
No other documents required.

Partial drawings permitted.

We hereby engage with you that drawers, endorsers and bona fide holders of drafts drawn under and in compliance with the terms of this credit. that such drafts will be duly honored on presentation to the drawees if negotiated on or before: December 1, 1986, at our International Department, 3300 North Central Avenue, Phoenix, Arizona 85012.

The amount of any drafts drawn under this credit must be endorsed on the reverse hereof.

Drafts drawn under this Credit must be endorsed and contain the clause: "Drawn under the United Bank of Arizona Letter of Credit No. 3346 dated June 11, 1986."

Unless otherwise expressly stated, subject to the Uniform Customs and Practices for Documentary Credits, International Chamber of Commerce Brochure in effect on date of issuance.

UNITED BANK OF ARIZONA

Authorized Signature
C. Lopez, Assistant Cashier

6-19 R 1-84

RHODES TO CONGRESS

DEPOSITION EXHIBIT FEC 2 7/23/1960

November 26, 1986

Mr. William Horton
President
SUN NATIONAL BANK
1220 South Alma School Rd.
Mesa, Arizona 85203

Re: Rhodes To Congress Loan

Dear Mr. Horton:

We submit the following letter in support of the $20,000.00 renewal of the loan to the Rhodes To Congress Committee. The purpose of this letter is to provide information on the method and sources of repayment of the $20,000.00.

Please be advised that the Rhodes To Congress Committee has, in the planning stages, several fund raising activities. These activities include:

1. A letter to all federal Pac's asking for assistance in debt retirement. Approximately 600 of these letters went out during the week of November 17, 1986;

2. A debt retirement letter signed by Senator Barry Goldwater to all of the contributors to the Rhodes To Congress Campaign, the members of the Trunk n' Tusk and earlybird groups of the Republican party and a selected list of people who contributed heavily to other campaigns in 1986;

3. A fund raiser at the home of Jim Smets, presently scheduled for March, 1986, where we intend to invite 300 couples at $100.00 a couple;

4. A fund raising event at the home of Roger Jeppsen during the month of February, 1986;

5. Several relatively high ticket priced luncheons and breakfasts sponsored by bankers and businessmen in the community; and

Paid for by the Rhodes to Congress Committee

> 40436001 1

6. The United States Chamber of Commerce has agreed to urge its affiliated businesses and groups to assist in the debt retirement of Congressman Rhodes.

Between these various functions, we feel extremely confident that more than enough funds will be raised to pay your loan by its due date.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

Thomas V. Rawles

Thomas V. Rawles

lav

0043600012

RHODES TO CONGRESS

November 26, 1986

Mr. William Horton
President
SUN NATIONAL BANK
1220 South Alma School Rd.
Mesa, Arizona 85203

Re: Rhodes To Congress Loan

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Paid for by the Rhodes to Congress Committee

> 40436001 3

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Very truly yours,

Thomas V. Rawles

Thomas V. Rawles

lav

>40436014

009

RHODES TO CONGRESS P O BOX 1381 MESA, AZ 85204 **BORROWER'S NAME AND ADDRESS** "I" includes each borrower above, jointly and severally.	SUN NATIONAL BANK 1220 SOUTH ALMA SCHOOL ROAD MESA, AZ 85202 **LENDER'S NAME AND ADDRESS** "You" means the lender, its successors and assigns.	ACCOUNT # 0064668 Loan Number 20757 Date SEPTEMBER 3, 1986 Maturity Date DECEMBER 2, 1986 Loan Amount $ 50,000.00 Renewal Of

promise to pay to you, or your order, at your address listed above the
PRINCIPAL sum of FIFTY THOUSAND AND NO/100 Dollars $ 50,000.00

☒ **Single Advance:** I have received all of this principal sum. No additional advances are contemplated under this note.

☐ **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. As of today I have received the amount of $ _____ and future principal advances are contemplated.

Conditions: The conditions for future advances are _____

Paid Renewal #20860

☐ **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires no later than _____ 19 ____.

☐ **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

PURPOSE: The purpose of this loan is BUSINESS: CAMPAIGN CONTRIBUTION

INTEREST: I agree to pay interest on the principal balance(s) owing from time to time as stated in this section.

☐ **Fixed Rate:** I agree to pay interest at the fixed, simple rate of _____ % per year.

☒ **Variable Rate:** I agree to pay interest at the initial simple rate of 11.500 % per year. This rate may change as stated below.

☒ **Index Rate:** The future rate will be 2.500% OVER the following index rate: SUN NATIONAL BANK BASE INDEX RATE

☐ **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

☒ **Frequency and Timing:** The rate on this note may increase as often as DAILY.
An increase in the index will take effect ON THE SAME DAY.

☐ **Limitations:** The rate on this note will not at any time (and no matter what happens to any index rate used) go above or below these limits:

☐ **Maximum Rate:** The rate will not go above _____

☐ **Minimum Rate:** The rate will not go below _____

Post Maturity Rate: I agree to pay interest on the principal owing after maturity, and until paid in full, as stated below:

☐ on the same fixed or variable rate basis in effect before maturity (as indicated above).

☒ at a rate equal to 21.0

ADDITIONAL CHARGES: In addition to interest, I ☐ have paid ☐ agree to pay the following additional charges _____

PAYMENTS: I agree to pay this note as follows:

☒ **Interest:** I agree to pay accrued interest ON DEMAND, BUT IF NO DEMAND IS MADE AT MATURITY

☒ **Principal:** I agree to pay the principal ON DEMAND, BUT IF NO DEMAND IS MADE THEN ON DECEMBER 2, 1986

☐ **Installments:** I agree to pay this note in _____ payments. The first payment will be in the amount of $ _____ and will be due _____, 19 ____. A payment of $ _____ will be due on the _____ day of each _____ thereafter. The final payment of the entire unpaid balance of principal and interest will be due _____, 19 ____.

☒ **Effect of Variable Rate:** An increase in the interest rate will have the following effect on the payments:

☐ The amount of each scheduled payment will be increased.

☒ The amount of the final payment will be increased.

☐ _____

DEPOSITION EXHIBIT FEC 3 7/22/89 LD

ADDITIONAL TERMS:

SECURITY: This note is secured by: _____

☒ If checked, no agreement was signed today securing this note.

(This section is for your internal use. It may not include every agreement or item of collateral securing this note. You will not lose any security by omitting it from this section.)

SIGNATURES: I AGREE TO THE TERMS OF THIS NOTE (INCLUDING THOSE ON THE OTHER SIDE). I have received a copy on today's date.

RHODES TO CONGRESS

BY: John J. O'Neill, CAMPAIGN CHRMN
JOHN J O'NEILL

BY: John J. Rhodes III
JOHN J. RHODES III, CANDIDATE

DEPOSITION EXHIBIT
FEC
12-189

GUARANTY

Mesa (City), AZ (State)

Sept. 3, 19 86

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce SUN NATIONAL BANK (herein, with its participants, successors and assigns, called "Bank"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of RHODES TO CONGRESS (herein called "Borrower") or to engage in any other transactions with Borrower, the undersigned hereby absolutely and unconditionally guarantee(s) to the Bank the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this ☐ is checked, the undersigned guarantee(s) to Bank the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Bank (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness").

B. If this ☐ is checked, the undersigned guarantee(s) to Bank the payment and performance of the debt, liability or obligation of Borrower to Bank evidenced by or arising out of the following: Note No. 0064668 20757 in the amount of $50,000.00 dated 9/3/86 maturity of 12/2/86

and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

The undersigned further acknowledge(s) and agree(s) with Bank that:

1. No act or thing need occur to establish the liability of the undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the undersigned or modify, reduce, limit or release the liability of the undersigned hereunder.

2. If paragraph A is checked, this is an absolute, unconditional and continuing guaranty of payment of the indebtedness and shall continue to be in force and be binding upon the undersigned, whether or not all indebtedness is paid in full, until this guaranty is revoked prospectively as to future transactions, by written notice actually received by the Bank, and such revocation shall not be effective as to indebtedness existing or committed for at the time of actual receipt of such notice by the Bank, or as to any renewals, extensions and refinancings thereof. If there be more than one undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by the Bank and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) then the Bank shall have the right to declare immediately due and payable, and the undersigned will forthwith pay to the Bank, the full amount of all indebtedness, whether due and payable or unmatured. If the undersigned voluntarily commences or there is commenced involuntarily against the undersigned a case under the United States Bankruptcy Code, the full amount of all indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the undersigned hereunder shall be limited to a principal amount of $ 50,000.00 (if unlimited or if no amount is stated, the undersigned shall be liable for all indebtedness, without any limitation as to amount), plus accrued interest thereon and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the undersigned hereunder. The Bank may apply any sums received by or available to the Bank on account of the indebtedness from Borrower or any other person (except the undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the undersigned hereunder. If the liability of the undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Bank, advising the Bank that such payment is made under this guaranty for such purpose.

5. The undersigned will not exercise or enforce any right of contribution, reimbursement, recourse or subrogation available to the undersigned against any person liable to payment of the indebtedness, or as to any collateral security therefor, unless and until all of the indebtedness shall have been fully paid and discharged.

6. The undersigned will pay or reimburse the Bank for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by the Bank in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on the reverse side hereof, all of which are made a part hereof.

This guaranty is ☒ unsecured ☐ secured by a mortgage or security agreement dated

☐ secured by

IN WITNESS WHEREOF, this guaranty has been duly executed by the undersigned the day and year first above written.

John J. Rhodes III

>40436040016

ADDITIONAL PROVISIONS

7. Whether or not any existing relationship between the undersigned and Borrower has been changed or ended and whether or not this guaranty has been revoked, the Bank may, but shall not be obligated to, enter into transactions resulting in the creation or continuance of Indebtedness, without any consent or approval by the undersigned and without any notice to the undersigned. The liability of the undersigned shall not be affected or impaired by any of the following acts or things (which the Bank is expressly authorized to do, omit or suffer from time to time, both before and after revocation of this guaranty, without notice to or approval by the undersigned): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) any one or more extensions or renewals of Indebtedness (whether or not for longer than the original period) or any modification of the interest rates, maturities or other contractual terms applicable to any Indebtedness; (iii) any waiver or indulgence granted to Borrower, any delay or lack of diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any required notices or otherwise protect any Indebtedness, (iv) any full or partial release of, settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of any Indebtedness; (v) any discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal thereof or substitution therefor; (vi) any failure to obtain collateral security (including rights of setoff) for Indebtedness, or to see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to protect, insure, or enforce any collateral security; or any modification, substitution, discharge, impairment, or loss of any collateral security; (vii) any foreclosure or enforcement of any collateral security; (viii) any transfer of any Indebtedness or any evidence thereof; (ix) any order of application of any payments or credits upon Indebtedness; (x) any election by the Bank under §1111(b)(2) of the United States Bankruptcy Code.

8. The undersigned waive(s) any and all defenses, claims and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the undersigned will not assert, plead or enforce against the Bank any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any Indebtedness, or any setoff available against the Bank to Borrower or any such other person, whether or not on account of a related transaction. The undersigned expressly agree(s) that the undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision.

9. The undersigned waive(s) presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing Indebtedness. The Bank shall not be required first to resort for payment of the Indebtedness to Borrower or other persons or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this guaranty.

10. If any payment applied by the Bank to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this guaranty be deemed to have continued in existence, notwithstanding such application, and this guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

11. The liability of the undersigned under this guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to the Bank as guarantor or otherwise, without any limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

12. This guaranty shall be enforceable against each person signing this guaranty, even if only one person signs and regardless of any failure of other persons to sign this guaranty. If there be more than one signer, all agreements and promises herein shall be construed to be, and are hereby declared to be, joint and several in each of every particular and shall be fully binding upon and enforceable against either, any or all the undersigned. This guaranty shall be effective upon delivery to the Bank, without further act, condition or acceptance by the Bank, shall be binding upon the undersigned and the heirs, representatives, successors and assigns of the undersigned and shall inure to the benefit of the Bank and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this guaranty shall not affect other lawful provisions and application hereof, and to this end the provisions of this guaranty are declared to be severable. This guaranty may not be waived, modified, amended, terminated, released or otherwise changed except by a writing signed by the undersigned and the Bank. This guaranty shall be governed by the laws of the State in which it is executed. The undersigned waive(s) notice of the Bank's acceptance hereof and waive(s) the right to a trial by jury in any action based on or pertaining to this guaranty

> 4043604017

[redacted]

1980

[redacted]

Mesa, Arizona 85202

Check the appropriate box(es) below.

☒ Candidate for the U.S. House of Representatives District One State Arizona

[redacted]

REPORTING PERIOD: With respect to [redacted] the period covered by this Statement is the preceding calendar year and the current calendar year to date of filing. Information concerning assets & liabilities must be current as of a date which is less than 31 days before the filing date. Other required information must be current as of the filing date.

1. SPOUSE AND [redacted]

[redacted] is required to include financial information [redacted] dependent children. However in certain limited circumstances [redacted]

[redacted]

0 0 4 0 1 6 2 3 1 4

...TE ... Y. THE INFORMATION REQUIRED SHOULD BE CURRENT AS OF A DATE WHICH ... THAN ... DAYS PRIOR TO THE FILING DATE. THE INFORMATION BELOW IS CURRENT AS OF ...

...

...E HOLDINGS

...

IV. LIABILITIES

...

...	...	CATEGORY
...	... Personal Credit Line	C

[redacted]

I. POSITIONS

[redacted]

II. [redacted]

[redacted]

III. [redacted]

[redacted]

[redacted]

[

DEPOSITION EXHIBIT DEC 10 [illegible] 2D

1987

Committee on Standards of Official Conduct

[illegible] ACT--FINANCIAL DISCLOSURE STATEMENT

[illegible] Initial, and Suffix

[illegible] Jacob Rhodes, III
Full Name

[illegible] Office Building
[illegible] Address

[illegible] 20515

MC

Office Use Only

[illegible] Representative-District 1st State Arizona

Office or Employing Office [illegible]

[illegible]

GENERAL INFORMATION

[illegible] AND WHEN:

[illegible] is filing on May 15, 1987 must file a Financial Disclosure Statement on or before May 15.

[illegible]

[illegible] Committee [illegible]

[illegible]

[illegible] INSTRUCTIONS

[illegible] Type or print.

[illegible] The period covered by this Disclosure Statement is calendar year 1986 unless otherwise [illegible] during the reporting period in the calendar year when the reporting [illegible] or employer need not be disclosed.

I. SPOUSE AND DEPENDENT DISCLOSURE EXEMPTION

[illegible] individual is required to include financial information concerning his or her spouse [illegible] OWNS OR EXERCISES, WHICH ONE OR MORE FINANCIAL INTERESTS [illegible] the spaces marked "YES". If all spouse and dependent children's [illegible] "NO" should be checked in the space marked.

STANDARDS FOR EXEMPTION

[illegible] interest or responsibility of the spouse or dependent child, and the reporting individual [illegible] of the fact; and

[illegible] with, in any way, past or present, DERIVED FROM THE INCOME, ASSETS, OR ACTIVITIES [illegible] reporting individual; and

[illegible] neither DERIVES, NOR EXPECTS TO DERIVE, any financial or economic benefit from the [illegible].

NOTE: Only financial interests meeting the standards are exempted from disclosure. All other interests must be reported.

ARE YOU AWARE OF ANY INTERESTS IN PROPERTY OR LIABILITIES OF A SPOUSE OR DEPENDENT CHILD OR FINANCIAL TRANSACTIONS BY A SPOUSE OR DEPENDENT CHILD WHICH YOU HAVE NOT REPORTED BECAUSE THEY MEET THE THREE STANDARDS FOR EXEMPTION?	YES ___	NO X	NA

For more information see detailed instructions Booklet at page 7

[redacted]

	TYPE	AMOUNT	EXCEPTION
[redacted] Holton and Colston	legal fees	3846.80	
[redacted] Hospital - Spouse	legal fees SALARY	17,885.00	

[redacted]

	TYPE	CATEGORY
[redacted]		

[redacted]

[redacted]

[redacted]

IV TRANSACTIONS

GENERAL GUIDELINES:

A brief description, the date, and category of value of any PURCHASE, SALE, OR EXCHANGE during calendar year [redacted] which exceeds $1,000 in real property, stocks, bonds, commodities futures, or other forms of investment. [redacted] transactions in real property or securities if the category of value of the asset [redacted] is NOT required to use CAPITAL GAIN or LOSS as the measure. IF [redacted] PROPERTY WAS PURCHASED, SOLD, OR EXCHANGED, IF NONE, SO STATE

[redacted] Any [redacted] or sale of a personal residence, and any transactions solely by and between the reporting [redacted], his spouse, or dependent children.

NOTE: A computer printout may be attached to this form if it contains the information requested.

For more information, see detailed Instruction Booklet at page 10.

	Date (Mo. Day Yr.)	CATEGORY
[redacted] Owens Americas Can Company	8-22-86	C

V. LIABILITIES

[redacted] over $10,000 owed to any creditor AT ANY TIME during [redacted], whether [redacted] personal loans or mortgage notes, [redacted] to them. The identity of the [redacted] or organization to which the liability is owed, and the amount owed [redacted] of this report must be listed. Any contingent liability, [redacted] of the likelihood of a condition in which the reporting individual has an [redacted] NONE, SO STATE.

[redacted]

[redacted]	
[redacted]	
[redacted]	
[redacted]	
[redacted]	
[redacted]	

VI. GIFTS

[redacted]

The [redacted] transfer, payment, advance, forbearance, rendering, or deposit of money, or any thing of value, [redacted] of equal or greater value is received by the donor. IF NONE, SO STATE.

[redacted] Gifts from relatives, and gifts of personal hospitality of an individual, and political campaign contributions need not be reported. Gifts with a value of $35 or less need not be aggregated towards the $100 or more minimum threshold.

[redacted] Also, does not prohibit acceptance of gifts aggregating $100 or more in value from any source [redacted] by a registered lobbyist, the Congress, or from a foreign national. Thus, this disclosure [redacted] principal officials, constituents, and other individuals or groups that [redacted] regularly.

[redacted] Booklet at page 11.

A. [redacted] of gifts of transportation, lodging, food, or entertainment aggregating $250 or more in value received [redacted] calendar year.

SOURCE	BRIEF DESCRIPTION
[redacted]	

B. The source, a brief description, and value of all other gifts aggregating $100 or more in value received from any source during calendar year 1986.

SOURCE	BRIEF DESCRIPTION	VALUE
NONE		

[redacted]

GENERAL GUIDELINES:

[redacted]

[redacted]

For more information, see detailed Instruction Booklet at page 12.

[redacted]

BRIEF DESCRIPTION

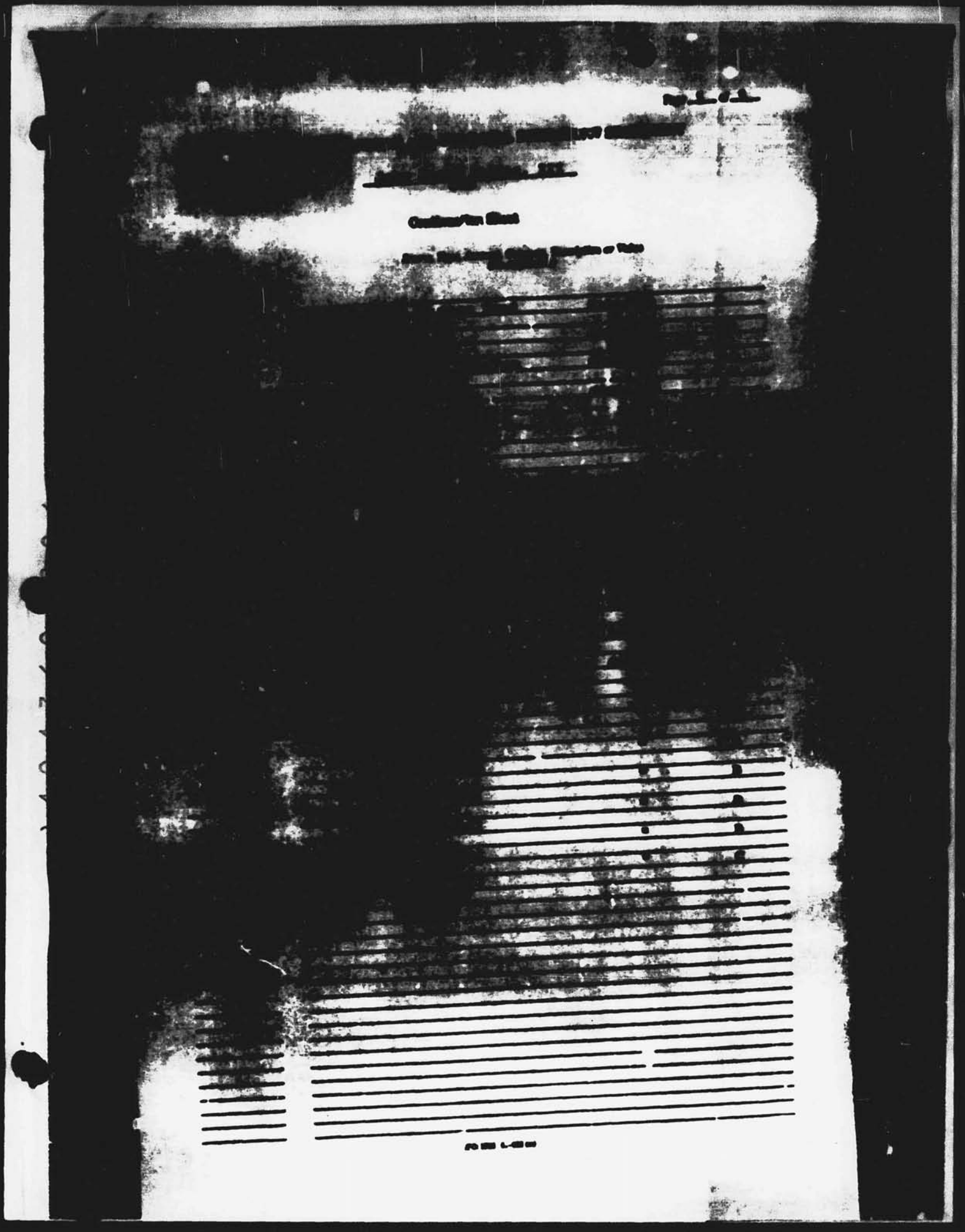
[redacted]

VIII. POSITIONS

[redacted]

[redacted]

[redacted]



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

THIS IS THE END OF MUR # 2602

DATE FILMED 12-27-84 CAMERA NO. 2

CAMERAMAN JMH

40436040027

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Date: 1/4/95

✓ Microfilm

_____ Public Records

_____ Press

THE ATTACHED MATERIAL IS BEING ADDED TO CLOSED MUR 2602

95043620002

Dec. 28. 1994

Federal Election Commission
999 "E" Street, N.W.
Washington, D.C. 20463

JAN 3 11 50

Attn: Xavier McDonnell

Enclosed is Check #2020 from the Rhodes to Congress campaign committee in the amount of $25,000.00 in settlement of Action # MUR 2602.

On Behalf of John J. Knox II
Treasurer of the Committee

Gregg A. Hontz

Gregg A. Hontz

>50436200003

2020

RHODES FOR CONGRESS COMMITTEE
% TOM RHODES
~~100 W. MAIN ST., NO. 210~~ 134 W. Pepper Place
MESA, AZ 85201

91-265/1221

Dec. 28 19 94

PAY TO THE ORDER OF Federal Elections Commission $ 25,000 00

Twenty-five thousand and NO/100 DOLLARS

CITIBANK
CITIBANK (ARIZONA)
305 EAST MAIN STREET
MESA, ARIZONA 85201-7411

FOR MUR 2602 Rhodes to Congress

Gregg A. Rhodes

⑈002020⑈ ⑆122102653⑆ ⑈6764701⑈

25043620004

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

1/3/95

JAN 4 9 25 AM '95

TWO WAY MEMORANDUM

TO: OGC, Docket

FROM: Rosa E. Swinton
Accounting Technician

SUBJECt: Account Determination for Funds Received

We recently received a check from Rhodes for Congress Committee, check number 2020, dated 12/28/94, and in the amount of $_____. Attached is a copy of the check and any correspondence that was forwarded. Please indicate below the account into which it should be deposited, and the MUR number and name.

TO: Rosa E. Swinton
Accounting Technician

FROM: OGC, Docket By aa

In reference to the above check in the amount of $25,000.00 the MUR number is 2602 and in the name of Rhodes for Congress Comte,. The account into which it should be deposited is indicated below:

✓ Budget Clearing Account (OGC), 95F3875.16

__ Civil Penalties Account, 95-1099.160

__ Other: _____

Anita Alexander
Signature

1-4-95
Date

>50436200005