FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2903

DATE FILMED 6/9/95 CAMERA NO. 1

CAMERAMAN E.E.S.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 2, 1989

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

THROUGH: JOHN C. SURINA
STAFF DIRECTOR

FROM: ROBERT J. COSTA
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: HAIG FOR PRESIDENT - MATTERS REFERABLE TO THE OFFICE OF GENERAL COUNSEL

On June 1, 1989, the Commission approved the referral of Exhibits B, D and E to your office. Please find attached said Exhibits.

Should you or your staff wish to review any audit workpapers, or discuss the matters contained in the Exhibits, please contact Valerie Conroy or Rick Halter at 376-5320.

Attachments:

Exhibit B: Apparent Excessive Contributions, including Attachment 1, pp. 1-4.

Exhibit D: Receipt of Prohibited Contributions, including Attachment 1.

Exhibit E: Line of Credit Apparently Not Made in the Ordinary Course of Business.

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Apparent Excessive Contributions

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

Section 110.1(k) of Title 11 Code of Federal Regulations states, in part, that any contribution made by more than one person, except for a contribution made by a partnership, shall include the signature of each contributor on the check, money order, or other negotiable instrument or in a separate writing. A contribution made by more than one person that does not indicate the amount to be attributed to each contributor shall be attributed equally to each contributor. Furthermore, a contribution shall be considered to be reattributed to another contributor if the treasurer of the recipient political committee asks the contributor whether the contribution is intended to be a joint contribution by more than one person, and informs the contributor that he or she may request the return of the excessive portion of the contribution if it is not intended to be a joint contribution and within sixty days from the date of the treasurer's receipt of the contribution, the contributors provide the treasurer with a written reattribution of the contribution, which is signed by each contributor, and which indicates the amount to be attributed to each contributor if equal attribution is not intended.

Section 110.1 (1), (3) and (5) of Title 11 Code of Federal Regulations states, in part, that if a political committee receives a written reattribution of a contribution to a different contributor, the treasurer shall retain the written reattribution signed by each contributor, as required by 11 C.F.R. § 110.1(k). If a political committee does not retain the written records concerning reattribution as required, the reattribution shall not be effective, and the original attribution shall control.

Section 103.3(b)(3) of Title 11 Code of Federal Regulations states, in part, that contributions which exceed the contribution limitation may be deposited into a campaign depository. If any such contributions are deposited, the treasurer may request redesignation or reattribution of the contribution by the contributor in accordance with 11 C.F.R. § 110.1(b), 110.1(k) or 110.2(b), as appropriate. If a redesignation or reattribution is not obtained, the treasurer shall, within 60 days of receipt of the contribution, refund the contribution to the contributor.

Section 103.3(b)(4) of Title 11 Code of Federal Regulations states, in part, that any contribution which appears to be illegal and which is deposited into a campaign depository

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shall not be used for any disbursements by the political committee until the contribution has been determined to be legal. The political committee must either establish a separate account in a campaign depository for such contributions or maintain sufficient funds to make such refunds.

The review of contributions received from individuals indicated that 49 contributors exceeded their contribution limitation by the amount of $34,975 (excessive portions). It should be noted that the Committee made refunds totalling $4,250 to six contributors, however, such refunds were not made in accordance with 11 C.F.R. § 103.3(b)(3), as they were made between 91 and 133 days subsequent to the date the excessive contributions were deposited. In addition, the Committee transferred $5,700 to the Candidate's general election account, of which $5,450 represents the redesignated portion of 10 excessive contributions. However, this corrective action was negated when the Committee transferred $6,600 back to the primary election account in February 1988. Included in this transfer to the primary election was a $1,000 contribution made directly to the general election, which created an additional excessive primary contribution since the contributor had already made a $1,000 contribution to the primary election. There was no other material activity in the general election account.

As a result of the above, the Audit staff has identified excessive contributions from 44 contributors, (49 - 6 + 1), totalling $31,725 ($34,975 - $4,250 + $1,000), which require corrective action, (see Attachments 1 and 2).

Committee officials stated that their primary concern with respect to contributions received from individuals was to maximize the matchability of each contribution, and that breakdowns occurred with respect to the Committee's aggregation system. Committee officials further stated that the Committee may have obtained the required documentation to redesignate some of the excessive contributions but such documentation was not retained since the contributors previous contributions were matched to their legal limit. Further, Committee representatives acknowledged that the Committee did not maintain a separate account for deposit of prohibited contributions or sufficient balances in its accounts to make necessary refunds.

Schedules of the excessive contributions were provided to Committee officials at the exit conference.

In the interim audit report, the Audit staff recommended within 30 calendar days of service of that report that the Committee take the following action:

- provide evidence that the contributions in question are not excessive; or

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- refund $31,725 to the 44 contributors and present evidence of such refunds (copies of the front and back of the negotiated refund checks); or

- if funds are not available to make such refunds disclose the excessive contributions as debts owed by the Committee on Schedules D-P.

In the Committee's December 21, 1988 response to the interim audit report, the Committee stated that the excessive contributions requiring action had been listed on its disclosure reports as debts of the Committee. The Audit staff reviewed the comprehensive amendment filed on December 21, 1988 and found the excessive contributions which still require action to be disclosed on Schedules D-P, Debts and Obligations.

Recommendation

The Audit staff recommends that this matter be referred to the Office of General Counsel in accordance with the Commission-approved Materiality Thresholds.

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Haig for President
Schedule of Excessive Contributions
Requiring Action

Contributor Name	Date of Contribution	Amount of Contribution	Total Amount Contributed	Excessive Portion
F. Lee Bailey	06/16/87	$ 3,000.00	$ 3,000.00	$ 2,000.00
Jonathan V. Bragg	04/02/87	250.00		
	04/28/87	1,500.00	1,750.00	750.00
Eleanor L. Bergman	02/23/87	1,500.00	1,500.00	500.00 2/
	10/30/87	250.00 1/		
Albert Charbit	08/20/87	1,000.00		
	08/20/87	1,000.00	2,000.00	1,000.00
Edward J. Cowell, Jr.	06/24/87	1,000.00		
	10/16/87	500.00	1,500.00	500.00
Frank N. Cardullo	05/04/87	1,000.00		
	10/29/87	100.00	100.00	100.00
Edward R. Carlough	01/02/88	2,000.00	2,000.00	1,000.00
T. Tucker Cox	02/09/87	1,000.00		
	05/18/87	100.00	1,100.00	100.00 2/
Thomas L. Cummings, Jr.	03/04/87	250.00		
	05/18/87	1,000.00	1,250.00	250.00 2/
Thomas L. Cummings, III.	03/04/87	250.00		
	06/15/87	1,000.00	1,250.00	250.00 2/
Romeo D'Agostino	09/30/87	1,000.00		
	09/30/87	1,000.00		
	09/30/87	1,000.00		
	09/30/87	1,000.00	4,000.00	3,000.00
Joe Davis	05/18/87	1,000.00		
	06/15/87	1,000.00	2,000.00	1,000.00 2/
Manuel Diaz	03/25/87	1,000.00		
	06/23/87 3/	1,000.00	2,000.00	1,000.00

Haig for President
Schedule of Excessive Contributions
Requiring Action

Contributor Name	Date of Contribution	Amount of Contribution	Total Amount Contributed	Excessive Portion
Libero Giardi	04/07/87	$ 500.00		
	03/11/87	250.00		
	09/12/87	250.00		
	10/21/87	500.00	$ 1,500.00	$ 500.00
Paul Goldman	08/20/87	2,000.00	2,000.00	1,000.00
Arne H. Gustafson	05/04/87	500.00		
	05/04/87	1,000.00	1,500.00	500.00
Seymour Gussack	08/21/87	2,000.00	2,000.00	1,000.00
Roger C. Hitchcock	04/15/87	250.00		
	09/29/87	1,000.00	1,250.00	250.00
Robert M. Herron	03/87	250.00		
	05/05/87	2,000.00	2,250.00 4/	1,000.00 2/
Eddie D. Jernigan	05/05/87	1,000.00		
	10/12/87	1,000.00	2,000.00	1,000.00
Herbert R. Jordan	04/28/87	1,000.00		
	04/28/87	1,000.00	2,000.00	1,000.00
Habib Khoury	09/28/87	2,000.00	2,000.00	1,000.00
Jill Kopelman	09/21/87	1,000.00		
	12/14/87	500.00	1,500.00	500.00
Stephanie A. Krigman	09/28/87	1,000.00		
	12/01/87	1,000.00	2,000.00	1,000.00
Lawrence F. Irwin	03/11/87	250.00 2/		
	05/14/87	1,000.00		
	02/08/88	500.00	1,750.00	750.00
Robert C. Macauley	10/13/87	2,000.00	2,000.00	1,000.00

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Haig for President
Schedule of Excessive Contributions
Requiring Action

Contributor Name	Date of Contribution	Amount of Contribution	Total Amount Contributed	Excessive Portion
James J. Maguire	04/28/87	$ 1,000.00		
	06/02/87	1,000.00 2/		
	06/02/87	500.00 1/		
	09/17/87	1,000.00	$ 3,500.00	$ 1,500.00
Mrs. James T. Martin	05/18/87	500.00		
	10/29/87	1,000.00	1,500.00	500.00
Edwina S. McGonigle	04/28/87	500.00		
	09/21/87	1,000.00	1,500.00	500.00
R. F. Meyerson	06/18/87	1,000.00		
	06/18/87	500.00	1,500.00	500.00
Keith Merrill, Jr MD	04/08/87	100.00		
	10/07/87	100.00		
	01/11/88	1,000.00	1,200.00 5/	100.00
Raymond D. Meyo	06/18/87	1,000.00		
	06/18/87	500.00		
	11/17/87	100.00	1,600.00	600.00
Phebe S. B. Novakovic	11/10/87	500.00		
	12/11/87	1,000.00	1,500.00	500.00
Victor A. Nicolazzo, Jr.	04/15/87	250.00		
	05/05/87	1,750.00	2,000.00	1,000.00 2/
George S. Patton	02/13/87	250.00		
	09/01/87	250.00		
	10/29/87	600.00		
	02/02/88	300.00	1,400.00	400.00
Dominic Saraceno	03/04/87	225.00		
	03/26/87	250.00		
	04/29/87	750.00		
	11/10/87	50.00	1,275.00	275.00
Richard J. Snyder	08/27/87	2,000.00	2,000.00	1,000.00

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Haig for President
Schedule of Excessive Contributions
Requiring Action

Contributor Name	Date of Contribution	Amount of Contribution	Total Amount Contributed	Excessive Portion
Eric T. Staniek	08/21/87	$ 250.00		
	09/18/87	500.00		
	11/18/87	250.00		
	02/08/88	250.00	$ 1,250.00	$ 250.00
William J. Stoutenberg, Jr.	06/02/87	1,000.00		
	09/21/87	1,000.00	2,000.00	1,000.00
Charles W. B. Wardell, III.	02/09/87	1,000.00		
	04/15/87	100.00	1,100.00	100.00 2/
Lloyd E. Williams	10/02/87	500.00		
	10/02/87	1,000.00	1,500.00	500.00
Darlene Wimer	05/21/87	250.00		
	06/08/87	1,000.00	1,250.00	250.00
Thomas E. Wright	08/20/87	100.00		
	08/21/87	950.00	1,050.00	50.00
John L. Zoltak	03/05/87	1,000.00		
	05/11/87	250.00		
	05/11/87	250.00		
	05/11/87	250.00	1,750.00	750.00
			Total	$31,725.00

1/ See Attachment 2.

2/ These excessive contributions were contained in a transfer to the General Election account as discussed on page 2.

3/ This contribution was made to the Committee's General Election account and the excessive portion is a result of the Committee transfer to the primary account.

4/ $250 was refunded timely.

5/ $100 was refunded timely.

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HAIG FOR PRESIDENT
REFERRAL - FAR

Haig for President
Schedule of Excessive Contributions
Not Refunded in Accordance with 11 C.F.R. § 103.3(b)(3)

Contributor Name	Date of Contribution	Amount of Contribution	Total Amount Contributed	Excessive Portion Refunded	Date of Refund	# of Days
Eleanor L. Bergman	10/30/87	$ 250.00	$ 250.00	$ 250.00	01/29/88	9[illegible]
John C. Cassidy	06/10/87	250.00				
	10/02/87	1,000.00	1,250.00	250.00	01/29/88	119
L. Donald Horne	04/28/87	1,000.00				
	10/21/87	1,000.00	2,000.00	1,000.00	01/29/88	100
Gerald F. Jones	03/20/87	250.00				
	04/28/87	1,000.00	1,250.00	250.00	09/08/87	133
James J. Maguire	06/02/87	500.00	1,500.00	1,000.00	09/30/87	120
	09/17/87	1,000.00				
Richard J. Schmeelk	05/29/87	250.00				
	10/13/87	1,000.00	1,250.00	250.00	01/29/88	108
Frank W. Randolph	03/25/87	250.00				
	10/02/87	1,000.00	1,250.00	250.00	01/29/88	119
William J. Voute	04/28/87	1,000.00				
	10/13/87	1,000.00	2,000.00	1,000.00	01/29/88	108
Total				$4,250.00		

Total number of contributors is considered 6 since Bergman and Maguire are still excessive (See Attachment 1).

Receipt of Prohibited Contributions

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any corporation to make a contribution or expenditure in connection with any election to any political office, and further states that a candidate, political committee or any other person is prohibited from accepting a contribution from a corporation.

A review of contributions received from individuals indicated that the Committee received 3 contributions, made by check, from incorporated entities totalling $2,100.00 (see Attachment 1).

Committee officials responded at the exit conference that the corporate contributions would be refunded.

In the interim audit report, the Audit staff recommended that the Committee refund the prohibited contributions and provide to the Audit staff, for review, copies (front and back) of the negotiated refund checks.

On December 21, 1988, the Committee filed a comprehensive amendment covering activity through March 31, 1988 in which the contributions mentioned above were carried as debts owed by the Committee; stating that sufficient funds were not available to make refunds at this time.

Recommendation

The Audit staff recommends this matter be referred to the Office of General Counsel in accordance with the Commission approved-Materiality Thresholds.

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HAIG FOR PRESIDENT
REFERRAL - FAR

EXHIBIT D
Attachment 1
Page 1 of 1

Schedule of Corporate Contributions

Contributor	Contribution Date	Amount
Joseph R. Salcetti, DDS, PC	06/03/87	$ 100.00
Micro Computer Software, Inc.	11/03/87	1,000.00
Micro Computer Software, Inc.	11/03/87	1,000.00
Total		$2,100.00

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Line of Credit Apparently Not Made in the Ordinary Course of Business

Section 431(8)(B)(vii) of Title 2 of the United States Code states, in part, that any loan of money by a state bank or federally chartered depository institution shall be made in accordance with applicable law, in the ordinary course of business, on a basis which assures repayment, evidenced by a written instrument, subject to a due date or amortization schedule, and shall bear the usual and customary interest rate of the lending institution.

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any national bank or corporation to make a contribution in connection with any primary election held to select candidates for political office, and further states that a candidate, political committee, or other person is prohibited from accepting or receiving a contribution from a national bank or corporation.

On November 13, 1987, the Committee entered into a Line of Credit Agreement (LOC) with Olympic International Bank & Trust Company of Boston, Massachusetts, an incorporated State bank, in the amount of $375,000, with an interest rate of 12% per annum; the stated collateral security being Matching Funds from the Federal Election Commission. Committee Treasurer, Dominic J. Saraceno, who signed this agreement is also a member of Olympic International Bank's Board of Directors.*/ The Committee made its first draw on November 13, 1987.

On December 16, 1987, the Committee was determined eligible to receive presidential primary matching funds; the initial submission (S-01) was made December 28, 1987 in the amount of $305,389.57 of which an aggregate total of $292,933.99**/ was certified by the Commission. The outstanding balance of the LOC at December 28, 1987 was $300,000. An additional $40,000 draw was made December 31, 1987 bringing the Committee's outstanding balance on the LOC to $340,000. Matching fund submission S-01 which was paid in two installments, $274,850.61 on January 4, 1988 and $18,083.38 on January 19, 1988, was applied directly to the LOC. During January 1988 the Committee drew additional advances totalling $165,000.***/ A

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*/ The Audit staff also noted $16,175.00 in contributions from Olympic International Bank and Trust Company's directors, officers, employees and their family members. (20 individuals)

**/ $100,000 was certified in the Committee's threshold submission.

***/ $50,000 on January 6, $50,000 on January 21, and $65,000 on January 22.

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second matching fund request (S-02) for $159,185.50 was received on January 25, 1988 and certified on January 27, 1988 for $146,450.66, which was also applied directly to the LOC on February 1, 1988 leaving an outstanding balance of $65,615.35.

The Committee's next advance was $75,000 on February 2, 1988. General Haig officially withdrew on February 12, 1988, (date of ineligibility), after which the Committee continued to draw advances through March 17, 1988 amounting to $28,000*/, bringing the outstanding balance, as of March 17, 1988, on the LOC to $168,615.35. Matching fund request three (S-03) was submitted to the Commission February 22, 1988 and certified March 16, 1988 in the amount of $45,237.64. Submission three was applied to the LOC on March 21, 1988. Subsequent matching fund submissions four (S-04) and five (S-05) were certified in the amounts $11,004.41 on April 13, 1988, and $18,667.50 on May 11, 1988 respectively.

In addition, the Audit staff determined that of the 223 contributions contained in S-03, only 119, totalling $17,144.99, were contributions dated 1988. Submission four contained 87 contributors of which 69 contributions, totalling $8,455, were dated 1988, however, the small dollar value of the submission is considered significant. During January 1988, the Committee reported receipts from individuals of $40,322.50, during February the Committee reported receipts of $26,697.98 and during March the Committee reported receipts of $6,892.

Since primary matching fund payments were the only collateral specified in the LOC Agreement, it is the opinion of the Audit staff that the advance made February 2, 1988 for $75,000 and the advances aggregating $28,000 made after February 12, 1988 (General Haig's date of ineligibility), were made without sufficient collateral and therefore not in the ordinary course of business nor on a basis which assured repayment. These advances, totalling $103,000, are considered prohibited contributions made by Olympic International Bank & Trust Company to the Committee.

The Audit staff also noted that General Haig loaned $50,000 to the Committee on July 30, 1987 and would be unable to personally guarantee the LOC since he had "used up" his limitation on expenditures from personal funds pursuant to 11 C.F.R. §9035.2(a).**/

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*/ $1,000 on February 25, $15,000 on February 29, $1,000 on March 2, $5,000 on March 8, $5,000 on March 9, and $1,000 on March 17.

**/ No repayments have been made on this note to General Haig, as of December 31, 1988, according to reports filed.

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At the exit conference Committee officials responded that they felt the advances in question were made according to the terms of the Line of Credit Agreement and that the agreement itself complied with FEC regulations.

In the interim audit report the Audit staff recommended the Committee take the following action:

- Provide evidence as to whether the $103,000 in advances were made in the ordinary course of business and, as such are not prohibited contributions.

- Provide additional information on the terms of the original loan agreement, the approval process for the loan, and repayment arrangements for both interest and principle, including any loan proposals presented to the bank.

On January 23, 1989, the Committee submitted a signed statement from Olympic International Bank and Trust Co. in which the bank states the line of credit was monitored in a customary manner, and has been maintained in a satisfactory manner with paydowns being made on a timely basis. Olympic Bank further states the line of credit was reviewed upon its maturity and on October 20, 1988, was renewed for a term of six months in the amount of $55,000. The date of maturity per Olympic Bank is now April 13, 1989.

The Committee submitted copies of its internal fundraising budget projections and matching funds availability projections prepared December, 1987 and January, 1988 stating that these projections were given to Olympic Bank for use when monitoring the status of the line of credit. The Committee further states that these projections demonstrate the Committee's intent to maintain adequate collateral on the line of credit. Finally, the Committee asserts it negotiated the line of credit agreement mindful of the Federal Election Campaign Act requirements and that it meets the current standards for such transactions.

Based upon the representations contained in the aforementioned documents, it appears the line of credit was made in accordance with 2 U.S.C. § 431(8)(A)(vii). However, the Office of General Counsel recommends this matter be referred to its office so that further inquiry may be made with respect to whether the loan was made in accordance with banking statutes (see Legal Analysis, page 4) and Commission regulations. Regarding Counsel's concern on how the bank secured its interest in the matching funds which were the stated collateral, it should be noted that the Committee's matching funds were wired from the

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Treasury to Olympic Internatinal Bank and applied directly to the outstanding principle balance of the loan.

Recommendation

In accordance with the suggestion made by the Office of General Counsel, the Audit staff recommends this matter be referred to the Office of General Counsel.

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OFFICE OF GENERAL COUNSEL
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RANDOLPH SAVINGS BANK

RANDOLPH - NORTH RANDOLPH - STOUGHTON - HOLBROOK
MASSACHUSETTS

CHECKING
DEPOSIT RECEIPT

DATE/DEPOSIT

24SEP87 11:33 AM
[redacted] $250.00 RNO-003

Maureen Taylor
501 N. Central St.
E. Bridgewater MA
02333

If you deposit checks, write your name on the back of each check. The bank accepts checks only as collection agent for the depositor and will not pay against them until it has had time to collect them.

CDR 7

Reciept For Deposit of $250 Received as Reimbursement For Check written Haig For President.

MUR 2903
(Kellner)

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SENSITIVE

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

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FEDERAL ELECTION COMMISSION
SECRETARIAT

FIRST GENERAL COUNSEL'S REPORT

MUR 2903
STAFF MEMBER: Kenneth Kellner

SOURCE: INTERNALLY GENERATED

RESPONDENTS: Haig for President and Dominic J. Saraceno, as treasurer
F. Lee Bailey
Romeo D'Agostino
James J. Maguire
Joseph R. Salcetti, DDS, PC
Micro Computer Software, Inc.
Olympic International Bank and Trust Company

RELEVANT STATUTES:
2 U.S.C. § 441a(a)(1)(A)
2 U.S.C. § 441a(f)
2 U.S.C. § 441a
2 U.S.C. § 441b(a)
2 U.S.C. § 431(8)(B)(vii)
11 C.F.R. § 103.3(b)(3)
11 C.F.R. § 9033.5(a)
11 C.F.R. § 9034.4(a)(3)(i)
11 C.F.R. § 9035.2(a)
12 C.F.R. § 215.1(b)
12 C.F.R. § 215.4(a)(1)

INTERNAL REPORTS CHECKED: Disclosure Reports

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF MATTER

This matter originated as a referral from the Audit Division based on the Final Audit Report of Haig for President (the "Committee"). Haig for President has previously been referred to this Office by the Audit Division. The earlier referral, MUR 2717, is an ongoing enforcement matter based upon the Interim Audit Report of the Committee, and largely unrelated to the instant case. The current referral concerns the apparent acceptance of excessive contributions by the Committee, the

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Committee's apparent acceptance of prohibited contributions, and the Committee's acceptance from a bank of a line of credit apparently not made in the ordinary course of business.

II. FACTUAL AND LEGAL ANALYSIS

A. Excessive Contributions

Under 2 U.S.C. § 441a(a)(1)(A), it is unlawful for any person to make contributions to any candidate and his authorized committee with respect to any election for Federal office, which, in the aggregate, exceed $1,000. The term "person" includes a political committee. 2 U.S.C. § 431(11).

Under 2 U.S.C. § 441a(f), it is unlawful for an officer or employee of a political committee to knowingly accept a contribution made for the use or benefit of a candidate in violation of the limitations imposed on contributions under 2 U.S.C. § 441a.

Under 11 C.F.R. § 103.3(b)(3), the treasurer of a political committee is responsible for examining all contributions received to determine whether such contributions are illegal or whether, when aggregated with other contributions from the same contributor, exceed the contribution limitations. Excessive contributions may be deposited in a campaign depository or returned to the contributor. If an excessive contribution is deposited by a committee, the treasurer of the committee may request redesignation or reattribution of the contribution by the contributor. If a redesignation or reattribution is not obtained, the contribution must be refunded to the contributor within 60 days of the receipt of the contribution.

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The review of contributions accepted by the Committee from individuals indicated that 49 contributors exceeded their contribution limitation. The excessive portions of these contributions totaled $34,975. The Committee has refunded excessive contributions totaling $4,250 to six contributors. These refunds, however, were made between 91 and 133 days subsequent to the date the excessive contributions were deposited. See 11 C.F.R. § 103.3(b)(3). In addition, the Committee transferred $5,700 to the Committee's general election account, of which $5,450 represented the redesignated portion of ten excessive contributions. This latter corrective action was negated, however, when the Committee transferred $6,600 back to the primary election account in February 1988. See 11 C.F.R. § 103.3(b)(3). Included in this transfer to the primary account was a $1,000 contribution made directly to the general election, which created an additional excessive primary contribution since the contributor had already made a $1,000 contribution to the primary election.

Accordingly, there are excessive contributions from 44 contributors (49 - 6 + 1) totaling $31,725 ($34,975 - $4,250 + $1,000), which still require corrective action.[1] The Committee filed a comprehensive amendment on December 21, 1988. A review of this amendment by the Audit Division revealed that the

1. Three of these contributors are respondents in MUR 2717. Those individuals are Frank N. Cardullo, Victor A. Nicolazzo, Jr. and Dominic Saraceno. As noted, Dominic Saraceno is also the treasurer of Haig for President.

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excessive contributions which still require action are disclosed on Schedules D-P, Debts and Obligations.

Appended to this report are charts prepared by the Audit Division for the Final Audit Report to the Commission which explicate the above-described transactions (Attachment 1).

In MURs 2824 and 2884, both of which arose out of Presidential Audits and involved voluminous excessive contributors, the Commission made no findings against the individual contributors; rather, findings were made only as to the respective recipient committees. In those cases, none of the excessive contributors contributed more that two times the contribution limit. In the instant case, three of the 44 individuals who exceeded their contribution limitations contributed more than two times the contribution limit. Those individuals are F. Lee Bailey, Romeo D'Agostino and James J. Maguire. This Office recommends that the Commission find reason to believe F. Lee Bailey, Romeo D'Agostino and James J. Maguire violated 2 U.S.C. § 441a(a)(1)(A). This Office further recommends that the Commission find reason to believe Haig for President and Dominic J. Saraceno, as treasurer, violated 2 U.S.C. § 441a(f).

B. <u>Prohibited Contributions</u>

Under 2 U.S.C. § 441b(a), it is unlawful for a corporation or labor union to make a contribution or expenditure in connection with a federal election, or for a candidate or political committee to accept such a contribution.

A review of the contributions accepted by the Committee

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indicated that the Committee received three (3) contributions from incorporated entities totaling $2,100 as follows:

Contributor	Contribution Date	Amount
Joseph R. Salcetti, DDS, PC	6/03/87	$ 100
Micro Computer Software, Inc.	11/03/87	1,000
Micro Computer Software, Inc.	11/03/87	1,000
Total		$2,100

On December 21, 1988, the Committee file a comprehensive amendment covering activity through March 31, 1988, in which the above contributions were carried as debts owed by the Committee. The Committee stated that sufficient funds were not available to make refunds at that time.

As set forth above, the Committee accepted corporate contributions totaling $2,100 in violation of 2 U.S.C. § 441b(a). Therefore, this Office recommends that the Commission find reason to believe Haig for President and Dominic Saraceno, as treasurer, violated 2 U.S.C. § 441b(a).

This Office further recommends that the Commission find reason to believe Micro Computer Software, Inc. violated 2 U.S.C. § 441b(a) by making prohibited contributions to the Committee. This Office is making no recommendation as to Joseph R. Salcetti, DDS, PC, since that contribution did not exceed $100. See MUR 2577.

C. Line of Credit Not Made in the Ordinary Course of Business

Under 2 U.S.C. § 431(8)(B)(vii), any loan of money by a state bank or federally chartered depository institution made in accordance with applicable law, in the ordinary course of

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business, on a basis which assures repayment, evidenced by a written instrument, subject to a due date or amortization schedule, and bearing the usual and customary interest rate of the lending institution, is not considered a contribution.

Under 11 C.F.R. § 9033.5(a), an individual's date of ineligibility for matching funds from the Presidential Primary Matching Payment Account is the day on which the individual ceases to be a candidate because he or she is not actively conducting campaigns in more than one State in connection with seeking the Presidential nomination.

Under 11 C.F.R. § 9034.4(a)(3)(i), costs associated with the termination of political activity, such as the costs of complying with the post election requirements of the Act and other necessary administrative costs associated with winding down the campaign, including office space rental, staff salaries and office supplies, shall be considered qualified campaign expenses. Under this section, a Presidential candidate may receive and use matching funds for these purposes either after he or she has notified the Commission in writing of his or her withdrawal from the campaign for nomination or after the date of the party's nominating convention, if he or she has not withdrawn before the convention.

On November 13, 1987, the Committee entered into a Line of Credit Agreement (LOC) with Olympic International Bank and Trust Company of Boston, Massachusetts ("Olympic Bank"), an incorporated state bank. The LOC was in the amount of $375,000, with an interest rate of 12% per annum. The LOC was due to be

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repaid 11 months after the inception of the agreement. The stated collateral security for the LOC was Matching Funds from the Federal Election Commission. The treasurer of the Committee, Dominic J. Saraceno, who is also a member of Olympic Bank's Board of Directors, signed this agreement.[2]

On December 16, 1987, the Candidate was determined eligible by the Commission to receive presidential primary matching funds. The initial submission was made December 28, 1987 in the amount of $305,389.76 of which an aggregate total of $292,933.99 was certified by the Commission. The outstanding balance of the LOC on December 28, 1987 was $300,000. An additional $40,000 draw was made December 31, 1987, bringing the Committee's outstanding balance on the LOC to $340,000. The matching fund submission, which was paid in two installments, $274,850.61 on January 4, 1988 and $18,083.38 on January 19, 1988, was applied directly to the LOC.[3] During January 1988, the Committee drew additional advances on the LOC: $50,000 on January 6, 1988, $50,000 on January 21, 1988 and $65,000 on January 22, 1988.

A second matching fund request for $159,185.50 was received on January 25, 1988 and certified on January 27, 1988 for $146,450.66. This latter amount was applied directly to the LOC

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2. Olympic Bank is also a respondent in MUR 2717. In that case, it appears that Olympic Bank may have made contributions to Haig for President in the names of 20 individuals associated with Olympic Bank or otherwise may have facilitated these contributions.

3. The Committee's matching funds were wired from the U.S. Treasury to Olympic Bank and applied directly to the outstanding principal balance of the loan.

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on February 1, 1988, leaving an outstanding balance on the LOC of $65,615.35.

The Committee's next advance was $75,000 on February 2, 1988. Alexander Haig (the "Candidate") officially withdrew on February 12, 1988, making that date the Candidate's date of ineligibility under 11 C.F.R. § 9033.5(a). The Committee continued to draw advances on the LOC through March 17, 1988 amounting to $28,000[4], bringing the outstanding balance on the LOC to $168,615.35.

The Committee's third matching fund request was submitted to the Commission on February 22, 1988 and certified on March 16, 1988. This submission was applied to the LOC on March 21, 1988. A schedule of advances and payments on the LOC through March 31, 1988 is included in the referral materials attached to this report. Fourth and fifth matching fund submissions were certified in the amounts of $11,004.41 on April 13, 1988, and $18,667.50 on May 1, 1988, respectively.

Although the Committee repeatedly drew advances on the LOC from January through March of 1988, the flow of contributions to the Haig campaign diminished substantially during that time. Of the 223 contributions contained in the third submission, only 119, totaling $17,144.99, were contributions dated 1988. Submission four contained 87 contributors of which 69 contributions, totaling $8,455, were dated 1988. This latter

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4. $1,000 on February 25, 1988, $15,000 on February 29, 1988, $1,000 on March 2, 1988, $5,000 on March 8, 1988, $5,000 on March 9, 1988, and $1,000 on March 17, 1988.

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amount in particular was noted by the Audit Division as being small. During January 1988, the Committee reported receipts from individuals of $40,322.50. During February of that year, the Committee reported receipts of $26,697.98. During March, the Committee reported receipts of $6,892.

As stated earlier, the primary matching fund payments were the only collateral specified in the LOC agreement. Therefore, it appears that the advance made February 2, 1988 for $75,000 and the advances aggregating $28,000 made after February 12, 1988, the Candidate's date of ineligibility, were made without sufficient collateral and, therefore, not in the ordinary course of business nor on a basis which assured repayment. These advances, totaling $103,000, appear to be prohibited contributions by Olympic Bank to the Committee.[5]

A signed statement from Olympic Bank, submitted by the Committee on January 23, 1989, states that the LOC was monitored in a customary manner and has been maintained in a satisfactory manner with payments on a timely basis. Olympic Bank further stated that the line of credit was reviewed upon its maturity and on October 20, 1988, was renewed for a term of six months in the amount then outstanding of $55,000. The date of maturity of the LOC subsequently became April 13, 1989. The Committee, in its 1989 Year End Report continues to disclose an outstanding balance

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5. The Audit Referral materials note that the Candidate loaned $50,000 to the Committee on July 30, 1987. Therefore, the Candidate would be unable to personally guarantee the LOC. See 26 U.S.C. § 9035(a). According to reports filed by the Committee, no repayments have been made to the Candidate on this note.

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on the LOC of $44,330.

The Committee also submitted copies of its internal fundraising budget projections and matching funds availability projections prepared December 1987 and January 1988. The Committee stated that these projections were given to Olympic Bank for use in monitoring the status of the line of credit. The Committee further stated that these projections demonstrated the Committee's intent to maintain adequate collateral on the line of credit. Finally, the Committee stated that it was mindful of the requirements of the Act when it negotiated the LOC.

The Committee has not indicated what process was used by Olympic Bank for approving this loan. As stated earlier, the treasurer of the Committee is a director of Olympic Bank. While a loan to a member of a bank's board of directors is not per se prohibited, financial institutions are strictly regulated in this regard. In the instant case, Olympic Bank would have been required to follow the insider loan rules of the Federal Reserve System. See 12 C.F.R. Part 215. These rules establish special requirements for "any extension of credit by a member bank to an executive officer, director or principal shareholder" of a bank as well as to a "political or campaign committee that benefits or is controlled by such a person." 12 C.F.R. § 215.1(b).

Specifically, under 12 U.S.C. § 215.4(a)(1), a bank may not extend credit to any of its executive officers, directors, or principal shareholders or to any related interest of that person unless the extension of credit (1) is made on substantially the same terms, including interest rates and collateral, as those

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prevailing at the time for comparable transactions by the bank with other persons that are not covered by this section and who are not employed by the bank, and (2) does not involve more than the normal risk of repayment or present other unfavorable features.

If the afore-mentioned rules were not followed in granting the original extension of credit to the Committee, the loan was not made in accordance with applicable law and, therefore, would constitute a prohibited corporate contribution under 2 U.S.C. § 441b(a). Moreover, questions regarding whether the loan was made in the ordinary course of business arise just from the fact that the Committee's treasurer is a director of Olympic Bank.

At minimum, further investigation is warranted as to whether the loan was made in accordance with banking statutes and Commission regulations. In particular, the Committee has not indicated what factors were considered by Olympic Bank in granting or renewing the loan.

Accordingly, this Office recommends that the Commission find reason to believe that Haig for President and Dominic J. Saraceno, as treasurer, and Olympic International Bank and Trust Company violated 2 U.S.C. § 441b(a).

III. RECOMMENDATIONS

1. Find reason to believe Haig for President and Dominic J. Saraceno, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b(a).

2. Find reason to believe Olympic International Bank and Trust Company and Micro Computer Software, Inc. violated 2 U.S.C. § 441b(a).

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3. Find reason to believe F. Lee Bailey, Romeo D'Agostino and James J. Maguire violated 2 U.S.C. § 441a(a)(1)(A).

4. Approve the attached letters, Factual and Legal Analyses, and Subpoenas and Orders.

Date 4/2/90

Lawrence M. Noble
General Counsel

Attachments
1. Audit materials
2. Proposed Letters, Subpoenas and Orders, and Factual and Legal Analyses

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Haig for President and Dominic J. Saraceno, as treasurer	)	
F. Lee Bailey	)	MUR 2903
Romeo D'Agostino	)	
James J. Maguire	)	
Joseph R. Salcetti, DDS, PC	)	
Micro Computer Software, Inc.	)	
Olympic International Bank and Trust Company	)	

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CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on April 10, 1990, do hereby certify that the Commission decided by a vote of 4-2 to take the following actions in MUR 2903:

1. Find reason to believe Haig for President and Dominic J. Saraceno, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b(a).

2. Find reason to believe Olympic International Bank and Trust Company and Micro Computer Software, Inc. violated 2 U.S.C. § 441b(a).

3. Find reason to believe F. Lee Bailey, Romeo D. Agostino, and James J. Maguire violated 2 U.S.C. § 441a(a)(1)(A).

(continued)

4. Approve the letters, Factual and Legal Analyses, and Subpoenas and Orders attached to the General Counsel's report dated April 2, 1990.

Commissioners Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioners Aikens and Elliott dissented.

Attest:

4-11-90
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 13, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dominic J. Saraceno, Treasurer
Haig for President
1312 Vincent Place
McLean, Virginia 22101

RE: MUR 2903
Haig for President and
Dominic J. Saraceno, as
treasurer

Dear Mr. Saraceno:

On April 10, 1990, the Federal Election Commission found that there is reason to believe Haig for President ("Committee") and you, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b, 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. Statements should be submitted under oath. All responses to the enclosed Order to Answer Questions and Subpoena to Produce Documents must be submitted within 15 days of your receipt of this order and subpoena. Any additional materials or statements you wish to submit should accompany the response to the order and subpoena.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this order and subpoena. 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 the

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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 entertained 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 Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lee Ann Elliott
Chairman

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

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2903
)
)

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

TO: Dominic J. Saraceno, Treasurer
Haig for President
1312 Vincent Place
McLean, Virginia 22101

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 her hand in Washington, D.C. on this 13th day of April, 1990.

Lee Ann Elliott

Lee Ann Elliott, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachments
Document Request and Questions

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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 request shall refer to the time period from January 1, 1987 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:

"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.

"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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INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

1. Describe in detail the services provided to Haig for President ("the Committee") by Olympic International Bank and Trust ("Olympic Bank").

2. Regarding the Line of Credit Agreement ("LOC") with Olympic Bank described in the Factual and Legal Analysis:

   a. Describe in detail the process by which the LOC was obtained by the Committee.

   b. Describe in detail the reasons why the LOC was obtained from Olympic Bank and the Committee's efforts to obtain a loan or LOC from other sources.

   c. List all meetings, negotiations, and conversations in which an extension of credit to the Committee was discussed. Include in your answer a list of all meetings, negotiations, and conversations held between Olympic Bank and Committee officials to discuss extension of credit to the Committee, the LOC, its repayment, and its renewal. Also include in your answer the date, location, and attendees of each meeting, negotiation, and conversation. In addition, include in your answer a detailed description of the purpose of each meeting, negotiation, and conversation, and all decisions reached as a result of the meeting, negotiation, and conversation. Identify all documents which refer, relate, or pertain to each such meeting, negotiation, and conversation.

   d. Describe in detail what factors were considered by Olympic Bank in the granting and renewing of the LOC.

   e. Identify all employees, volunteers, or other agents of the Committee involved in reaching the LOC agreement with Olympic Bank. Describe the position of each such individual and the relationship of each such individual with Olympic Bank.

   f. List by date and amount all payments made to Olympic Bank towards the LOC and all draws made on the LOC.

   g. Describe in detail all efforts made by Olympic Bank to obtain the money owed to it on the LOC.

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h. Describe in detail the role of Dominic Saraceno in all transactions involving Haig for President and Olympic Bank.

3. Identify any person (other than counsel) who was consulted or otherwise assisted in the preparation of answers to these questions.

4. Produce each and every document concerning or relating to the above interrogatories including, but not limited to:

a. All documents identified in response to the above interrogatories.

b. Documents which set out, refer to, or in any way pertain to the terms of the LOC and its collateral or security.

c. Documents submitted by Haig for President or any person acting on its behalf to Olympic Bank.

d. Documents received by Haig for President from Olympic Bank or any person acting on its behalf.

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Haig for President and Dominic J. Saraceno, as treasurer — MUR 2903

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that Haig for President (the "Committee") accepted excessive contributions, prohibited contributions, and a line of credit from a bank apparently not made in the ordinary course of business.

A. Excessive Contributions

Under 2 U.S.C. § 441a(a)(1)(A), it is unlawful for any person to make contributions to any candidate and his authorized committee with respect to any election for Federal office, which, in the aggregate, exceed $1,000. The term "person" includes a political committee. 2 U.S.C. § 431(11).

Under 2 U.S.C. § 441a(f), it is unlawful for an officer or employee of a political committee to knowingly accept a contribution made for the use or benefit of a candidate in violation of the limitations imposed on contributions under 2 U.S.C. § 441a.

Under 11 C.F.R. § 103.3(b)(3), the treasurer of a political committee is responsible for examining all contributions received to determine whether such contributions are illegal or whether, when aggregated with other contributions from the same contributor, exceed the contribution limitations. Excessive

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contributions may be deposited in a campaign depository or returned to the contributor. If an excessive contribution is deposited by a committee, the treasurer of the committee may request redesignation or reattribution of the contribution by the contributor. If a redesignation or reattribution is not obtained, the contribution must be refunded to the contributor within 60 days of the receipt of the contribution.

A review of contributions accepted by the Committee from individuals indicated that 49 contributors exceeded their contribution limitation. The excessive portions of these contributions totaled $34,975. The Committee has refunded excessive contributions totaling $4,250 to six contributors. These refunds, however, were made between 91 and 133 days subsequent to the date the excessive contributions were deposited. See 11 C.F.R. § 103.3(b)(3). In addition, the Committee transferred $5,700 to the Committee's general election account, of which $5,450 represented the redesignated portion of ten excessive contributions. This latter corrective action was negated, however, when the Committee transferred $6,600 back to the primary election account in February 1988. See 11 C.F.R. § 103.3(b)(3). Included in this transfer to the primary account was a $1,000 contribution made directly to the general election, which created an additional excessive primary contribution since the contributor had already made a $1,000 contribution to the primary election.

Accordingly, there are excessive contributions from 44 contributors (49 - 6 + 1) totaling $31,725 ($34,975 - $4,250 +

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$1,000), which still require corrective action. The Committee filed a comprehensive amendment on December 21, 1988. A review of this amendment by the Audit Division revealed that the excessive contributions which still require action are disclosed on Schedules D-P, Debts and Obligations. Included as an attachment to this Factual and Legal Analysis is a chart which explicates the above-described transactions.

Therefore, there is reason to believe Haig for President and Dominic J. Saraceno, as treasurer, violated 2 U.S.C. § 441a(f).

B. **Prohibited Contributions**

Under 2 U.S.C. § 441b(a), it is unlawful for a corporation or labor union to make a contribution or expenditure in connection with a federal election, or for a candidate or political committee to accept such a contribution.

A review of the contributions accepted by the Committee indicated that the Committee received three (3) contributions from incorporated entities totaling $2,100 as follows:

Contributor	Contribution Date	Amount
Joseph R. Salcetti, DDS, PC	6/03/87	$ 100
Micro Computer Software, Inc.	11/03/87	1,000
Micro Computer Software, Inc.	11/03/87	1,000
Total		$2,100

On December 21, 1988, the Committee filed a comprehensive amendment covering activity through March 31, 1988, in which the above contributions were carried as debts owed by the Committee. The Committee stated that sufficient funds were not available to make refunds at that time.

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As set forth above, the Committee accepted corporate contributions totaling $2,100 in violation of 2 U.S.C. § 441b(a). Therefore, there is reason to believe Haig for President and Dominic Saraceno, as treasurer, violated 2 U.S.C. § 441b(a).

C. Line of Credit Not Made in the Ordinary Course of Business

Under 2 U.S.C. § 431(8)(B)(vii), any loan of money by a state bank or federally chartered depository institution made in accordance with applicable law, in the ordinary course of business, on a basis which assures repayment, evidenced by a written instrument, subject to a due date or amortization schedule, and bearing the usual and customary interest rate of the lending institution, is not considered a contribution.

Under 11 C.F.R. § 9033.5(a), an individual's date of ineligibility for matching funds from the Presidential Primary Matching Payment Account is the day on which the individual ceases to be a candidate because he or she is not actively conducting campaigns in more than one State in connection with seeking the Presidential nomination.

Under 11 C.F.R. § 9034.4(a)(3)(i), costs associated with the termination of political activity, such as the costs of complying with the post election requirements of the Act and other necessary administrative costs associated with winding down the campaign, including office space rental, staff salaries and office supplies, shall be considered qualified campaign expenses. Under this section, a Presidential candidate may receive and use matching funds for these purposes either after he or she has notified the Commission in writing of his or her withdrawal from

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the campaign for nomination or after the date of the party's nominating convention, if he or she has not withdrawn before the convention.

On November 13, 1987, the Committee entered into a Line of Credit Agreement (LOC) with Olympic International Bank and Trust Company of Boston, Massachusetts ("Olympic Bank"), an incorporated state bank. The LOC was in the amount of $375,000, with an interest rate of 12% per annum. The LOC was due to be repaid 11 months after the inception of the agreement. The stated collateral security for the LOC was Matching Funds from the Federal Election Commission. The treasurer of the Committee, Dominic J. Saraceno, who is also a member of Olympic Bank's Board of Directors, signed this agreement.

On December 16, 1987, the Candidate was determined eligible by the Commission to receive presidential primary matching funds. The initial submission was made December 28, 1987 in the amount of $305,389.76 of which an aggregate total of $292,933.99 was certified by the Commission. The outstanding balance of the LOC on December 28, 1987 was $300,000. An additional $40,000 draw was made December 31, 1987, bringing the Committee's outstanding balance on the LOC to $340,000. The matching fund submission, which was paid in two installments, $274,850.61 on January 4, 1988 and $18,083.38 on January 19, 1988, was applied directly to the LOC.[1] During January 1988, the Committee drew additional

1. The Committee's matching funds were wired from the U.S. Treasury to Olympic Bank and applied directly to the outstanding principal balance of the loan.

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advances on the LOC: $50,000 on January 6, 1988, $50,000 on January 21, 1988 and $65,000 on January 22, 1988.

A second matching fund request for $159,185.50 was received on January 25, 1988 and certified on January 27, 1988 for $146,450.66. This latter amount was applied directly to the LOC on February 1, 1988, leaving an outstanding balance on the LOC of $65,615.35.

The Committee's next advance was $75,000 on February 2, 1988. Alexander Haig (the "Candidate") officially withdrew on February 12, 1988, making that date the Candidate's date of ineligibility under 11 C.F.R. § 9033.5(a). The Committee continued to draw advances on the LOC through March 17, 1988 amounting to $28,000[2], bringing the outstanding balance on the LOC to $168,615.35.

The Committee's third matching fund request was submitted to the Commission on February 22, 1988 and certified on March 16, 1988. This submission was applied to the LOC on March 21, 1988. Fourth and fifth matching fund submissions were certified in the amounts of $11,004.41 on April 13, 1988, and $18,667.50 on May 1, 1988, respectively.

Although the Committee repeatedly drew advances on the LOC from January through March of 1988, the flow of contributions to the Haig campaign had diminished substantially during that time. Of the 223 contributions contained in the third submission, only

2. $1,000 on February 25, 1988, $15,000 on February 29, 1988, $1,000 on March 2, 1988, $5,000 on March 8, 1988, $5,000 on March 9, 1988, and $1,000 on March 17, 1988.

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119, totaling $17,144.99, were contributions dated 1988. Submission four contained 87 contributors of which 69 contributions, totaling $8,455, were dated 1988. This latter amount in particular was noted by the Audit Division as being small. During January 1988, the Committee reported receipts from individuals of $40,322.50. During February of that year, the Committee reported receipts of $26,697.98. During March, the Committee reported receipts of $6,892.

As stated earlier, the primary matching fund payments were the only collateral specified in the LOC agreement. Therefore, it appears that the advance made February 2, 1988 for $75,000 and the advances aggregating $28,000 made after February 12, 1988, the Candidate's date of ineligibility, were made without sufficient collateral and, therefore, not in the ordinary course of business nor on a basis which assured repayment. These advances, totaling $103,000, appear to be prohibited contributions by Olympic Bank to the Committee.[3]

A signed statement from Olympic Bank, submitted by the Committee on January 23, 1989, states that the LOC was monitored in a customary manner and has been maintained in a satisfactory manner with payments on a timely basis. Olympic Bank further stated that the line of credit was reviewed upon its maturity and on October 20, 1988, was renewed for a term of six months in the

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3. The Candidate loaned $50,000 to the Committee on July 30, 1987. Therefore, the Candidate would be unable to personally guarantee the LOC. See 26 U.S.C. § 9035(a). According to reports filed by the Committee, no repayments have been made to the Candidate on this note.

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amount then outstanding of $55,000. The date of maturity of the LOC subsequently became April 13, 1989. The Committee, in its 1989 Year End Report continues to disclose an outstanding balance on the LOC of $44,330.

The Committee also submitted copies of its internal fundraising budget projections and matching funds availability projections prepared December 1987 and January 1988. The Committee stated that these projections were given to Olympic Bank for use in monitoring the status of the line of credit. The Committee further stated that these projections demonstrated the Committee's intent to maintain adequate collateral on the line of credit. Finally, the Committee stated that it was mindful of the requirements of the Act when it negotiated the LOC.

The Committee has not indicated what process was used by Olympic Bank for approving this loan. As stated earlier, the treasurer of the Committee is a director of Olympic Bank. While a loan to a member of a bank's board of directors is not per se prohibited, financial institutions are strictly regulated in this regard. In the instant case, Olympic Bank would have been required to follow the insider loan rules of the Federal Reserve System. See 12 C.F.R. Part 215. These rules establish special requirements for "any extension of credit by a member bank to an executive officer, director or principal shareholder" of a bank as well as to a "political or campaign committee that benefits or is controlled by such a person." 12 C.F.R. § 215.1(b).

Specifically, under 12 U.S.C. § 215.4(a)(1), a bank may not extend credit to any of its executive officers, directors, or

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principal shareholders or to any related interest of that person unless the extension of credit (1) is made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions by the bank with other persons that are not covered by this section and who are not employed by the bank, and (2) does not involve more than the normal risk of repayment or present other unfavorable features.

If the aforementioned rules were not followed in granting the original extension of credit to the Committee, the loan was not made in accordance with applicable law and, therefore, would constitute a prohibited corporate contribution under 2 U.S.C. § 441b(a). Moreover, questions regarding whether the loan was made in the ordinary course of business arise just from the fact that the Committee's treasurer is a director of Olympic Bank.

Accordingly, there is reason to believe that Haig for President and Dominic J. Saraceno, as treasurer, violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 13, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Victor A. Nicolazzo, Jr., Chairman
Olympic International Bank and Trust
303 Congress Street
Boston, MA 02210

RE: MUR 2903
Olympic International Bank and Trust

Dear Mr. Nicolazzo:

On April 10, 1990, the Federal Election Commission found that there is reason to believe Olympic International Bank and Trust ("Olympic Bank") violated 2 U.S.C. § 441b, 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 Olympic Bank. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath. All responses to the enclosed Order to Answer Questions and Subpoena to Produce Documents must be submitted within 15 days of your receipt of this order and subpoena. Any additional materials or statements you wish to submit should accompany the response to the order and subpoena.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this order and subpoena. 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 Olympic Bank, 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 entertained 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 Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

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

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2903
)
)

SUBPOENA TO PRODUCE DOCUMENTS
ORDER TO SUBMIT WRITTEN ANSWERS

TO: Victor A. Nicolazzo, Jr., Chairman
Olympic International Bank and Trust
303 Congress St.
Boston, MA 02210

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 her hand in Washington, D.C. on this 13th day of April, 1990.

Lee Ann Elliott

Lee Ann Elliott, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

Attachments
Document Request and Questions

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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 request shall refer to the time period from January 1, 1987 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:

"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.

"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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INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS

1. Identify all the directors and officers of Olympic Bank during 1987 and 1988. Include in your answer the responsibilities of each officer and director, including those directors who are also officers of Olympic Bank.

2. Describe in detail the role of each individual identified above in the granting and renewal of loans.

3. Regarding the Line of Credit Agreement ("LOC") between Haig for President and Olympic International Bank and Trust ("Olympic Bank") described in the Factual and Legal Analysis:

   a. Describe in detail the process by which the LOC was obtained by the Committee.

   b. Describe in detail the reasons why the LOC was obtained from Olympic Bank and the Committee's efforts to obtain a loan or LOC from other sources.

   c. List all meetings, negotiations, and conversations held between Olympic Bank and Committee officials to discuss extension of credit to the Committee from Olympic Bank, the LOC agreement, the repayment of the LOC, and the renewal of the LOC. Include in your answer the date, location, and attendees of each meeting, negotiation, and conversation. Also include in your answer a detailed description of the purpose of each meeting, negotiation, and conversation, and all decisions reached as a result of the meeting, negotiation, and conversation. Identify all documents which refer, relate, or pertain to each such meeting, negotiation, and conversation.

   d. Describe in detail what factors were considered by Olympic Bank in the granting of the LOC and the renewing of the LOC.

   e. Identify each Olympic Bank employee, officer, director, or agent involved in the consideration, granting, monitoring, and renewal of the LOC.

   f. List by date and amount all payments made to Olympic Bank towards the LOC and all draws made on the LOC.

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g. Describe in detail all efforts made by Olympic Bank to obtain the money owed to it on the LOC.

h. Describe in detail the role of Dominic Saraceno in all transactions involving Haig for President and Olympic Bank.

i. State whether the LOC was reviewed by an internal audit or by auditors not employed by Olympic Bank. Identify all documents which refer, relate, or pertain to review of the LOC.

4. Describe the requirements generally imposed by your bank for making unsecured and partially secured loans. Include in your response (1) Olympic Bank's policy regarding the maximum amount that may be loaned to a borrower without requiring security; (2) Olympic Bank's policy regarding the minimum amount of security required against the amount borrowed; and (3) Any other criteria used by Olympic Bank in considering the credit worthiness of a borrower.

5. Identify any person (other than counsel) who was consulted or otherwise assisted in the preparation of answers to these questions.

6. Produce each and every document concerning, relating, or pertaining to Haig for President including, but not limited to:

a. All documents identified in response to the above interrogatories.

b. Documents which set out, refer to, or in any way pertain to the terms of the LOC and its collateral or security.

c. Documents submitted by Haig for President or any person acting on its behalf to Olympic Bank.

d. Documents which refer or pertain to meetings, or preparation for meetings, including but not limited to those held by a loan committee or Board of Directors, in which the LOC was discussed.

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7. Produce copies of loan manuals, procedures, instructions, and all other guidance used by loan officers, directors, or other bank agents in considering whether to grant a loan or any other extension of credit.

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Olympic International Bank and Trust Company **MUR 2903**

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that the Olympic International Bank and Trust Company ("Olympic Bank") granted a line of credit to Haig for President (the "Committee") that was not made in the ordinary course of business.

Under 2 U.S.C. § 441b(a), it is unlawful for a corporation or labor union to make a contribution or expenditure in connection with a federal election, or for a candidate or political committee to accept such a contribution.

Under 2 U.S.C. § 431(8)(B)(vii), any loan of money by a state bank or federally chartered depository institution made in accordance with applicable law, in the ordinary course of business, on a basis which assures repayment, evidenced by a written instrument, subject to a due date or amortization schedule, and bearing the usual and customary interest rate of the lending institution, is not considered a contribution.

Under 11 C.F.R. § 9033.5(a), an individual's date of ineligibility for matching funds from the Presidential Primary Matching Payment Account is the day on which the individual ceases to be a candidate because he or she is not actively conducting campaigns in more than one State in connection with seeking the Presidential nomination.

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Under 11 C.F.R. § 9034.4(a)(3)(i), costs associated with the termination of political activity, such as the costs of complying with the post election requirements of the Act and other necessary administrative costs associated with winding down the campaign, including office space rental, staff salaries and office supplies, shall be considered qualified campaign expenses. Under this section, a Presidential candidate may receive and use matching funds for these purposes either after he or she has notified the Commission in writing of his or her withdrawal from the campaign for nomination or after the date of the party's nominating convention, if he or she has not withdrawn before the convention.

On November 13, 1987, the Committee entered into a Line of Credit Agreement (LOC) with Olympic International Bank and Trust Company of Boston, Massachusetts ("Olympic Bank"), an incorporated state bank. The LOC was in the amount of $375,000, with an interest rate of 12% per annum. The LOC was due to be repaid 11 months after the inception of the agreement. The stated collateral security for the LOC was Matching Funds from the Federal Election Commission. The treasurer of the Committee, Dominic J. Saraceno, who is also a member of Olympic Bank's Board of Directors, signed this agreement.

On December 16, 1987, the Candidate was determined eligible by the Commission to receive presidential primary matching funds. The initial submission was made December 28, 1987 in the amount of $305,389.76 of which an aggregate total of $292,933.99 was certified by the Commission. The outstanding balance of the LOC

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on December 28, 1987 was $300,000. An additional $40,000 draw was made December 31, 1987, bringing the Committee's outstanding balance on the LOC to $340,000. The matching fund submission, which was paid in two installments, $274,850.61 on January 4, 1988 and $18,083.38 on January 19, 1988, was applied directly to the LOC.[1] During January 1988, the Committee drew additional advances on the LOC: $50,000 on January 6, 1988, $50,000 on January 21, 1988 and $65,000 on January 22, 1988.

A second matching fund request for $159,185.50 was received on January 25, 1988 and certified on January 27, 1988 for $146,450.66. This latter amount was applied directly to the LOC on February 1, 1988, leaving an outstanding balance on the LOC of $65,615.35.

The Committee's next advance was $75,000 on February 2, 1988. Alexander Haig (the "Candidate") officially withdrew on February 12, 1988, making that date the Candidate's date of ineligibility under 11 C.F.R. § 9033.5(a). The Committee continued to draw advances on the LOC through March 17, 1988 amounting to $28,000[2], bringing the outstanding balance on the LOC to $168,615.35.

The Committee's third matching fund request was submitted to the Commission on February 22, 1988 and certified on March 16,

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1. The Committee's matching funds were wired from the U.S. Treasury to Olympic Bank and applied directly to the outstanding principal balance of the loan.

2. $1,000 on February 25, 1988, $15,000 on February 29, 1988, $1,000 on March 2, 1988, $5,000 on March 8, 1988, $5,000 on March 9, 1988, and $1,000 on March 17, 1988.

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1988. This submission was applied to the LOC on March 21, 1988. Fourth and fifth matching fund submissions were certified in the amounts of $11,004.41 on April 13, 1988, and $18,667.50 on May 1, 1988, respectively.

Although the Committee repeatedly drew advances on the LOC from January through March of 1988, the flow of contributions to the Haig campaign diminished substantially during that time. Of the 223 contributions contained in the third submission, only 119, totaling $17,144.99, were contributions dated 1988. Submission four contained 87 contributors of which 69 contributions, totaling $8,455, were dated 1988. This latter amount in particular was noted by the Audit Division as being small. During January 1988, the Committee reported receipts from individuals of $40,322.50. During February of that year, the Committee reported receipts of $26,697.98. During March, the Committee reported receipts of $6,892.

As stated earlier, the primary matching fund payments were the only collateral specified in the LOC agreement. Therefore, it appears that the advance made February 2, 1988 for $75,000 and the advances aggregating $28,000 made after February 12, 1988, the Candidate's date of ineligibility, were made without sufficient collateral and, therefore, not in the ordinary course of business nor on a basis which assured repayment. These advances, totaling $103,000, appear to be prohibited

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contributions by Olympic Bank to the Committee.[3]

A signed statement from Olympic Bank, submitted by the Committee on January 23, 1989, states that the LOC was monitored in a customary manner and has been maintained in a satisfactory manner with payments on a timely basis. Olympic Bank further stated that the line of credit was reviewed upon its maturity and on October 20, 1988, was renewed for a term of six months in the amount then outstanding of $55,000. The date of maturity of the LOC subsequently became April 13, 1989. The Committee, in its 1989 Year End Report continues to disclose an outstanding balance on the LOC of $44,330.

As stated earlier, the treasurer of the Committee is a director of Olympic Bank. While a loan to a member of a bank's board of directors is not per se prohibited, financial institutions are strictly regulated in this regard. In the instant case, Olympic Bank would have been required to follow the insider loan rules of the Federal Reserve System. See 12 C.F.R. Part 215. These rules establish special requirements for "any extension of credit by a member bank to an executive officer, director or principal shareholder" of a bank as well as to a "political or campaign committee that benefits or is controlled by such a person." 12 C.F.R. § 215.1(b).

Specifically, under 12 U.S.C. § 215.4(a)(1), a bank may not

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3. The Candidate loaned $50,000 to the Committee on July 30, 1987. Therefore, the Candidate would be unable to personally guarantee the LOC. See 26 U.S.C. § 9035(a). According to reports filed by the Committee, no repayments have been made to the Candidate on this note.

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extend credit to any of its executive officers, directors, or principal shareholders or to any related interest of that person unless the extension of credit (1) is made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions by the bank with other persons that are not covered by this section and who are not employed by the bank, and (2) does not involve more than the normal risk of repayment or present other unfavorable features.

If the aforementioned rules were not followed in granting the original extension of credit to the Committee, the loan was not made in accordance with applicable law and, therefore, would constitute a prohibited corporate contribution under 2 U.S.C. § 441b(a). Moreover, questions regarding whether the loan was made in the ordinary course of business arise just from the fact that the Committee's treasurer is a director of Olympic Bank.

Accordingly, there is reason to believe the Olympic International Bank and Trust Company violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 13, 1990

Charlie Schwartz
Micro Computer Software, Inc.
D/B/A Software Solutions
90 John Street
New York, New York 10038

RE: MUR 2903
Micro Computer Software, Inc.

Dear Mr. Schwartz:

On April 10, 1990, the Federal Election Commission found that there is reason to believe Micro Computer Software, Inc. 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 Micro Computer Software, Inc. 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 demonstrating that no further action should be taken against Micro Computer Software, Inc., 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.

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 Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Micro Computer Software, Inc. MUR 2903

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that Micro Computer Software, Inc. made prohibited contributions to Haig for President (the "Committee").

Under 2 U.S.C. § 441b(a), it is unlawful for a corporation or labor union to make a contribution or expenditure in connection with a federal election, or for a candidate or political committee to accept such a contribution.

A review of contributions accepted by the Committee indicated that on November 3, 1987, the Committee received two $1,000 contributions from Micro Computer Software, Inc., an incorporated entity.

Therefore, there is reason to believe Micro Computer Software, Inc. violated 2 U.S.C. § 441b(a).

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 13, 1990

F. Lee Bailey
66th Long Wharf
Boston, MA 02110

RE: MUR 2903
F. Lee Bailey

Dear Mr. Bailey:

On April 10, 1990, 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 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 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.

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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.

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 Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

5043642275

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: F. Lee Bailey **MUR 2903**

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that F. Lee Bailey made an excessive contribution to Haig for President.

Under 2 U.S.C. § 441a(a)(1)(A), it is unlawful for any person to make contributions to any candidate and his authorized committee with respect to any election for Federal office, which, in the aggregate, exceed $1,000.

On June 16, 1987, F. Lee Bailey contributed $3,000 to Haig for President. The amount of this contribution exceeded the limitations by $2,000. Therefore, there is reason to believe F. Lee Bailey violated 2 U.S.C. § 441a(a)(1)(A).

5043642276

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 13, 1990

Romeo D'Agostino
17 Trout Pond Lane
Needham, MA 02192

RE: MUR 2903
Romeo D'Agostino

Dear Mr. D'Agostino:

On April 10, 1990, 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 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 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.

5043642271

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.

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 Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

5043642278

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Romeo D'Agostino **MUR 2903**

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that Romeo D'Agostino made contributions to Haig for President which exceeded the limitations.

Under 2 U.S.C. § 441a(a)(1)(A), it is unlawful for any person to make contributions to any candidate and his authorized committee with respect to any election for Federal office, which, in the aggregate, exceed $1,000.

On September 30, 1987, Romeo D'Agostino made four $1,000 contributions to Haig for President. The total amount of these contributions exceeded the limitations by $3,000. Therefore, there is reason to believe Romeo D'Agostino violated 2 U.S.C. § 441a(a)(1)(A).

5 0 4 3 6 4 2 2 7 9

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 13, 1990

James J. Maguire
42 Western Drive
Short Hills, NJ 07078

RE: MUR 2903
James J. Maguire

Dear Mr. Maguire:

On April 10, 1990, 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 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 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.

5043642280

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.

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 Kenneth E. Kellner, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lee Ann Elliott

Lee Ann Elliott
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

5043642291

FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: James J. Maguire **MUR 2903**

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission discovered that James J. Maguire made contributions to Haig for President (the "Committee") which exceeded the limitations.

Under 2 U.S.C. § 441a(a)(1)(A), it is unlawful for any person to make contributions to any candidate and his authorized committee with respect to any election for Federal office, which, in the aggregate, exceed $1,000.

On April 28, 1987, James J. Maguire contributed $1,000 to the Committee. On June 2, 1987, Mr. Maguire made two contributions to the Committee totaling $1,500. On September 17, 1987, Mr. Maguire made an additional $1,000 contribution to the Committee.

James J. Maguire contributed a total of $3,500 to Haig for President. The amount of these contributions exceeded the limitations by $2,500. Therefore, there is reason to believe James J. Maguire violated 2 U.S.C. § 441a(a)(1)(A).

5 0 4 3 6 4 2 2 8 2

OGC 6029

HUTCHINS & WHEELER
COUNSELLORS AT LAW

WILLIAM N. SWIFT, P.C.
FREDERIC H. HILTON, P.C.
JAMES G. WHEELER
THOMAS R. PAXMAN, P.C.
RONALD GARMEY, P.C.
ANTHONY J. MEDAGLIA, JR., P.C.
JOHN H. CLYMER, P.C.
CHARLES W. ROBINS, P.C.
MARY ELLEN O'MARA, P.C.
RICHARD S. MORSE, JR., P.C.
JOSEPH C. TANSKI
ROBERT S. GULICK
JOHN C. THOMSON, P.C.
DAVID T. DINWOODEY
KENNETH J. MICKIEWICZ
KENNETH S. MAY
FREDERICK H. GREIN, JR.
REGINA S. ROCKEFELLER
KATHERINE L. BABSON, JR.
JOHN D. HUGHES
DAVID S. ROSENTHAL *
JAMES WESTRA
MARK N. BERMAN
ADRIENNE SMITH
ROBERT A. THOMPSON
PAUL J. HARTNETT, JR.
KARYN FAITH SCHEIER
DONALD D. COOPER
ARTHUR W. YOUNG III

HOPE-CONSTANCE VASSOS
PETER E. GUMPEL *
CAROL C. BROWN
MELINDA J. HARRISON
LORI J. HOLIK *
JONATHAN R. KARIS
RICHARD S. NICHOLSON
HARRY A. MANSON III
JOHN M. BAKER
PHILIP C. LOMBARDO, JR.
CHARLES A. WRY, JR.
PETER J. ALLMAN **
KURT L. DETTMAN
JOHN P. CONNELLY
JEFFREY S. WIEAND
ANDREW M. TROOP
MARGUERITE M. DORN
JAMES A. ROBE
EVELYN VENABLES MORENO
TIMOTHY A. CLARK
MARK G. MAHER
W. GEOFFREY STEIN
MICHAEL J. RICCIO, JR. ***
STEVEN M. PECK
MARYAUSTIN DOWD
GARY D. LEVINE
CYNTHIA M. BARR
DAVID J. KRAMER
ROBERT ORSI
CATHERINE E. YEOMANS
RONALD LaRUSSA *
JULIE A. TEDESCO
JEFFREY R. PORTER
DONALD W. PARKER
DAVID L. McEVOY
JODEE P. BISHOP
EVELYN L. CRONIN
MARK A. SPELLMAN
MICHAEL P. SADY
A. JILL BRAUNWALD
MICHAEL CHARTOCK
M. PAMELA EGAN
ALAN J. GLASS
LISA T. HAYBECK
GARY J. OBERSTEIN
ALISON A. SMITH
JEFFREY M. SNIDER

* ALSO ADMITTED IN NEW YORK
** ADMITTED ONLY IN CONNECTICUT AND DISTRICT OF COLUMBIA
*** ADMITTED ONLY IN NEW YORK

101 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110
TELEPHONE (617) 951-6600
TELECOPIER (617) 951-1295
TELEX 94-0691

IN FALMOUTH
159 TOWN HALL SQUARE
FALMOUTH, MASSACHUSETTS 02540
TELEPHONE (508) 540-6303
TELECOPIER (508) 540-0993

JOSEPH R. WATKINS
COUNSEL

ERNEST G. ANGEVINE, P.C.
HENRY WHEELER
RICHARD M. WYMAN
WILLIAM E. HALMRIN
MICHAEL C. McLAUGHLIN
RAINER M. KOHLER, P.C.
OF COUNSEL

April 25, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 APR 26 PM 4:44

50436422283

BY FEDERAL EXPRESS

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

Re: MUR 2903

Dear Ken:

Enclosed herewith is the Statement Of Designation Of Counsel which our client has completed regarding our representation of it in the new investigation designated MUR 2903.

Our client received interrogatories and a document request from the Federal Election Commission ("FEC") regarding this new investigation on April 23, 1990. Accordingly, the fifteen (15) day period for our client to respond to the FEC's interrogatories and document request expires on May 8, 1990. However, the information and documents which our client has been asked to compile for the FEC are extensive and will require a great

deal of time and effort. In addition, our trial and deposition schedules are such that we cannot meet with our client to review and finalize the information and documents which the FEC has requested until after May 11, 1990. Therefore, for all these reasons, we hereby request an extension until May 25, 1990 for our client to respond to the FEC's interrogatories and document request.

Thank you for your consideration, and I look forward to hearing from you shortly regarding our request for an extension.

Very truly yours,

John P. Connelly

JPC/mc

5 0 4 3 6 4 2 2 0 4

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2903

NAME OF COUNSEL: John D. Hughes
John P. Connelly

ADDRESS: Hutchins & Wheeler
101 Federal Street
Boston, MA 02110

TELEPHONE: (617) 951-6600

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.

4-24-90
Date

Signature Victor A. Nicolazzo, Jr., Chairman

RESPONDENT'S NAME: Olympic International Bank and Trust Company

ADDRESS: 303 Congress Street
Boston, Massachusetts 02110

HOME PHONE:

BUSINESS PHONE: (617) 357-8000

5043642285

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 27, 1990

John P. Connelly, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA 02110

RE: MUR 2903
Olympic International Bank
and Trust Company

Dear Mr. Connelly:

This is in response to your letter dated April 25, 1990, which we received on April 26, 1990, requesting an extension until May 25, 1990 to respond to the Commission's Subpoena and Order in the above-captioned matter. 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 May 25, 1990.

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

Sincerely,

Lawrence M. Noble
General Counsel

Jonathan Bernstein

BY: Jonathan A. Bernstein
Assistant General Counsel

5043642286

0066051

JAMES J. MAGUIRE
42 WESTERN DRIVE
SHORT HILLS, N.J. 07078

Business Telephone No. 212 809-1000

90 APR 26 AM 10:54

April 24, 1990

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 APR 28 AM 12:12

Kenneth E. Kellner, Esq.
General Counsel's Office
Federal Election Commission
Washington, D.C. 20463

Dear Mr. Kellner: Re: MUR 2903
James J. Maguire

Please be advised that I received refund checks from the Haig for President Committee in the following amounts:

1) $500 on July 20, 1987 and

2) $1,000 on October 26, 1987

The Haig Committee has been requested to supply me with copies of said checks. Immediately upon their receipt I will forward them to you.

The remaining $2,000 which was donated was intended to be $1,000 from myself and $1,000 from my wife, Diane Maguire.

I am, therefore, requesting an extension to enable the "Haig Committee" to supply me with copies of the refunded checks.

Sincerely,

James J. Maguire

5043642237

OGC 6069

LAW OFFICES OF
BAILEY, FISHMAN & LEONARD
66 LONG WHARF
BOSTON, MASSACHUSETTS 02110-3680
TELEPHONE (617) 723-1980
TELECOPIER (617) 720-5760

F. LEE BAILEY *
KENNETH J. FISHMAN
DANIEL PATRICK LEONARD
TERENCE K. ANKNER
* ALSO ADMITTED IN FL

EDNA M. ADAMS
OFFICE ADMINISTRATOR

FLORIDA OFFICE
1400 CENTRE PARK BOULEVARD
SUITE 909
WEST PALM BEACH, FLORIDA 33405-7490
(407) 687-3700

RECEIVED
FEDERAL ELECTION COMMISSION

90 APR 30 PM 12:26

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 APR 30 PM 3:13

April 26, 1990

Kenneth E. Kellner, Esquire
Office of the General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2903
F. Lee Bailey

Dear Mr. Kellner:

In response to a letter dated April 13, 1990, and received in this office on April 19, 1990, to Mr. F. Lee Bailey from Chairman Lee Ann Elliott, enclosed please find a Statement of Designation of Counsel signed by Mr. Bailey and authorizing me to act as his counsel in this matter. Pursuant to the invitation in Chairman Elliott's letter to submit materials to your office which support the position that no action should be taken against Mr. Bailey, I have enclosed herein Mr. Bailey's notorized affidavit, attached to which is a copy of the check which was presented to the Haig for President campaign.

As the affidavit clearly states, and the check evidences, the $3,000.00 contribution was made on behalf of not a single individual, but rather Mr. Bailey, his wife, Patricia Shiers Bailey and his mother-in-law, Lana McGovern. I have ascertained that the contribution by Mrs. Bailey and Mrs. McGovern was made at their explicit direction. Mr. Bailey provided substantial support for Mrs. Bailey and Mrs. McGovern in 1987, and their contribution was money that they would otherwise have received from Mr. Bailey had they not directed him to make said contribution on their behalf.

Under these circumstances, I would submit that there is no violation of 2 U.S.C. Section 441a(a)(1)(A), which prohibits an individual from making a contribution exceeding $1,000.00. I expect that the information provided herein is

5043642208

sufficient to conclude the investigation into this matter, but if additional information is required, please do not hesitate to contact me.

Very truly yours,

Kenneth J. Fishman

KJF/dg

KELLN426.ELE

50436422290

AFFIDAVIT OF F. LEE BAILEY

I, F. Lee Bailey, Esquire, depose and say as follows:

1. I submit this Affidavit in response to a letter dated April 13, 1990, from the Federal Election Commission, which was received in my Boston law office on April 19, 1990.

2. On or about June 16, 1987, my check in the amount of $3,000.00 was presented to the Haig for President campaign. This check was not, however, a single contribution by me, but rather represented contributions in the amount of $1,000.00 each from me, my wife, Patricia Shiers Bailey, and my mother-in-law, Lana McGovern. My wife and mother-in-law each provided me in substance with $1,000.00 for the purpose of making a contribution to the Haig for President campaign.

3. In fact, the check I presented to Haig for President contained a notation clearly indicating that the contribution was from three (3) individuals, and not just me. A copy of said check is attached hereto.

Signed under the pains and penalties of perjury this 24 day of April, 1990.

F. Lee Bailey, Esquire

Dated: April 24, 1990
West Palm Beach, Florida

STATE OF FLORIDA)
) ss:
COUNTY OF PALM BEACH)

Then personally appeared before me the above-named F. Lee Bailey, who stated that he has read the foregoing Affidavit and knows the contents therein to be true to the best of his knowledge, except as to those matters known on information and belief, and as to those matters, he believes them to be true.

Notary Public
My commission expires:_____

NOTARY PUBLIC: STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES AUGUST 28: 1992
BONDED THRU HUCKLEBERRY & ASSOCIATES

5043642291

5 0 4 3 6 4 2 2 9 2

F. LEE BAILEY 0586

June 11 1987 421

PAID 06700858 06-18-87 C18

Pay to the order of Hope for President $3,006.00

⑆011 0022 02 06-18-87 1202815⑈

Three thousand and 00/100 Dollars

Barnett Bank

825 NORTH FLAGLER DRIVE
WEST PALM BEACH, FL 33402

Private Banking

Memo F.L.B. Pat's Loan

5 0 4 3 6 4 2 2 9 3

Deposit To The Credit Of
Haig For President
12 86 611 860 K
PAY ANY BANK
PAY ANY BANK
JE 31 16
ENCLEARING

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2903

NAME OF COUNSEL: Kenneth J. Fishman, Esquire

ADDRESS: Bailey, Fishman & Leonard
66 Long Wharf
Boston, MA 02110

TELEPHONE: (617) 723-1980

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.

4-24-90
Date

Signature

RESPONDENT'S NAME: F. Lee Bailey, Esquire

ADDRESS: 2155 Ibis Isle Dr.
Palm Beach FL 33480

HOME PHONE: 407-533-0679

BUSINESS PHONE: "

5043642294

06C 6065

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
99 APR 30 PM 3:11

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2903

NAME OF COUNSEL: Edward F. Vena, Esq.
Susan M. Goldfischer, Esq.

ADDRESS: Vena, Truelove & Lahey
253 Summer Street
Boston, MA 02210

TELEPHONE: (617) 737-8700

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.

April 26, 1999
Date

Romeo D'Agostino
Signature

RESPONDENT'S NAME: Romeo D'Agostino

ADDRESS: 17 Trout Pond Lane
Needham, MA 02192

HOME PHONE: 617-444-8433

BUSINESS PHONE: 617-965-3045

5043642295

OGC 6089

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
MAY -1 PM 12:38

SOFTWARE SOLUTIONS
90 John Street, New York, N.Y. 10038 (212) 608-9595

April 25, 1990

Federal Election Commission
Washington, D.C. 20463
Attn: Lee Ann Elliot - Chairman

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 MAY -1 PM 4:04

RE: MUR 2903

Dear Ms. Elliot

In regard to the above matter, we respectfully request the Commission to pursue pre-probable cause conciliation.

Since Micro Computer Software, Inc. is a privately held corporation organized as a Chapter "S" Corporation under New York State law, we erroneously believed, at the time, that a contribution by the corporation was a legal and easy means by which to expedite a joint contribution by the owners.

We are interested in clearing up this matter quickly and will cooperate fully with the Commission. We can be reached at (212) 608-9595.

Sincerely,

Nathan Schwartz

Nathan Schwartz - Vice President
Micro Computer Software, Inc.

5 0 4 3 6 4 2 2 9 6

HAND DELIVERED

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
OGC 6137
90 MAY -8 AM 8:24

VENA, TRUELOVE & LAHEY

253 SUMMER STREET
BOSTON, MASSACHUSETTS 02210
TELEPHONE
(617) 737-8700
FAX (617) 737-0440

EDWARD F. VENA
JOHN M. TRUELOVE
JOHN J. LAHEY
ROBERT E. RILEY

OF COUNSEL
JAMES F.X. DINNEEN

JONATHAN P. SAUER
ELIZABETH BARRETT
PAUL M. LANE
SUSAN M. GOLDFISCHER
JULIA K. O'NEILL
TIMOTHY M. HUGHES

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 MAY -8 AM 11:35

May 4, 1990

FEDERAL EXPRESS

Kenneth E. Kellner
General Counsel's Office
Federal Election Commission
999 "E" Street N.W. Room 657
Washington, D.C. 20463

Re: MUR 2903 Romeo D'Agostino

Dear Mr. Kellner:

As set forth in the Commission's letter to Romeo D'Agostino, I write to advise you that Mr. D'Agostino is interested in pursuing pre-probable cause conciliation of this matter. In addition to seeking conciliation, Mr. D'Agostino submits the enclosed response on this matter.

Please contact me to further discuss the pre-probable cause conciliation on this matter.

Thank you.

Very truly yours,

Susan Goldfischer

Susan M. Goldfischer

SMG/kda
Enclosure
1711G

5043642297

VENA, TRUELOVE & LAHEY

253 SUMMER STREET
BOSTON, MASSACHUSETTS 02210
TELEPHONE
(617) 737-8700
FAX (617) 737-0440

EDWARD F. VENA
JOHN M. TRUELOVE
JOHN J. LAHEY
ROBERT E. RILEY

OF COUNSEL
JAMES F.X. DINNEEN

JONATHAN P. SAUER
ELIZABETH BARRETT
PAUL M. LANE
SUSAN M. GOLDFISCHER
JULIA K. O'NEILL
TIMOTHY M. HUGHES

May 4, 1990

FEDERAL EXPRESS
Kenneth E. Kellner
General Counsel's Office
Federal Election Commission
999 "E" Street N.W. Room 657
Washington, D.C. 20463

Re: MUR 2903 Romeo D'Agostino

Dear Members of the Commission:

This firm represents Romeo D'Agostino in the above-referenced matter and submits this response on his behalf. Mr. D'Agostino made one contribution of $1,000 to the Haig for President Campaign in September of 1987. At the same time, three contributions of $1,000 each were made by Mr. D'Agostino's children, Daron D'Agostino, Rachel D'Agostino and Lesler D'Agostino.

The contributions made by Daron, Rachel and Lesler D'Agostino were made by check drawn on the family bank account of the D'Agostino's and were signed by Romeo D'Agostino. However, each check in the memo section clearly sets forth the name of the contributor (check #2483 Daron D'Agostino, check #2482 Rachel D'Agostino, and check #2480 Lesler D'Agostino). Checks evidencing the contributions of Romeo D'Agostino, Daron D'Agostino, Rachel D'Agostino, and Lesler D'Agostino are attached as Exhibit "A". It was the intent of the D'Agostino family that each family member make their own contribution to the campaign as evidenced by the memo notation on each check. Through inadvertence, and with no intent to violate Federal law, each of the checks was signed by Romeo D'Agostino.

Therefore, for the reasons set forth above, Romeo D'Agostino hereby requests that no action be taken against him in this matter.

ROMEO D'AGOSTINO
By his attorney,

Susan Goldfischer

Susan M. Goldfischer

SMG/kda
Attachment
1710G

5043642298

5043642299

ROMEO D'AGOSTINO
SUSAN D'AGOSTINO

2484

[redacted] 11 5637 575 34558034

9/29 1987 89-236/113

09-30-87 002 05 0103 101295875

PAY TO THE ORDER OF Hang Pen Prosecutor $ 1000.00

One thousand dollars DOLLARS

BayBank
BayBank Middlesex
Massachusetts

MEMO

Deposit To The Credit Of
Hilton For President
12 PB 611 860

3 1 7 3 2

PAY ANY BANK-27 PAY-ANY BANK
F R B B. D. F.R.B. BALTIMORE, MD
3 10-01-87 11

SE 87 30

PAY ANY BANK
THE NORTHWEST BANK
Washington, D.C.

11-3

5 0 4 3 6 4 2 3 0 0

EXHIBIT "A"

ROMEO D'AGOSTINO
SUSAN D'AGOSTINO
[redacted]

2483

[redacted]87 11 5837 575 345580933

9/29 1987

03-235/113

09-30-87 002 05 0103 101295873

PAY TO THE ORDER OF HALG FOR PRESIDENT $ 1000.00

One thousand dollars DOLLARS

BayBank
BayBank Middlesex
Massachusetts

MEMO TRUST ACCT. DARIAN D'AGOSTINO

Romeo D'Agostino

[redacted]

ROMEO D'AGOSTINO
SUSAN D'AGOSTINO
[redacted]

2482

[redacted]87 11 5837 575 345580940

9/29 1987

03-235/113

09-30-87 002 05 0103 101295875

PAY TO THE ORDER OF HALG FOR PRESIDENT $ 1000.00

One thousand dollars DOLLARS

BayBank
BayBank Middlesex
Massachusetts

MEMO TRUST ACCT RACHEL D'AGOSTINO

Romeo D'Agostino

[redacted]

5043642301

ROMEO D'AGOSTINO
SUSAN D'AGOSTINO
[redacted]

2480

11 5837 575 345580939

9/29 1987

03-235/113

09-30-87 002 05 0103 101295874

PAY TO THE ORDER OF HALG FOR PRESIDENT $ 1000.00

One thousand dollars DOLLARS

BayBank
BayBank Middlesex
Massachusetts

MEMO TRUST ACCT. LESLIE D'AGOSTINO

Romeo D'Agostino

[redacted]

EXHIBIT "A"

Deposit To The Credit Of
Haig For President
12 08 611 850

0 3 1 7 2 9

PAY ANY BANK, P.E.O.
HIGGS
NATIONAL BANK
WASHINGTON, D.C. 20013
0400030

37

SE 30 16-3
PAY ANY BANK
THE RIGGS NATL BANK
WASHINGTON, D.C.

Deposit To The Credit Of
Haig For President
12 08 611 850

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PAY ANY BANK, P.E.O.
HIGGS
NATIONAL BANK
WASHINGTON, D.C. 20013

37

SE 30 16-3
PAY ANY BANK
THE RIGGS NATL BANK
WASHINGTON, D.C.

Deposit To The Credit Of
Haig For President
12 08 611 850

0 3 1 7 3 0

PAY ANY BANK, P.E.O.
HIGGS
NATIONAL BANK
WASHINGTON, D.C. 20013

37

SE 30 11-3
PAY ANY BANK
THE RIGGS NATL BANK
WASHINGTON, D.C.

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OGC 6236

RECEIVED
FEDERAL ELECTION COMMISSION
ROOM

90 MAY 15 AM 10:47

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

90 MAY 15 AM 11:37

5 0 4 3 6 4 2 3 0 3

LAW OFFICES • GAFFNEY, PEASE AND DIPASIO
ONE LIBERTY SQUARE • NEW BRITAIN, CT 06051 • (203) 229-0301 • JURIS NO 21172

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2903
	)	
HAIG FOR PRESIDENT COMMITTEE	)	March 10, 1990

MOTION TO QUASH SUBPOENA

The Respondent HAIG FOR PRESIDENT COMMITTEE, Dominic Saraceno, Treasurer, hereby moves to quash the subpoena issued in the above captioned matter, dated April 13, 1990 and received by the Respondent on March 5, 1990, for the following reasons:

1. The information and material requested have already been provided to the Commission in the course of the audit of the Committee as well as in connection with the Commission investigation in MUR 2717. Every document and record in the possesion of the Committee with any bearing on the Line of Credit transaction at issue has already been provided to the Commission. This fact renders the subpoena duplicative, excessive and burdensome and therefore beyond the permissible scope of discovery.

2. Item 2(d) of the subpoena seeks information not within the knowledge or control of the Respondent but requires the Committee to obtain information from other sources.

3. Item 2(f) of the subpoena requests information already a matter of public record. To reproduce said information again would be an undue and unecessary burden on the Respondent.

WHEREFORE, in that the Commission has the authority to quash the subpoena pursuant to 11 CFR 111.15(b); and in that this Motion to Quash is timely made,

the Respondent having received actual notice of said subpoena on March 5, 1990, the Respondent prays that the Commission quash its subpoena of April 13, 1990.

Respectfully submitted,
RESPONDENT
HAIG FOR PRESIDENT COMMITTEE
Dominic Saraceno, Treasurer

By

Lawrence J. Halloran
Gaffney, Pease & DiFabio
1 Liberty Square
New Britain, CT 06051
(203) 229-0301

BY FAX
ORIGINAL BY CERTIFIED MAIL

LAW OFFICES GAFFNEY, PEASE AND DIFABIO
ONE LIBERTY SQUARE • NEW BRITAIN, CT 06051 • (203) 229-0301 • JURIS NO 21172

OGC 6252

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

90 MAY 16 AM 2:23

KURT SARACEN
REAL ESTATE DEVELOPERS

57 WELLS AVENUE
NEWTON CENTRE
MASSACHUSETTS 02159
(617) 965-8030

mur 2903

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 MAY 16 AM 11:44

May 11, 1990

FEC
General Counsel
999 "E" Street NW
Washington DC 20463

Dear Sirs:

Per Dom Saraceno, enclosed please find an executed copy of your form entitled Statement of Designation of Counsel.

Please note the name change, as it was incorrectly typed "Cominic" instead of Dominic.

If you should have any questions, please feel free to contact me.

Sincerely,

KURT SARACEN ASSOCIATES

Peg McManus

Peg McManus

pdm
enclosure

90043642305

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2903

NAME OF COUNSEL: Lawrence J. Halloran

ADDRESS: Gaffney & DiFabio
One Liberty Square
New Britain, CT 06051

TELEPHONE: (203) 229-0301

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 10, 1990
Date

Signature

RESPONDENT'S NAME: Haig for President

ADDRESS: Dominic J. Saraceno, Treas.
P.O. Box 997
Vienna, VA 22183-997

HOME PHONE:

BUSINESS PHONE: (617) 965-8030

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OGC 6328

HUTCHINS & WHEELER

COUNSELLORS AT LAW

WILLIAM N. SWIFT, P.C.
FREDERIC H. HILTON, P.C.
JAMES G. WHEELER
THOMAS R. PAXMAN, P.C.
RONALD GARNEY, P.C.
ANTHONY J. MEDAGLIA, JR., P.C.
JOHN H. CLYMER, P.C.
CHARLES W. ROBINS, P.C.
MARY ELLEN O'MARA, P.C.
RICHARD S. MORSE, JR., P.C.
JOSEPH C. TANSKI
ROBERT S. GULICK
JOHN C. THOMSON, P.C.
DAVID T. DINWOODEY
KENNETH J. MICKIEWICZ
KENNETH S. MAY
FREDERICK H. GREIN, JR.
REGINA S. ROCKEFELLER
KATHERINE L. BABSON, JR.
JOHN D. HUGHES
DAVID S. ROSENTHAL *
JAMES WESTRA
MARK N. BERMAN
ADRIENNE SMITH
ROBERT A. THOMPSON
PAUL J. HARTNETT, JR.
KARYN FAITH SCHEIER
DONALD D. COOPER
ARTHUR W. YOUNG III

HOPE CONSTANCE VASSOS
PETER E. GUMPEL *
CAROL C. BROWN
MELINDA J. HARRISON
LORI J. HOLIN *
JONATHAN R. KARIS
RICHARD S. NICHOLSON
HARRY A. HANSON III
JOHN M. BAKER
PHILIP C. LOMBARDO, JR.
CHARLES A. WRY, JR.
PETER J. ALLMAN **
KURT L. DETTMAN
JOHN P. CONNELLY
JEFFREY S. WIEAND
ANDREW M. TROOP
MARGUERITE M. DORN
JAMES A. KOBE
EVELYN VENABLES MORENO
TIMOTHY A. CLARK
MARK G. MAHER
W. GEOFFREY STEIN
MICHAEL J. RICCIO, JR. ***
STEVEN M. PECK
MARY AUSTIN DOWD
GARY D. LEVINE
CYNTHIA M. BARR
DAVID J. KRAMER
ROBERT ORSI
CATHERINE E. YEOMANS
RONALD LaRUSSA *
JULIE A. TEDESCO
JEFFREY R. PORTER
DONALD W. PARKER
DAVID L. McEVOY
JODEE P. BISHOP
EVELYN L. CRONIN
MARK A. SPELLMAN
MICHAEL P. SADY
A. JILL BRAUNWALD
MICHAEL CHARTOCK
M. PAMELA EGAN
ALAN J. GLASS
LISA T. HAYBECK
GARY J. OBERSTEIN
ALISON A. SMITH
JEFFREY M. SNIDER

* ALSO ADMITTED IN NEW YORK
** ADMITTED ONLY IN CONNECTICUT AND DISTRICT OF COLUMBIA
*** ADMITTED ONLY IN NEW YORK

101 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110
TELEPHONE (617) 951-6600
TELECOPIER (617) 951-1295
TELEX 94-0691

IN FALMOUTH
159 TOWN HALL SQUARE
FALMOUTH, MASSACHUSETTS 02540
TELEPHONE (508) 540-6303
TELECOPIER (508) 540-0993

JOSEPH R. WATKINS
COUNSEL

ERNEST G. ANGEVINE, P.C.
HENRY WHEELER
RICHARD M. WYMAN
WILLIAM E. HALMKIN
MICHAEL C. McLAUGHLIN
RAINER M. KOHLER, P.C.
OF COUNSEL

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 MAY 25 AM 8:28

May 24, 1990

BY FEDERAL EXPRESS

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

Re: MUR 2903

Dear Ken:

Enclosed herewith is the Response Of Olympic International Bank & Trust Company To: 1) Subpoena To Produce Documents; And 2) Order To Submit Written Answers.

Your investigation apparently is concerned with whether or not the Olympic International Bank & Trust Company (the "Bank") made an extension of credit to the Haig Committee which was not in the ordinary course of business or which lacked a reasonable basis for repayment. From your Factual And Legal Analysis, you base your concern on the fact that the Bank advanced funds to the Haig Committee under the line of credit at a time when

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contributions to the candidate were diminishing. Clearly, the flow of contributions to the candidate was information which would not have come to the Bank's attention in the ordinary course of business, and in fact, did not. For that reason, your concern is groundless.

Your Factual And Legal Analysis states that under 12 U.S.C. §215.4(a)(1), a bank may not extend credit to any of its executive officers, directors, or principal shareholders or to any related interest of that person except under certain conditions. Yet, the Bank did not extend credit to Dominic J. Saraceno, but rather to the Haig Committee. Furthermore, "related interest" is defined in 12 C.F.R. §215.2(k) as: ". . . (2) a political or campaign committee that is controlled by a person or the funds or services of which will benefit a person." There is no suggestion in your Factual And Legal Analysis, nor could there be, that Mr. Saraceno controlled the Haig Committee or that he was personally benefited by funds or services from the Haig Committee.

Based on these factual and legal points, we hope that you can understand our discomfort, and that of the Bank, with respect to the purpose for this investigation. Therefore, we respectfully request that you respond in due course to the factual and legal issues raised by this letter.

Very truly yours,

John P. Connelly

JPC/mc
Enclosures

15043642308

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	MUR 2903

RESPONSE OF OLYMPIC INTERNATIONAL BANK & TRUST COMPANY
TO: (1) SUBPOENA TO PRODUCE DOCUMENTS; AND
(2) ORDER TO SUBMIT WRITTEN ANSWERS

1. Identify all the directors and officers of Olympic Bank during 1987 and 1988. Include in your answer the responsibilities of each officer and director, including those directors who are also officers of Olympic Bank.

1. RESPONSE:

A. The following persons were members of the Board of Directors of Olympic International Bank & Trust Company (the "Bank") in 1987:

Robert S. Abrams
Thomas F. Collins, III
* Peter S. Donadio
Jon A. Lichter
John A. McKenzie
George E. Montilio
* Victor A. Nicolazzo, Jr.
Carol Sawyer Parks
David Spiegel
Gerald R. Walsh
Frank N. Cardullo
David W. Cowens
K.C. Jones
* Joseph G. Maloney
Joseph A. Milano
* John M. Moran
* William J. O'Brien
* Dominic J. Saraceno
* Michael E. Tierney

* Denotes members of the Bank's Executive Committee.

The general responsibility of each member of the Bank's Board of Directors is to direct and oversee the finances and operations of the Bank. The Bank's Board of Directors conduct these activities through monthly meetings.

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The members of the Bank's Executive Committee meet bi-monthly to discuss financial, managerial and credit issues concerning the Bank prior to the Bank's monthly Board of Directors meetings. The Bank's Executive Committee has credit approval authority up to legal lending limits.

B. The following persons were officers of the Bank in 1987:

William J. O'Brien, President and Chief Executive Officer
Victor A. Nicolazzo, Jr., Chairman of the Board
Thomas F. Collins, III, Executive Vice President
Nancy E. Burke, Executive Vice President
David H. Lichter, Treasurer
Joseph A. Milano, Clerk
Susan M. Fraser, Assistant Corporate Secretary
William H. Dickerson, Senior Vice President - Loans
Joseph G. Sneider, Senior Vice President
Thomas G. Joseph, Vice President
Thomas A. McLaughlin, III, Vice President - Loans
Judith S. Curtin, Vice President

The responsibilities of the Bank's officers are as follows:

William J. O'Brien

President and Chief Executive Officer - Responsible for the planning, controlling and directing of the Bank's accounting and financial reporting, and for conducting analyses, and preparing reports, depicting the financial condition of the Bank. Mr. O'Brien has lending authority up to $2,000,000.00.

Victor A. Nicolazzo, Jr.

Chairman of the Board - Responsible for handling all of the Bank's affairs and business.

Thomas F. Collins, III

Executive Vice President - Responsible for implementation and updating of the Bank's technology, as well as Call Officer Program for new Bank business.

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Nancy E. Burke

Executive Vice President - Responsible for the Bank's operations and bookkeeping department.

David H. Lichter

Treasurer - Responsible for the Bank's investments and insurance policies.

Susan M. Fraser

Assistant Corporate Secretary - Responsible for the Bank's personnel and payroll, employee benefits and insurance; maintains all official corporate records; assists with stockholder relations; and prepares quarterly and annual reports for the Bank's holding company.

Joseph A. Milano

Clerk - Official capacity.

William H. Dickerson

Senior Vice President - Responsible for consumer loans with lending authority up to the amount $25,000.00.

Joseph G. Sneider

Senior Vice President - Member of the Bank's marketing department and responsible for attracting new business to the Bank.

Thomas G. Joseph

Vice President - Responsible for the Bank's International Division, including letters of credit.

Thomas A. McLaughlin, III

Vice President - Responsible for commercial loans.

Judith S. Curtin

Vice President - Member of the Bank's marketing department and responsible for attracting new business to the Bank.

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C. The following persons were on the Bank's Loan Committee in 1987: William J. O'Brien, Victor A. Nicolazzo, Jr., William H. Dickerson and Thomas A. McLaughlin, III. The responsibilities of the Bank's Loan Committee are listed in the Bank's published Loan Policy, a copy of which is submitted herewith.

D. The following persons were members of the Bank's Board of Directors in 1988:

Robert S. Abrams	Frank N. Cardullo
David W. Cowens	* Peter S. Donadio
K.C. Jones	Jon A. Lichter
* Joseph G. Maloney	John A. McKenzie
Joseph A. Milano	George E. Montilio
John M. Moran	Victor A. Nicolazzo, Jr.
William J. O'Brien	Carol Sawyer Parks
* Dominic J. Saraceno	David Spiegel
* Michael E. Tierney	Gerald R. Walsh

* Denotes members of the Bank's Executive Committee

The responsibilities of the Bank's Board of Directors and Executive Committee are listed in Response 1.A, above.

E. The following persons were officers of the Bank in 1988:

William J. O'Brien, President and Chief Executive Officer
Victor A. Nicolazzo, Jr., Chairman of the Board
Nancy E. Burke, Executive Vice President
Joseph D. Conley, Chief Financial Officer
David H. Lichter, Treasurer
Susan M. Fraser, Administrative Vice President and Assistant Corporate Secretary
Joseph A. Milano, Clerk
William H. Dickerson, Senior Vice President - Loans
Joseph G. Sneider, Senior Vice President
Thomas G. Joseph, Vice President
Julie Aurilio, Vice President
Thomas A. McLaughlin, III, Vice President
William R. Rosa, Assistant Treasurer
Elizabeth A. Ouellette, Assistant Treasurer

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The responsibilities of the Bank's officers are as follows:

William J. O'Brien

See Response 1.B, above.

Victor A. Nicolazzo, Jr.

See Response 1.B, above.

Nancy E. Burke

See Response 1.B, above.

Joseph D. Conley

Chief Financial Officer - Responsible for preparing the Bank's budget and for furnishing a variety of accounting reports and analyses to assist the Bank's management in making financial decisions.

David H. Lichter

See Response 1.B, above.

Susan M. Fraser

See Response 1.B, above.

Joseph A. Milano

See Response 1.B, above.

William H. Dickerson

See Response 1.B, above.

Joseph G. Sneider

See Response 1.B, above.

Thomas G. Joseph

See Response 1.B, above.

Julie Aurilio

Vice President - Responsible for the Bank's customer service department, concentrating on the certificates of deposit area.

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Thomas A. McLaughlin, III

See 1.B, above.

William R. Rosa

Assistant Treasurer - Responsible for investing the Bank's liquid assets or federal funds on a daily basis; internal auditor; and responsible for all of the Bank's reconcilements.

Elizabeth A. Ouellette

Assistant Treasurer - Responsible for balancing all of the Bank's customer reconcilements and balancing the Bank's automatic teller machines.

F. The following persons were on the Bank's Loan Committee in 1988: William J. O'Brien, Victor A. Nicolazzo, Jr., William H. Dickerson and Thomas A. McLaughlin, III. The responsibilities of the Bank's Loan Committee are listed in the Bank's published Loan Policy, a copy of which is submitted herewith.

2. Describe in detail the role of each individual identified above in the granting and renewal of loans.

2. RESPONSE: The Bank's Loan Committee consists of the President, the Chairman of the Board and senior members of the Bank's Loan Department. The President has loan authority up to the amount of $2,000,000.00. The Senior Vice President has loan authority up to the amount of $25,000.00. The Bank's Executive Committee (consisting of the following members of the Bank's Board of Directors: Peter S. Donadio, Joseph G. Maloney, Dominic J. Saraceno, Michael E. Tierney, John M. Moran, William J. O'Brien and Victor A. Nicolazzo, Jr.) has loan approval authority up to the legal lending limit.

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When a loan matures, the renewal process is handled in a customary manner. Each borrower submits current financial information, security, appraisals (if warranted), as well as a renewal request, at the time of maturity. This information is considered by the Bank's Loan Committee or a loan officer (President or Senior Vice President), and a decision is made based upon the information presented by the borrower.

3. Regarding the Line of Credit Agreement ("LOC") between Haig for President and Olympic International Bank and Trust ("Olympic Bank") described in the Factual and Legal Analysis:

a. Describe in detail the process by which the LOC was obtained by the Committee.

b. Describe in detail the reasons why the LOC was obtained from Olympic Bank and the Committee's efforts to obtain a loan or LOC from other sources.

c. List all meetings, negotiations, and conversations held between Olympic Bank and Committee officials to discuss extension of credit to the Committee from Olympic Bank, the LOC agreement, the repayment of the LOC, and the renewal of the LOC. Include in your answer the date, location, and attendees of each meeting, negotiation, and conversation. Also include in your answer a detailed description of the purpose of each meeting, negotiation, and conversation, and all decisions reached as a result of the meeting, negotiation, and conversation. Identify all documents which refer, relate, or pertain to each such meeting, negotiation, and conversation.

d. Describe in detail what factors were considered by Olympic Bank in the granting of the LOC and the renewing of the LOC.

e. Identify each Olympic Bank employee, officer, director, or agent involved in the consideration, granting, monitoring, and renewal of the LOC.

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f. List by date and amount all payments made to Olympic Bank towards the LOC and all draws made on the LOC.

g. Describe in detail all efforts made by Olympic Bank to obtain the money owed to it on the LOC.

h. Describe in detail the role of Dominic Saraceno in all transactions involving Haig for President and Olympic Bank.

i. State whether the LOC was reviewed by an internal audit or by auditors not employed by Olympic Bank. Identify all documents which refer, relate, or pertain to review of the LOC.

3. **RESPONSE**:

a. An application for a line of credit with accompanying information was submitted by Dominic J. Saraceno for consideration. The application was discussed and further information was requested prior to approval. Upon receipt of this further information, the Line of Credit for the Haig Committee was approved.

b. The request for the Line of Credit for the Haig Committee was submitted by the Committee's National Treasurer, Dominic J. Saraceno, who is one of the original incorporators of the Bank. Mr. Saraceno was, and is, known to management of the Bank, and he did, and does, serve as a member of the Bank's Board of Directors and Executive Committee. The request was considered in the ordinary fashion and was ultimately approved. The Bank has no knowledge of whether or not the Haig Committee request for a line of credit was presented to other sources prior to its submission to the Bank.

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c. See the Bank's loan file regarding the Line of Credit, a copy of which is submitted herewith.

d. The main factor in approval of the request was the Bank's understanding that matching funds would be available as a source of payment, as well as the notability of Mr. Saraceno, the National Treasurer of the Haig Committee.

e. Consideration of the Line of Credit was presented to the Bank's Executive Committee on November 12, 1987. Present were Peter S. Donadio, John M. Moran, Victor A. Nicolazzo, Jr., Dominic J. Saraceno and Michael E. Tierney. Monitoring of the Line of Credit was done by support staff of the Bank's Loan Department (Charles Fraser, Michael Sullivan and Thomas A. McLaughlin, III). The renewal of the Line of Credit was considered and approved by the Bank's Board of Directors on October 20, 1988.

f. All payments and draw downs on the Line of Credit are listed on a document entitled "Detailed Loan History", a copy of which is submitted herewith.

g. Correspondence was sent, and telephone calls were made, to the office of General Alexander Haig. Charles Fraser, from the Bank's Loan Department, spoke many times with General Haig's son about the status of payments. Letters were sent by Thomas A. McLaughlin, III to General Haig, and copies of these letters are submitted herewith.

h. Dominic J. Saraceno, as National Treasurer of the Haig Committee, presented the Line of Credit request to the Bank for

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consideration and ultimate approval. Mr. Saraceno had no further involvement with the Line of Credit.

i. There was no special audit conducted on the Line of Credit. If it was reviewed, it was only as part of a general audit by the Bank's outside audit firm as part of their regular audit/examinations.

4. Describe the requirements generally imposed by your bank for making unsecured and partially secured loans. Include in your response: (1) Olympic Bank's policy regarding the maximum amount that may be loaned to a borrower without requiring security; (2) Olympic Bank's policy regarding the minimum amount of security required against the amount borrowed; and (3) Any other criteria used by Olympic Bank in considering the credit worthiness of a borrower.

4. **RESPONSE**: A copy of the Bank's published Loan Policy is submitted herewith.

5. Identify any person (other than counsel) who was consulted or otherwise assisted in the preparation of answers to these questions.

5. **RESPONSE**: I was assisted in the preparation of these responses by the Bank's Administrative Vice President and Assistant Corporate Secretary, Susan M. Fraser.

6. Produce each and every document concerning, relating, or pertaining to Haig for President including, but not limited to:

a. All documents identified in response to the above interrogatories.

b. Documents which set out, refer to, or in any way pertain to the terms of the LOC and its collateral or security.

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c. Documents submitted by Haig for President or any person acting on its behalf to Olympic Bank.

d. Documents which refer or pertain to meetings, or preparation for meetings, including but not limited to those held by a loan committee or Board of Directors, in which the LOC was discussed.

6. RESPONSE: a. - c. See the Bank's loan file regarding the Line of Credit, a copy of which is submitted herewith.

d. A copy of the agenda and attendance sheet for the meeting of the Bank's Executive Committee on November 12, 1987, when the Line of Credit was first approved, is submitted herewith. Also submitted herewith are: (i) a copy of the minutes for the meeting of the Bank's Board of Directors on December 17, 1987, when the Line of Credit was ratified by the Bank's Board of Directors; (ii) a copy of the minutes of the Bank's Board of Directors on October 20, 1988, when the Haig Committee's request to renew the line of credit for a term of six months was approved; and (iii) a copy of the minutes of the Bank's Board of Directors on March 15, 1990, when the Line of Credit was moved to non-performing status.

7. Produce copies of loan manuals, procedures, instructions, and all other guidance used by loan officers, directors, or other bank agents in considering whether to grant a loan or any other extension of credit.

7. RESPONSE: A copy of the Bank's published Loan Policy is submitted herewith.

Signed under the pains and penalties of perjury this 23 day of May, 1990.

OLYMPIC INTERNATIONAL BANK & TRUST COMPANY by Victor A. Nicolazzo, Jr., Chairman

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DETAILED LOAN HISTORY
HAIG FOR PRESIDENT, INC.
1050273-65

DATE	TRANSACTION AMT.	TYPE TRANSACTION	ENDING BALANCE
11/13/87	$175,000.00	Advance	175,000.00
12/4/87	25,000.00	Advance	200,000.00
12/17/87	15,000.00	Advance	215,000.00
12/22/87	85,000.00	Advance	300,000.00
12/31/87	40,000.00	Advance	340,000.00
1/4/88	1,749.99	Int.Payment	340,000.00
1/4/88	100,000.00	Prin.Payment	240,000.00
1/4/88	174,850.61	Prin.Payment	65,149.39
1/6/88	50,000.00	Advance	115,149.39
1/19/88	2,248.79	Int.Payment	115,149.39
1/19/88	18,083.38	Prin.Payment	97,066.01
1/21/88	50,000.00	Advance	147,066.01
1/22/88	65,000.00	Advance	212,066.01
2/1/88	146,450.66	Prin.Payment	65,615.35
2/2/88	75,000.00	Advance	140,615.35
2/25/88	1,000.00*	Advance	141,615.35
2/29/88	15,000.00*	Advance	156,615.35
3/1/88	1,705.04	Int.Payment	156,615.35
3/2/88	1,000.00	Advance	157,615.35
3/8/88	5,000.00*	Advance	162,615.35
3/9/88	5,000.00*	Advance	167,615.35
3/15/88	1,448.62	Int.Payment	167,615.35
3/17/88	1,000.00	Advance	168,615.35
3/21/88	45,237.64	Prin.Payment	123,377.71
4/13/88	1,394.20	Int.Payment	123,377.71
4/14/88	1,300.00	Advance	123,377.71
4/19/88	11,004.41	Prin.Payment	113,673.30
5/13/88	1,158.31	Int.Payment	113,673.30
5/16/88	18,667.50	Prin.Payment	95,005.80
5/19/88	1,170.00	Advance	96,175.80
5/20/88	25,000.00	Prin.Payment	71,175.80
6/14/88	810.14	Int.Payment	71,175.80
6/14/88	11,120.00	Prin.Payment	60,055.80
6/15/88	803.42	Advance	60,859.22
7/13/88	611.77	Int.Payment	60,859.22
7/14/88	611.77	Advance	61,470.99
7/18/88	6,000.00	Prin.Payment	55,470.99
8/15/88	582.99	Int.Payment	55,470.99
8/17/88	585.00	Advance	56,055.99
9/13/88	578.47	Int.Payment	56,055.99
9/14/88	591.46	Advance	56,647.45
10/18/88	6,558.72	Prin.Payment	50,088.73

*These four advances were made pursuant to telephone requests from the Haig Committee to Julie Aurilio. All other advances after March 1, 1988 were made by Olympic Bank to cover monthly interest payments.

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Page 2. Cont.
Loan History

10/18/88	566.28	Int.Payment	50,088.73
11/15/88	528.51	Int.Payment	50,088.73
11/16/88	528.51	Advance	50,617.24
12/13/88	505.64	Int.Payment	50,617.24
12/14/88	505.64	Advance	51,122.88
1/13/89	528.11	Int.Payment	51,122.88
1/23/89	528.11	Advance	51,650.99
2/14/89	531.96	Int.Payment	51,650.99
2/15/89	546.96	Advance	52,197.95
3/14/89	486.82	Int.Payment	52,197.95
3/15/89	501.82	Advance	52,699.77
4/27/89	544.23	Int.Payment	52,699.77
4/13/89	544.23	Advance	53,244.00
11/13/89	2,500.00	Int.Payment	53,244.00
2/7/90	1,000.00	Prin.Payment	52,244.00

3/23/90 - *placed in non-performing $55,834.65
3/23/90 - *Prin. $52,244.00 -Interest $3,590.65

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HISTORY OF DISCUSSIONS/ACTIONS TAKEN AT BOARD OF DIRECTORS MEETINGS - MAY 1989 THROUGH MARCH 1990

At the Executive Committee meeting held on November 12, 1987, the request of Haig for President for a line of credit was discussed and approved.

At the Board of Directors meeting held on December 17, 1987, the Haig line of credit was ratified and approved.

At the meeting of October 20, 1988, the request of Haig for President to extend and renew the line of credit for the then outstanding amount of $55,000 was approved for a term of six months.

At the Board of Directors Meeting on May 18, 1989, the subject of the line of credit to Haig for President was discussed. Dominic J. Saraceno stated he would contact the committee for an update on the status of the payments.

At the Board of Directors Meeting on June 15, 1989, a status report was requested from Dominic Saraceno with regard to Haig for President. Mr. Saraceno stated that he would obtain a letter from the Committee stating their intentions to pay back the line of credit.

At the Board of Directors Meeting on July 20, 1989, Mr. Saraceno reported that the Committee was planning to hold a fundraiser and any proceeds from the fundraiser would be used to pay back the loan.

At the August 17, 1989 Board Meeting, Mr. Saraceno was again questioned as to the status of the repayment of the Haig for President line of credit. He stated there was a fundraiser and a mailing was sent out to help pay off the deficit of the campaign.

In November of 1989, we received a $2,500 interest payment. This payment brought the interest payments on the line up to date through August 13, 1989.

In early February of 1990, a $1,000 check was received. This was credited toward the outstanding principal on the loan. This amount represented proceeds from the fundraiser held about six months earlier in 1989.

At the Board of Directors Meeting held on March 15, 1990, it was voted to move the Haig for President line of credit to non-performing status.

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OLYMPIC INTERNATIONAL BANK & TRUST COMPANY
EXECUTIVE COMMITTEE MEETING
NOVEMBER 12, 1987
AGENDA

1. Attendance

2. Financial Report

3. Loan Report - Status of present loans, new requests/loans pending

   1. Discuss and approve the request of Haig for President for a line of credit in the amount $175,000. Dominic J. Saraceno is the National Treasurer for the campaign and will sign on the note. The line will be set up to receive matching funds when allocated.

4. Procedures

5. Bank operations

6. Any additional business for discussion

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THURSDAY, NOVEMBER 12, 1987
EXECUTIVE COMMITTEE MEETING

A T T E N D A N C E

Peter S. Donadio	
Joseph G. Maloney, M.D.	
John M. Moran	
William J. O'Brien	
Victor A. Nicolazzo, Jr.	
Dominic J. Saraceno	
Michael E. Tierney	

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DECEMBER 17, 1987
BOARD OF DIRECTORS MEETING

ROBERT S. ABRAMS	
FRANK N. CARDULLO	
THOMAS F. COLLINS, III	
DAVID W. COWENS	
PETER S. DONADIO	
K. C. JONES	
JON A. LICHTER	
JOSEPH G. MALONEY	
JOHN A. McKENZIE	
JOSEPH A. MILANO	
GEORGE E. MONTILIO	
JOHN M. MORAN	
VICTOR A. NICOLAZZO, JR.	
WILLIAM J. O'BRIEN	
CAROL SAWYER PARKS	
DOMINIC J. SARACENO	
DAVID SPIEGEL	
MICHAEL E. TIERNEY	
GERALD R. WALSH	

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OLYMPIC INTERNATIONAL BANK & TRUST COMPANY

L O A N P O L I C Y

As a fundamental axiom in the banking industry, a sound loan portfolio is a necessary condition for a successful, profitable bank. The loan portfolio not only represents the primary allocation of deposit liabilities and investment capital of the Bank, but equally important, th e largest percentage of earning assets within the Bank's asset mix. Therefore, it is of paramount concern that the loan portfolio's integrity be maintained such that loan losses are minimized. Secondly, it is important that maximum yields are earned to the extent possible in view of minimum risks. Finally, it is important that the Bank's allocation of its resources be directed toward the successful growth of the Bank through the promotion of its credit services to the community in establishing beneficial and lasting customer relationships.

In order to insure that the overall quality and productivity of the loan portfolio is maintained, the Board of Directors has adopted a formalized written Loan Policy. This policy represents the objectives, scope and management of the loan portfolio.

This policy is designed to provide sufficient control and enforcement so that goals and objectives of the Bank are not jeopardized. The policy is also broad in nature and not intended to be inflexible. An inflexible and overly strict policy does not allow for changing conditions and needs.

It is intended that <u>no exceptions</u> to this policy be made by individual lending officers or managers. However, in order not to stifle initiative, hamper profits or otherwise fail to serve the legitimate needs of our service area, provisions are made for those particular loans of worthy consideration, although not within the boundaries of the Loan Policy. After careful and full consultation between lending officers and managers and where the merits and circumstances of a special transaction warrant an exception to the Loan Policy, the loan may be presented to the Board of Directors or Executive Committee for review and approval. This manual represents an up-to-date reference guide outlining management's position as it relates to the lending actions of the Bank. All loan officers are to consult and

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follow the policies and procedures established in this manual. Lending functions will be handled consistently throughout the Bank. No single set of guidelines can be inclusive; therefore, those included in this manual are not intended to be a crutch nor as a substitute for good judgment in a loan officer's decision-making process but as a guideline for our lending activities.

LOAN POLICY OBJECTIVE

The basic objectives of the Loan Policy as it relates to the overall goals of the Bank are described as follows:

1. Loans are to be made and serviced on a sound collectible basis

2. Loans are made to invest the Bank's funds profitably for benefit of its shareholders

3. Loans are made to serve the needs of the customers and the community of which the Bank serves

EXTERNAL GOALS

The primary external goal of the Bank is to maintain and enhance our public image as a high quality, friendly place to conduct commercial banking business. Our reputation and a high level of public confidence are extremely important to this Bank.

INTERNAL GOALS

Our internal objective is to establish a sound asset portfolio that will return a minimum of fifteen (15) percent on stockholder's equity so we can retain sufficient earnings to maintain a capital-to-asset ratio of seven (7) percent. These goals can only be attained if our return on average assets is approximately one and one half (1.5) percent. Our primary goal, then, is a fifteen (15) percent return on stockholder's equity, which is consistent with a return on average assets in excess of one and one half (1.5) percent.

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LOAN TO RESOURCE RATIO

A limitation on the total loans outstanding at any one time is an important guideline. This guideline is used to balance the objective of maximum investment return for profits with the need to maintain a certain level of liquidity risk. Such a limitation is most commonly expressed as a relationship of total loans to other balance sheet items such as deposits, capital or total assets.

In controlling such a limitation, various factors and conditions such as credit risks, volatility of deposits and the credit demands of the trade area must be considered. Therefore, the guidelines set below are ranges. These ranges are set to allow for variances from time to time.

Loan to Resource Ratio

Gross Loans: 75% - 90%

DISTRIBUTION BY CATEGORY

Setting limitations on the various categories of loans provides a control to insure that concentrations in any one area are avoided and that an emphasis on loans is placed in areas meeting the overall objectives of the Bank. Goals for loan mix by category also recognizes the need for matching sources of funds and the various maturities of the source of liabilities.

In controlling such a limitation, various factors and conditions such as credit risks, volatility of deposits, interest rate sensitivity and the credit demands of the trade area must be considered. Therefore, the guidelines set below are ranges and are set to allow for variances from time to time.

GOALS FOR MIX BY TYPE OF LOAN

TYPE	RANGE	AVERAGE
Consumer	5% - 15%	10%
Commercial/Commercial Real Estate	65% - 75%	73%
Construction	10% - 20%	15%
Real Estate	0% - 5%	2%
		100%

CONCENTRATION OF CREDIT

Concentrations of credit have an inherent weakness and, as such, higher risks. This weakness is the dependence on a key factor or factors related to a source of repayment either by industry or collectively from several inter-related borrowers. Because of these inherent high risks, the loan portfolio should be as diversified as possible, in order to maximize profits and spread or minimize risks.

Concentrations shall be reported to the Board of Directors when identified. The President shall evaluate the concentration as reported by the Senior Loan Officer/Credit Administration and make recommendations to the Loan Committee to limit further credit in these areas and/or set forth plans for close monitoring and reporting.

BOARD OF DIRECTORS

The Board of Directors retains the ultimate responsibility for the operations of the Bank, including the loan portfolio. The directors and senior management have evaluated and appraised the Bank's objectives. These objectives and overall direction have established guidelines in the form of Olympic International Bank & Trust Company's Loan Policy. The Board of Directors recognizes the lending function serves a community responsibility and represents a business risk. The directors are willing to undertake such responsibilities and risks to the extent the Loan Policy allows. In addition to the responsibilities discussed above, the Directors shall:

1. Review, for appropriate actions, those recommendations and reports as submitted from time to time by the Bank's Loan Committee

2. Appoint members of Bank's Loan Committee

3. Appoint a Chairman of the Bank's Loan Committee

4. Delegate the supervision and overall management of the loan portfolio to the Bank's Loan Committee

5. Review and approve recommendations for individual approval limits and/or authorities of lending officers and senior management

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The Bank's Loan Policy has been drafted by management along with the direct supervision and review of the Board of Directors and the Director's Loan Committee. The ultimate goal is to insure that the established lending policy is flexible and current enough to accomplish the purpose it was designed for. The Loan policy shall, therefore, be reviewed by senior management and the Director's Loan Committee with respect to:

1. Changing economic conditions
2. Money Market conditions
3. Bank's financial condition
4. Variable nature of loan requests
5. Competitive conditions
6. Problem credit sensitivity and reporting
7. Community needs

The Loan Policy shall be reviewed at least annually, with the understanding that a vacillating economy and/or changes in the Bank's position may require more frequent reviews.

MANAGEMENT

The management of the loan functions shall be supervised by the Loan Committee pursuant to the authority vested in it by the Board of Directors. The activities of the Loan Committee shall be the responsibility of the person designated as the Chairman of the Loan Committee by the Board of Directors. The members of the Loan Committee shall be the President, the Loan Department and Chairman. Attendance by others at the Loan Committee meetings is by invitation of the Committee Chairman. The responsibility and function of the Loan Committee is outlined below:

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1. Review the Loan Policy as frequently as necessary; however, not less than annually, to insure its compliance with the overall objectives and direction of the Bank, as set forth by the Board of Directors. The interpretation of sound credit policy shall rest with the Loan Committee and shall be based upon credit standards which permit fair and equitable weighing of the relative risk of loss against the benefits to be derived by the Bank and which are compatible with prevailing economic conditions and competitive position. Discrimination and unfair practices will be avoided. Strict compliance with the lettter and intent of all laws applicable thereto shall be maintained.

2. Past due loans will be reviewed by the Loan Committee for appropriate action.

3. Act as liaison between senior management and the Board of Directors in carrying out the loan policies of the Bank.

4. Insure that the proper standards for documentation and operational procedures not inconsistent with the policy set forth herein are properly maintained and carried out.

5. Insure that a program for indoctrinating and training other loan officers and staff members handling loans with respect to the loan policies and procedures of the Bank is maintained.

6. Insure that a proper loan review system and procedure is maintained.

7. Insure that the proper program and system is maintained for reporting and collecting of delinquent loans.

8. The Loan Committee shall review all loans with related charge-offs in excess of $100.00. The Loan Committee shall furnish reports of all charge-offs to the Board of Directors monthly.

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RESPONSIBILITIES

1. In addition to exercising good judgment and adhering to our loan policy and procedures, the loan department is fully responsible for obtaining proper documentation and complete financial statements. No funds are to be disbursed without the loan officer first approving the documentation in writing. This includes an inspection and appraisal of the collateral, if any. Whenever a loan officer approves a loan, he is certifying that all documentation is complete and in order. The loan officer is to initial the Note and disbursement instructions prior to booking the loan.

2. All loans require a completed and signed loan application and/or financial statement supported by credit investigation. All data is to be thoroughly analyzed before making a commitment to the loan applicant. Banking regulations require financial statements to support commercial secured and unsecured borrowings of $10,000.00. Financial statements may be waived by officer on loans secured by Olympic International Bank & Trust Company accounts (application should still be obtained).

3. The credit file should clearly explain items in the financial statement which are not obvious. Any derogatory credit information shall be explained in writing and placed in the credit file.

4. All credit files must clearly relate the purpose of and the program for the loan and the source of repayment. If collateralized, the loan department is to describe the collateral fully, state the market value and whether or not the security is listed and, if so, on what exchange and how related, if available.

5. The credit officer should so word his entries in the file that everyone reading the file can clearly comprehend the entries and can readily determine the total amount and composition of the liability and the due date.

6. It is a major responsiblity of the loan department to conscientiously and unremittingly follow through on all past due loans. All commercial loans which are thirty (30) days past due including overdrafts or loans that appear to be a "workout"

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situation, are to be reported by the loan officer to the President. At the same time, the loan officer must enter all pertinent data in the credit files and must keep the credit files fully advised and up to date at all times on his actions and progress of the credit. No action or conversation with a customer relative to a loan shall be taken without proper and full notation in the file.

7. When a loan is charged off, the loan officer is to continue in the collection efforts whenever and however possible on his own initiative.

8. No loan should be made for paying off debts of borrower whereby the Bank is left without adequate security or very narrow equity, marginal property or collateral and where there is no source of repayment other than the sale of assets.

9. All signatures by a first-time borrower at Olympic International Bank & Trust Company <u>must</u> be witnessed by a Bank officer. On additional borrowings and renewals, loan officers may verify genuineness of signatures by comparing to initial or original loan documents or signature cards on file. In all cases, signatures on Continuing Guarantees of $25,000.00 or more <u>must</u> be witnessed by a bank officer.

10. All guarantors or endorsers of Bank loans must be advised of their responsibility and risk of the loan if not paid when due.

11. No disbursement is to be made on the loan until all documents necessary to properly make the loan are in the hands of the Bank; i.e., financial sheets, tax returns, P & L statements, guarantees and signatures.

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12. No loan is to be made on letttered stock or restricted stock without the Loan Committee approval.

13. When a loan has been approved by the Loan Committee, no deviation is allowed to the terms and conditions unless approved by the Loan Committee.

14. The lending officer must personally determine that the funds advanced on a loan are used for the purpose stated.

15. Split borrowing between banks is discouraged.

ALL BANK LOANS MUST BE IN COMPLIANCE WITH LOAN POLICY

The Bank has adopted an approval process requiring the joint review of the lending officer and the loan department to grant loans. This process effectively has eliminated any and all individual lending limits for all loan officers.

Individual and joint "approval" authorities are granted to the Bank's management by the Board of Directors. These authorities represent limits in terms of size of loans (secured and unsecured) that these officers jointly can approve.

The application of approval authorities is determined by the total potential loan liability of the borrower as determined by totalling the liabilities that will be outstanding or committed after the loan under consideration has been granted. Unused portions of lines are included in determining potential liability.

Each loan officer is responsible for each loan he or she makes and/or recommends - regardless of which other individual or committee jointed with him or her in approving his or her actions. The manager and/or head of a department is responsible for each loan made by a loan officer under his or her supervision and must exercise reasonable control over loans being made by subordinates regardless of the loan authorities that have been granted.

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APPROVAL LIMITS

PRESIDENT -

Approval authority for loans up to $2,000,000.00 Secured and Unsecured

LOAN COMMITTEE -

Approval authority for loans up to Legal Limit Secured and Unsecured - unanimous consent

EXECUTIVE COMMITTEE -

Approval authority for loans up to Legal Limit Secured and Unsecured

BOARD OF DIRECTORS -

Approval authority for loans at Legal Limit Secured and Unsecured

EXECUTIVE VICE PRESIDENT -

Approval authority for loans up to amount $25,000.00

BOARD OF DIRECTORS LOANS -

All directors loans require Board approval

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HAIG/121487

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 17, 1987

General Alexander Haig
Haig for President, Inc.
1154 15th Street, NW
Washington, D.C. 20005

Dear General Haig:

This letter is to advise you that, pursuant to 11 C.F.R. §§ 9033.4 and 9036.1(c), on December 16, 1987, the Federal Election Commission approved an Audit Division staff report which states that you, as a Presidential candidate, have satisfied the eligibility requirements of 26 U.S.C. § 9033(a) and (b) and 11 C.F.R. §§ 9033.1, 9033.2, and 9036.1(b). In approving this report, the Commission has determined that your eligibility has been established to receive payments from the Presidential Primary Matching Payment Account under the provisions of 26 U.S.C. § 9037 and 11 C.F.R. § 9037.1. A copy of the report is enclosed for your information.

Additional Matching Fund Requests may now be presented to the Commission once a month beginning in December 1987 for the remainder of calendar year 1987. As provided by 11 C.F.R. § 9036.2(a) and the Commission's Guideline for Presentation in Good Order, the designated Submission Date for your principal campaign committee shall be the fourth Monday of each month. Further, 11 C.F.R. § 9036.2(d) specifies that, during the year preceding the Presidential election year, a Matching Fund Request presented for review must contain matchable contributions which total in excess of $50,000. During the election year, in addition to the fourth Monday, either a Letter Request or a Matching Fund Request may be presented on the second Monday of a month during the period of eligibility. The Letter Request provisions are contained in 11 C.F.R. § 9036.2(b) and Chapter IV of the Guideline for Presentation in Good Order. One monthly Resubmission may be presented on either the first or third Monday of a month. The final date on which a Resubmission may be made is the first Tuesday of September 1989.

On this date, certifications regarding your eligibility and an initial payment of $100,000 are being transmitted to the Secretary of the Treasury for payment to be made from the Presidential Primary Matching Payment Account on or after January 1 of the presidential election year, as provided by 26 U.S.C. § 9037(b).

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Attachment V

Should you have any questions regarding these matters, please contact Patricia Schering of the Audit Division at (202) 376-5320 or toll free at (800) 424-9530.

Sincerely,

Scott E. Thomas
Chairman

Enclosure as stated

cc: Treasurer

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

ELIGIBILITY REPORT OF THE AUDIT DIVISION

FOR

GENERAL ALEXANDER HAIG
HAIG FOR PRESIDENT, INC.

For a Candidate seeking to become eligible to receive Presidential primary matching fund payments, 26 U.S.C. § 9033(a) and (b) and 11 C.F.R. §§ 9033.1 and 9033.2 set forth a series of agreements and certifications which must be executed by a Candidate and to which the Candidate and any of the Candidate's authorized committees will comply as a condition to receiving payments from the Presidential Primary Matching Payment Account under 26 U.S.C. § 9037 and 11 C.F.R. § 9037.1. In addition, 11 C.F.R. § 9036.1(b) requires the Candidate and Committee to submit a Threshold Submission, prepared in accordance with the Commission's Guideline for Presentation in Good Order, which documents that matchable contributions exceeding $5,000 have been received from residents of at least 20 States, which with respect to any one contributor, do not exceed $250.

On November 6, 1987, General Alexander Haig/Haig for President, Inc., submitted a Letter of Candidate and Committee Agreements and Certifications as specified by 11 C.F.R. §§ 9033.1 and 9033.2. (See copy at Attachment I). Haig for President, Inc. also presented a Threshold Submission on November 6, 1987.

The Office of General Counsel has reviewed the Letter of Candidate and Committee Agreements and Certifications submitted by General Alexander Haig/Haig for President, Inc. The legal analysis from that office states that all requirements as specified at 11 C.F.R. § 9033.1 and 9033.2 have been met. (See copy at Attachment II). The Audit Division reviewed the Threshold Submission and, based upon the information and documentation contained in the submission, has verified that the eligibility requirements have been met. (See listing of qualifying States and verified amounts at Attachment III).

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RECOMMENDATIONS

1) The Audit Division recommends that the Commission determine that General Alexander Haig and Haig for President, Inc. have fulfilled the requirements set forth in 26 U.S.C. § 9033(a) and (b) and 11 C.F.R. §§ 9033.1, 9033.2, and 9036.1(b) and have established eligibility to receive primary matching fund payments under 26 U.S.C. § 9037 and 11 C.F.R. § 9037.1.

2) The Audit Division recommends that the Commission notify the Secretary of Treasury of the Candidate/Committee's eligibility to receive payments from the Presidential Primary Matching Payment Account and also certify an initial payment of $100,000.00 to be transmitted to the Candidate/Committee on or after January 1, 1988. (See proposed letter at Attachment IV).

3) The Audit Division further recommends that, in accordance with 11 C.F.R. § 9036.1(c)(3) and the Commission's Guideline for Presentation in Good Order, a notification letter be sent to the Candidate regarding the Commission's eligibility determination and certification of an initial payment of $100,000.00. The letter further advises that additional Matching Fund Requests may be presented to the Commission for review on the designated Matching Fund and Letter Request Submission Dates, and also includes information on Resubmission dates. (See proposed letter at Attachment V).

Attachments as stated

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HAIG

LEADERSHIP FOR AMERICA

RECEIVED
NOV 06 1987
AUDIT DIVISION

November 6, 1987

The Hon. Scott E. Thomas
Chairman
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Mr. Chairman:

As a candidate seeking to become eligible to receive Presidential primary matching funds, I hereby certify and agree to the following provisions:

1. I am seeking the nomination of the Republican Party for election to the office of President of the United States in more than one state. I, through my authorized principal campaign committee, have received matchable contributions which in the aggregate exceed $5000 from residents of each of at least twenty states. The contributions submitted for matching fund purposes do not exceed $250 in the aggregate from any one individual.

2. I, through my authorized principal campaign committee, have not incurred and will not incur qualified campaign expenses in excess of the expenditure limitations prescribed by 26 U.S.C. Sec. 9035 and 11 CFR Part 9035.

3. I acknowledge and I have the burden of proving that disbursements made by me and my authorized committee(s) or agents are qualified campaign expenses as defined at 11 CFR 9032.9.

4. I and my authorized committee(s) will comply with the documentation requirements set forth in 11 CFR 9033.11.

5. Upon request by the Commission, I will supply an explanation of the connection between any disbursement made by me or my authorized committee(s) and the campaign as prescribed by 11 CFR 9033.1(b)(3).

6. In accordance with 11 CFR 9033.1(b)(4), I and my authorized committee(s) agree to keep and furnish to the Commission all documentation for matching fund submissions, any books, records (including bank records for all accounts) and supporting documentation and other relevant information that the Commission may request, in this regard.

1154 15th Street, N.W. ★ Washington, D.C. 20005 ★ (703) 684-1988 ★ (202) 223-7590

Paid for by Haig for President, Inc.

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7. As provided at 11 CFR 9033.1(b)(5), I and my authorized committee(s) agree to keep and furnish to the Commission all documentation relating to disbursements and receipts including any books, records (including bank records for all accounts), all documentation required by this section includilng those required to be maintained under 11 CFR 9033.11, and other relevant information that the Commission may request. The records provided for the post-primary audit shall also include the production of magnetic computer tapes containing all information required to be maintained on the receipts and disbursements of my authorized committee(s), if my authorized committee(s) maintains its records on computer. Upon request by the Commission, documentation explaining the computer software specifications and capabilities shall also be provided.

8. In accordance with 26 U.S.C. Sec. 9038 and 11 CFR 9033.1 (b)(6), I and my authorized committee(s) shall permit an audit and examination pursuant to 11 CFR 9038 of all receipts and disbursements, including those made by me, all authorized committees and any agent or person authorized to make expenditures on my behalf or on behalf of my authorized committee(s). I and my authorized committee(s) shall facilitate the audit by making available in one central location, office space, records and such personnel as are necessary to conduct the audit and examination, and shall pay such amounts as may be required to be repaid under 11 CFR 9038 and 9039, as applied and interpreted by Commission determinations and applicable decisions of the federal court(s).

9. Pursuant to 11 CFR 9033.1(b)(8), (9) and (10), I and my authorized committee(s) will: (A) prepare matching fund submissions in accordance with the Federal Election Commission's Guideline for Presentation in Good Order; (B) comply with the applicable requirements of 2 U.S.C. Sec. 431 _et. seq._; 26 U.S.C. Sec. 9031 _et. seq._ and the Commission's regulations at 11 CFR Parts 100-115, and 9031-9039; (C) pay any civil penalties included in a conciliation agreement imposed under 2 U.S.C. Sec. 437 g against myself, any of my authorized committee(s) or any agent thereof.

10. Pursuant to 11 CFR 9033.1(b)(7), the person listed below is entitled to receive matching fund payments on my behalf which will be deposited into the listed depository which I have designated as the campaign depository. Any change in the information required by this paragraph shall not be effective until submitted to the Commission in a letter signed by me or the Treasurer of my authorized principal campaign committee.

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Dominic J. Saraceno
Treasurer
Haig for President
1154 15th Street, NW
Washington, DC 20005

Depository: Riggs National Bank
1120 Vermont Avenue, NW
Washington, DC 20006

Sincerely,

Alexander M. Haig, Jr.

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RECEIVED
DEC 4 1987
AUDIT DIVISION

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 3, 1987

MEMORANDUM

TO: Robert J. Costa
Assistant Staff Director
Audit Division

THROUGH: John C. Surina
Staff Director

FROM: Lawrence M. Noble
General Counsel

SUBJECT: Revised Letter of Candidate Agreements and Cerfications Submitted by General Alexander Haig/Haig for President, Inc.

The Office of General Counsel has reviewed the revised letter dated November 24, 1987, submitted by General Alexander Haig setting forth the agreements and certifications required of candidates seeking to become eligible to receive Presidential primary matching funds. We have also reviewed your memorandum dated November 25, 1987, summarizing the results of your review of the letter for compliance with the requirements of 11 C.F.R. §§ 9033.1 and 9033.2.

We conclude that the revised letter is complete as submitted and meets the requirements of 26 U.S.C. § 9033 and 11 C.F.R. §§ 9033.1 and 9033.2.

The Haig Committee also presented a Threshold Submission. If a routine Eligibility Report is prepared for Commission consideration, no legal analysis of the Eligibility Report will be prepared by this Office. The Eligibility Report will, however, include our legal analysis of the candidate's 9033 letter as an attachment.

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Attachment III

HAIG FOR PRESIDENT, INC.

Qualifying Threshold States

	State	Verified Matchable Amount
1.	Arizona	$ 5,360
2.	California	5,965
3.	Colorado	5,405
4.	Connecticut	6,660
5.	District of Columbia	5,615
6.	Florida	6,400
7.	Georgia	5,200
8.	Illinois	5,345
9.	Maryland	5,625
10.	Massachusetts	7,600
11.	Missouri	5,115
12.	New Hampshire	5,500
13.	New Jersey	6,350
14.	New York	5,900
15.	Ohio	6,150
16.	Pennsylvania	5,656
17.	Rhode Island	6,450
18.	Tennessee	6,300
19.	Texas	5,653
20.	Virginia	7,075
21.	Wisconsin	5,041.50
		$124,365.50

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Honorable James A. Baker, III
Secretary
Department of Treasury
Washington, D.C. 20220

Dear Mr. Secretary:

On December 16, 1987, the Federal Election Commission determined that the following candidate (and his authorized committee) seeking nomination for election to the Office of President of the United States had satisfied the eligibility requirements of 26 U.S.C. § 9033 and 11 C.F.R. §§ 9033.1, 9033.2, and 9036.1 to receive presidential primary matching funds under 26 U.S.C.
§ 9034 and 11 C.F.R. § 9034.1:

General Alexander Haig
Haig for President, Inc.

Pursuant to 11 C.F.R. § 9033.1(b)(7), the following individual and depository were designated by the candidate to receive funds from the Presidential Primary Matching Payment Account under 26 U.S.C. § 9037 and 11 C.F.R. § 9037.1:

Designated Recipient:	Dominic J. Saraceno, Treasurer
Address of Recipient:	Haig for President, Inc. 1154 15th Street, NW Washington, D.C. 20005
Designated Depository:	Olympic International Bank & Trust Company 303 Congress Street Boston, MA 02210

Accordingly, on December 16, 1987, the Commission certified that General Alexander Haig is entitled to an initial payment of $100,000.00 from the Presidential Primary Matching Payment

15043642346

Account on or after January 1, 1988. Additional certifications will be transmitted as provided in 26 U.S.C. § 9036(a) and 11 C.F.R. § 9036.1(c).

Sincerely,

Scott E. Thomas
Chairman

Attest:

_____
Secretary to the Commission

5 0 4 3 6 4 2 3 4 7

Corporate Resolutions for Opening and Maintaining Accounts and for Borrowing

OLYMPIC INTERNATIONAL BANK & TRUST COMPANY
303 Congress Street
Boston, Massachusetts 02210

Wendy W. Haig being the Clerk-Secretary of Haig for President, Inc.

a corporation duly organized, validly existing, and in good standing under the laws of The District of Columbia CERTIFIES that the following resolutions were adopted

at a duly called and conducted meeting of the Directors of said corporation held on November 10, 1987 at which a quorum was present and voting throughout

by the unanimous consent of the Directors of said corporation, the originals of which consents having been placed with the records of meetings of Directors of said corporation

and are in conformity with the Articles of Organization - Certificate of Incorporation and By-Laws of said corporation (as amended to date) and that each of the following resolutions presently is in full force and effect without change

OPENING AND OPERATING DEPOSIT ACCOUNTS

RESOLVED: That OLYMPIC INTERNATIONAL BANK & TRUST COMPANY, Boston, Massachusetts (hereinafter, with any successor, the "Bank") be designated as a depository of this corporation's funds and of checks, notes, drafts and other items payable to or endorsed in favor of this corporation and that any 4 (insert number) of the following officers and/or persons

insert titles only, if signers have titles. Otherwise, insert names

Alexander M. Haig, Jr.
Dominic J. Saraceno
Wendy W. Haig
Alexander P. Haig

(~~jointly~~ - singly) may open one or more checking, transaction, savings, special notice, and other deposit accounts with the Bank from time to time as said number of officers and/or persons determine, each of which accounts may be drawn upon or charged by check, draft, or other written order signed by said number of officers and/or persons so acting or by bank wire transfer made pursuant to written or oral instructions believed by the Bank in good faith to have been given by said number of officers and/or persons so acting

SUBJECT TO THE FOLLOWING LIMITATIONS

NA

BORROWING AUTHORITY

RESOLVED: That any 4 (insert number) of the following officers and/or persons acting singly (jointly - singly)

Insert titles only, if signers have titles. Otherwise, insert names

Alexander M. Haig, Jr.
Dominic J. Saraceno
Wendy W. Haig
Alexander P. Haig

are authorized to act from time to time hereafter in the name of and on behalf of this corporation concerning the following

To borrow money on the credit of this corporation, and to negotiate the terms of and obtain loans, advances, and other financial accommodations and to incur liabilities and indebtedness on the credit of this corporation in such amounts, upon such terms and conditions, and with such collateral security as such officer(s) and/or person(s) may determine, and to obtain renewals and extensions thereof

To grant security interests in and to, mortgage, pledge, assign, sell, hypothecate, convey, and otherwise encumber and transfer as collateral security in favor of the Bank, all or any portion of the property and assets of this corporation of every type or description including, without limitation, all or any portion of the real, personal, tangible, and intangible property of this corporation

To discount (with or without recourse to this corporation) any bills, notes, or other paper held by this corporation

To authorize the Bank to purchase or sell for the account of this corporation either through the Bank or otherwise, and either for immediate or future delivery, stocks, bonds, commodities, foreign currencies, securities, or other property

To guaranty to the Bank the obligations of third parties

and in connection therewith, to execute, seal, acknowledge, and deliver in the name of and on behalf of this corporation such instruments, documents and papers which relate thereto as may be appropriate, each in such form and upon such terms as the officer(s) and/or person(s) so authorized determines, such execution and delivery to be conclusive of such officer(s) and/or person(s) authority so to act in the name of and on behalf of this corporation

50435642 3 4 3

DELEGATION OF AUTHORITY

RESOLVED: That any ___4___ (insert number) of the officers and/or persons authorized by the foregoing Resolutions, acting ~~jointly or~~ singly) may by written instrument furnished the Bank delegate to any other officer or person the same authority which is vested (singly and individually - collectively) by said Resolutions in the person(s) or officer(s) so delegating authority, which written delegation shall be in such form as may be requested by the Bank and may be subject to such restrictions and limitations as may be indicated thereon

CONTINUATION OF AUTHORITY

RESOLVED: That all resolutions and delegations relative to the authority of any officer or person to act on behalf of this corporation shall remain in full force and effect until the Bank's receipt of written notice from the Clerk-Secretary of this corporation of the revocation or modification of such authority

RATIFICATION OF PRIOR TRANSACTIONS

RESOLVED: That all action taken on behalf of this corporation and all instruments, documents, and papers executed in the name of and on behalf of this corporation concerning this corporation's relationship with the Bank be, and they hereby are, approved, adopted, and ratified

REVOCATION OF INCONSISTENT RESOLUTIONS

RESOLVED: That any and all resolutions of this corporation which may be in conflict with any of the foregoing resolutions be, and they hereby are, revoked

APPROVAL BY SHAREHOLDERS

I further CERTIFY that the following resolution was adopted

by two-thirds or more of each class of stock of this corporation entitled to vote thereon at a duly conducted meeting of the holders of such stock (proper notice of which meeting was duly and timely sent to all shareholders of this corporation whether or not so entitled to vote thereon)

by the unanimous consent of the shareholders of said corporation, the originals of which consents having been placed with the records of meeting of Shareholders of said corporation

RESOLVED: That the resolutions of this corporation's Directors concerning this corporation's relationship with and borrowing from OLYMPIC INTERNATIONAL BANK & TRUST COMPANY, Boston, Massachusetts, pursuant to which, among other things, this corporation may be granting the Bank a security interest in and to and/or mortgaging all or any portion of the assets of this corporation, be, and said resolutions are, approved, adopted and incorporated herein by reference

PERSONS PRESENTLY AUTHORIZED TO ACT

I further CERTIFY that the following persons presently are authorized under the preceding Resolutions to act

Name	Title
Alexander M. Haig, Jr.	President
Dominic J. Saraceno	Treasurer
Wendy W. Haig	Secretary
Alexander P. Haig	Director

IN WITNESS WHEREOF I have set my hand and seal of this corporation on this 11th day of November 1987

(Corporate Seal)

NA

Wendy W. Haig
Clerk-Secretary

Print Name WENDY W. HAIG

If the foregoing Resolutions confer authority upon the Clerk-Secretary, this Certificate should be confirmed by another officer of the corporation

CONFIRMED

Print Name

Title

50436423 4

Certification of Officers

To: **OLYMPIC INTERNATIONAL**
BANK & TRUST COMPANY
303 Congress Street
Boston, Massachusetts 02210

Date: November 11, 1987

The undersigned, being the duly elected and qualified Clerk-Secretary

of Haig for President, Inc. ("Corporation")

with a principal office located at 1154 15th St. N.W. Washington, D.C. 20005, does hereby certify to the above-named Bank that the present officers of the Corporation, who have been duly elected or appointed to hold office until their respective successors are duly elected and qualified, and who are empowered to act for and on behalf of the Corporation in any of its business with said Bank within the authority prescribed in resolutions heretofore certified to said Bank, are:

TITLE	NAME	SIGNATURE
President	Alexander M. Haig, Jr.	Alexander Haig
Treasurer	Dominic J. Saraceno	Dom Saraceno
Secretary	Wendy W. Haig	Wendy W. Haig

IN WITNESS WHEREOF, the undersigned has hereunto set his/her hand and affixed the seal of the Corporation this 11th day of November, 19 87.

Wendy W. Haig
Clerk-Secretary

Confirmed: _____
Title

This certificate must be signed by the Clerk or Secretary. If such Clerk or Secretary is authorized to act alone by any previously certified resolution, this certificate must also be confirmed by another officer of the Corporation.

STATEMENT OF ORGANIZATION

(see reverse side for instructions)

1. (a) Name of Committee (in Full) ☐ Check if name or address is changed.
HAIG FOR PRESIDENT

2. Date
11-12-87

(b) Address (Number and Street)
1154 15th Street, N.W.

3. FEC Identification Number
C00214189

(c) City, State and ZIP Code
WASHINGTON D.C. 20005

4. Is this an amended Statement? ☒ YES ☐ NO

5. TYPE OF COMMITTEE (check one):

☒ (a) This committee is a principal campaign committee. (Complete the candidate information below.)

☐ (b) This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)

Name of Candidate	Candidate Party Affiliation	Office Sought	State/District
ALEXANDER M. HAIG, JR.	REPUBLICAN	PRESIDENT OF U.S.	

☐ (c) This committee supports/opposes only one candidate _____ and is NOT an authorized committee.
(name of candidate)

☐ (d) This committee is a _____ committee of the _____ Party.
(National, State or subordinate) (Democratic, Republican, etc.)

☐ (e) This committee is a separate segregated fund.

☐ (f) This committee supports/opposes more than one Federal candidate and is NOT a separate segregated fund nor a party committee.

6. Name of Any Connected Organization or Affiliated Committee	Mailing Address and ZIP Code	Relationship
NONE		

If the registering political committee has identified a "connected organization" above, please indicate type of organization:

☐ Corporation ☐ Corporation w/o Capital Stock ☐ Labor Organization ☐ Membership Organization ☐ Trade Association ☐ Cooperative

7. Custodian of Records: Identify by name, address (phone number – optional) and position, the person in possession of committee books and records.

Full Name	Mailing Address and ZIP Code	Title or Position
JONATHAN BRAGG	1154 15th Street N.W. Washington D.C. 20005	Assistant Treasurer

8. Treasurer: List the name and address (phone number – optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).

Full Name	Mailing Address and ZIP Code	Title or Position
DOMINIC J. SARACENO	1154 15th Street, N.W. Wshington D.C. 20005	Treasurer

9. Banks or Other Depositories: List all banks or other depositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Name of Bank, Depository, etc.	Mailing Address and ZIP Code
RIGGS NATIONAL BANK OF WASH., DC	808 17th St., NW or 1120 Vermont, NW Washington, DC 20006
OLYMPIC INTERNATIONAL BANK & TRUST COMPANY	303 Congress St. Boston, MA 02210

I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

Dominic J. Saraceno — Type or Print Name of Treasurer

Dominic J. Saraceno — SIGNATURE OF TREASURER

11-12-87 — Date

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g.

For further information contact: Federal Election Commission, Toll Free 800-424-9530, Local 202-523-4068

									FEC FORM 1 (3/80)

5043642331

HAIG

LEADERSHIP FOR AMERICA

November 12, 1987

Ms. Julie Auriello
Olympic International
Bank & Trust Company
Boston, MA 02210

Dear Ms. Auriello:

Enclosed please find a copy of an amendment our committee filed with the Federal Election Commission (FEC). If there are other materials you need to review, please don't hesitate to call on my attention (800) 533-HAIG.

Sincerely,

Russell

Russell G. Primavera
FEC Compliance

15043642352

1154 15th Street, N.W. ★ Washington, D.C. 20005 ★ (703) 684-1988 ★ (202) 223-7590

Paid for by Haig for President, Inc.

HAIG

LEADERSHIP FOR AMERICA

November 12, 1987

The Honorable Scott E. Thomas
Chairman
Federal Election Commission
999 E Street, NW
Washington, DC 20463

Dear Mr. Chairman:

This hereby certifies that the below banking institution should serve as the sole depository for matching funds. On behalf of the Haig For President campaign, this amends the previous November 6 letter, stating Riggs National Bank of Washington, DC 20006, on 1120 Vermont Avenue, NW, as the committee's depository.

Depository: Olympic International
Bank & Trust Company
303 Congress Street
Boston, MA 02210

Sincerely,

Al Haig

Alexander M. Haig, Jr.

50436423013

1154 15th Street, N.W. ★ Washington, D.C. 20005 ★ (703) 684-1988 ★ (202) 223-7590

Paid for by Haig for President, Inc

HAIG

LEADERSHIP FOR AMERICA

December 17, 1987

Ms. Julie Auriello
OLYMPIC INTERNATIONAL
BANK & TRUST COMPANY
303 Congress Street
Boston, MA 02210

Dear Julie:

I have enclosed a copy of the certification letter from the Federal Election Commission qualifying HAIG FOR PRESIDENT to receive federal matching funds.

Please don't hesitate to call should you have any questions 1-800-533-HAIG.

Sincerely,

Russell

Russell G. Primavera
FEC Compliance

PS:
Here we go '88. Happy Holidays!

50436423 54

1154 15th Street, N.W. ★ Washington, D.C. 20005 ★ (703) 684-1988 ★ (202) 223-7590

Paid for by Haig for President, Inc.

Haig for President, Inc.
2216 Nobehar Drive
Vienna, VA 22181
November 2, 1989

Mr. E. Charles Fraser, III
Loan Department
Olympic International Bank & Trust Company
303 Congress Street
Boston, Massachusetts 02210

Re: Loan #11050273-65

Dear Mr. Fraser:

Please find inclosed a check from the Haigh for President Committee in the amount of $2,500 to be applied to the outstanding interest due on the above referenced loan.

While the campaign committee is currently without additional funds to apply to the loan, a direct mail program to prospective donors has just been initiated and should begin to produce returns during the next month. In addition, the campaign committee has been working with several individuals who have been assisting the committee to raise funds to retire its debt. The committee hopes to be receiving some of these funds during the course of the next several months.

The outstanding loan with Olympic Bank continues to be a priority for the committee and we are in the process of increasing our efforts to retire the debt. We have just begun discussions with several people in the business and political fundraising to determine whehter their servies may be of assistance in advancing our fundraising objectivies.

We will kep the bnak informed as funds are received by the committee for forwarding to its account. Please do not hestitate to contact us if you have nay questions regarding this letter.

Sincerely,

Alexander P. Haig

Alexander P. Haig

5043642355

2650

PAY AMOUNT Two-thousand five-hundred and 00/100 DOLLARS

DATE	TO THE ORDER OF	ACCTS. PAYABLE				OTHER		CHECK NUMBER	CHECK AMOUNT
11	OLYMPIC BANK							2650	$ 3,500.00

THE RIGGS NATIONAL BANK
WASHINGTON, D.C.

⑈002650⑈ ⑆054000030⑆ ⑈2⑈086118 50⑈

5 0 4 3 6 4 2 3 5 6

HAIG FOR PRESIDENT, INC.
1312 VINCENT PLACE
MCLEAN, VIRGINIA 22101

June 29, 1989

Mr. William J. O'Brien
President
Olympic International Bank and Trust Company
303 Congress Street
Boston, Massachusetts 02210

Re: Haig for President, Inc.

Dear Mr. O'Brien:

This letter is to advise Olympic International Bank of the status of Haig for President, Inc., and its activities with respect to retiring the loan outstanding with the bank.

The campaign committee views the retirement of the loan with Olympic Bank as its top priority. In an effort to address this priority, we have recently begun negotiations with the Republican Parties in California and Illinois to have them use General Haig as a speaker for their fundraising events in return for assisting the campaign in retiring its outstanding campaign obligations. It is our intention to expand on these contacts and to approach other state parties to establish similar arrangements as the local political campaigns become active.

In addition, we have approached the Republican National Committee in an effort to seek their assistance in retiring the campaign debt. A meeting to discuss this matter will take place within the next two weeks with officials at the highest level of the RNC.

While the presidential general election and the inaugural activities stymied our efforts to raise money from Republican supporters, we are confident that the approaching campaign season will provide an opportunity for raising funds.

We sincerely appreciate your patience with respect to this matter and will keep the bank specifically apprised of our fundraising activities as they are scheduled, as well as details regarding generation of income.

Please do not hesitate to contact me directly at (202) 429-9788 if you should have any questions or require any additional information.

Sincerely,

Alexander P. Haig

Alexander P. Haig

50435642357

Loans

Olympic Bank

January 18, 1989

Mr. Larry Halloran
c/o Haig for President Committee
1555 15th Street, N.W.
Washington, D.C. 20003

RE: HAIG FOR PRESIDENT, INC.
(DOMINIC J. SARACENO, TREASURER)
OUR ACCOUNT NO. 11050273-65

Dear Mr. Halloran:

The above-captioned account was activated on November 13, 1987 as a line of credit in the amount $375,000, with the understanding that matching funds from the Haig for President campaign would be deposited directly with Olympic Bank. This line of credit was set up in the typical manner at the prevailing rate of interest, which was 12.00%.

A review of our records indicates that the bank has monitored this loan in a customary manner, and that the loan has been maintained in a satisfactory manner, with paydowns made on a timely basis.

This line was reviewed upon its maturity, and on October 20, 1988 the line was renewed for an amount of $55,000 for a term of six months (maturity date is April 13, 1989.)

Trusting this information will be of assistance to you, I remain

Sincerely,

OLYMPIC INTERNATIONAL BANK & TRUST CO.

Thomas A. McLaughlin, III
Vice President

TAM/smf

Olympic Bank

FAX NO. (617) 357-6963

F A X T R A N S M I T T A L

TO: MR. LARRY HALLORAN

DATE: JANUARY 18, 1989

COMPANY: HAIG FOR PRESIDENT COMMITTEE

FAX #: (202) 833-5296

SENT BY: SUSAN FRASER

PAGES - TWO - (including cover sheet)

SUBJECT: DEAR LARRY:

PER OUR TELEPHONE CONVERSATION REGARDING THE HAIG FOR PRESIDENT ACCOUNT AT OLYMPIC BANK, ATTACHED PLEASE FIND OUR LETTER (HARD COPY TO FOLLOW IN THE U.S. MAIL).

I HOPE THIS LETTER WILL BE OF ASSISTANCE TO YOU.

IF YOU HAVE ANY QUESTIONS, OR REQUIRE FURTHER INFORMATION, PLEASE CALL ME.

Susan Fraser

Olympic International Bank and Trust Co. 303 Congress Street, Boston, MA 02210 (617) 357-8000

For the file

January 18, 1989

Mr. Larry Halloran
c/o Haig for President Committee
1555 15th Street, N.W.
Washington, D.C. 20003

RE: HAIG FOR PRESIDENT, INC.
(DOMINIC J. SARACENO, TREASURER)
OUR ACCOUNT NO. 11050273-65

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Sincerely,

OLYMPIC INTERNATIONAL BANK & TRUST CO.

Thomas A. McLaughlin, III
Vice President

TAM/smf

Olympic International Bank and Trust Co. 303 Congress Street, Boston, MA 02210 (617) 357-8000

LC/ 65
ACCOUNT NO.: 1195[illegible] 365 [illegible] FOR PRESIDENT, INC. PAGE 1
REFERENCE : [illegible] 05027 2 AS [illegible] TIME : [illegible]

** IDENTIFICATION ** ** ACCOUNTING ** ** CURRENT [illegible] **

OFFICER CODE	11	: BILLING STATUS	00	: PRINCIPAL BAL.	51,122.88
CLASS CODE	25	: LAST PAYMENT	12/[illegible]/88	: NET PAY OFF	51,242.01
DATE OF NOTE	[illegible]	: PRIN PAID TO	4/13/89	: DLY INT ACCR.	17.04092
BEGIN ACCRUAL	[illegible]	: INT. PAID TO	[illegible]	: ACCRUED INT.	[illegible]
DAYS PRIOR TO FIRST	[illegible]	: INT. LAST DUE	12/13/89	: PAST DUE INT.	.00
ORIG AMT	175,000.00	: INT. DUE DATE	[illegible]	: BILLED INT.	.00
REG PMNT	.00	: PRIN DUE DATE	4/13/89	: BILLED PRIN.	51,122.88
NOTE NUMBER	1475	: PRIN LAST DUE	10/13/88	: PAST DUE PRIN.	.00
[illegible] TYPE	2	: LAST ACTIVE	12/14/88	: FUTURE PMNTS	.00
LOAN TYPE	[illegible]	: [illegible] STATUS	0	: TOT INT CO TO	[illegible]
TERM	[illegible]	: PRIN EXTENSIONS	0	: TOT PAID LIFE	[illegible]
INT RATE	[illegible]	: 15 DAYS PAST DUE	[illegible]	: ACCUM INT	[illegible]
PRIN PMNT MODE	6	: 30 DAYS PAST DUE	0	: UNCOLL L/C	.00
INT PMNT MODE	2	: 60 DAYS PAST DUE	0	: COLL L/C	.00
FIXED AMOUNT CODE	0	: IN COLLECTION	0	: WAIVED L/C	.00
INT CALC CODE	[illegible]	: RETURNED CHECKS	0	: L/C ASSESSED	.00

MORE INFORMATION AVAILABLE, ENTER <NEXT>, <SKIP> OR <TERMINATE>...

5 0 4 3 6 4 2 2 6 1

HAIG FOR PRES INC
D.C.

Line of Credit
375,000.00

12%

11 mo.

~~Demand~~

Secured by
Matching funds from
Federal Election Commission

11/13/87 $500,000

Prepare Note

11050273-06

1154 15th St NW

DC 20005

Don Treasurer

375,000.00

11/13/87 To Checking account.

11050273.06

5043642302

NCR FORM #132
MICR, CIF 140

NEW ACCOUNT DEPOSIT – DDA/MMA/NOW

CREDIT

HAIG FOR PRESIDENT, INC.
CUSTOMER NAME

CD #

1	3	6	19	21
	1 0 2	0 0 0 0 0 1 1 0 5 0 2 7 3	0 6	1 7 5 0 0 0 0 0
Bank Number	Transcode	Account Number	T T	Amount

Date 11/13/27 Bank Prepared By

⑆011000207⑆ 0011050273⑈06

5 0 4 3 6 4 2 3 6 3

OLYMPIC INTERNATIONAL BANK & TRUST COMPANY
CREDIT REVIEW

DATE 11-12-87

APPLICANT NAME: Aly Naiz for Prez Inc

APPLICANT ADDRESS:

TYPE TRANSACTION: Time - Working Capital

LOAN REQUEST: AMOUNT: ~~150,000~~ 375,000

Demand

TERM: ~~90 days~~ 13 RATE: ~~P + 2~~ POINTS: ___ OTHER ___

PURPOSE:

finance elections to be paid by funds.

COLLATERAL: Museum

DECISION/RATIONALE: Direct deposits from Gov's

COMMENTS: Ref: Dm Sarasmo.

BY William D. Pum.
(Officer Signature)

50436423654

Olympic International Bank and Trust Co.

Olympic Bank

SECURED NOTE

$ 375,000.00 BOSTON, MASS. November 13 , 1987

Eleven (11) Months after date, the undersigned, (jointly and severally if more than one) for value received promise(s) to pay to the order of **Olympic International (Bank), at said Bank,**

the sum of *** Three Hundred Seventy-five Thousand and 00/100 ***************************** DOLLARS, with interest from date on the unpaid principal hereof until maturity or demand, according to the tenor hereof, at a rate per annum equal to 12 %. Interest after maturity or demand shall be at a rate per annum equal to 2% above the rate charged on the date of maturity or demand, but in no event in excess of the maximum rate permitted by applicable law. Interest shall be calculated on the basis of a 360 day year for actual days elapsed.

There has been deposited with Bank as collateral security for payment of this and any and all other liabilities, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of any of the undersigned to Bank, its successors or assigns, the following property viz

Matching Funds from the Federal Election Commission

with the right on the part of the holder from time to time to demand additional security satisfactory to it should the value of any of the collateral herewith, previously, or hereafter pledged decline in the judgment of the holder or anyone acting in its behalf.

The undersigned also agrees to deposit with the holder any and all additional shares of stock which may be issued as a result of a stock split or stock dividend with respect to any shares pledged hereunder.

The holder may at its option cause any securities pledged hereunder to be transferred into its name or that of its nominee and may receive the income thereon and hold same as security hereunder, or apply it on the principal or interest due hereon or due on any other liability of the maker(s) herein referred to. The holder hereof shall be under no duty or liability with respect to the collection of any security held hereunder or of any income thereon nor with respect to the protection or preservation or exercise of any rights pertaining thereto beyond the use of ordinary care in the custody of such security. In no event shall the holder be obligated to exercise any rights pertaining to or distributed with respect to any securities pledged hereunder, including but not limited to conversion, subscription, redemption or voting rights. Upon any sale or transfer of this note, the holder may assign, transfer and deliver all or any part of the property held as security herefor, together with all the powers and rights of the holder with respect to said note and collateral, to the purchaser or transferee, and said holder shall thereafter be forever relieved and fully discharged from any liability in connection therewith.

All parties now or hereafter liable hereon as maker, endorser, guarantor or otherwise do hereby authorize and empower the holder of this note to execute in the name of any such party discharges, full or partial releases, assignments, endorsements and transfers of all stock, bonds, debentures, notes, drafts, checks, bills of exchange, acceptances, bills of lading, warehouse receipts and all other types of commercial paper and of all contracts, debts, obligations, accounts and liabilities which have been or which may hereafter be held as security hereunder, and warrant and state under the penalties of perjury that all such instruments held as security herefor are genuine and that the individual signers thereof were competent and of legal age at the time of signing and that if any such instrument is signed in the name of any corporation, firm, company or association, the person or persons who so signed were thereunto duly authorized.

The holder shall have the right in its discretion to assent to any adjustment, compromise, composition, extension or release of the indebtedness or liability of any person, firm or corporation primarily or secondarily liable upon any note or other collateral held as security herefor, without it in any way affecting the liability of any party hereto, whether maker, endorser, guarantor or otherwise and without notice to or further consent of any such party. As to any securities held as collateral hereunder, the holder shall have the absolute right, without notice to the undersigned or to any endorser or guarantor hereof or to any owner of the collateral hereunder to exercise conversion rights of such securities, to sell stock rights offered by the issuer thereof or to exchange or otherwise transfer any such securities in connection with any merger, consolidation or other corporate reorganization.

If any party now or hereafter liable hereon as maker, endorser, guarantor or otherwise shall default in the performance of any agreement or condition herein contained, including but not limited to the failure to supply upon demand therefor additional collateral as herein provided, or shall die, execute a trust mortgage, make assignment for the benefit of creditors, or if a receiver of any such party's property shall be appointed, or if a petition in bankruptcy or under any insolvency law or under any law for relief of debtors shall be filed by or against any such party, or in the event that taxes, charges, liens or insurance premiums on the collateral or any part of it are not paid upon demand, or if the holder hereof deems its position to be insecure, (all of the foregoing being defined herein as events of default) the unpaid balance of the indebtedness evidenced hereby shall at the option of the holder hereof forthwith become due and payable without notice or demand. Upon the occurence of any such event of default, and at any time thereafter, the holder shall have the remedies of a secured party under the Uniform Commercial Code. Unless the collateral is perishable or threatens to decline speedily in value or is a type customarily sold on a recognized market, the holder will give the parties liable hereon reasonable notice of the time and place of any public sale thereof or of any time after which any private sale or other disposition is to be made. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the said parties at the address given on this note at least five days before the time of the sale or disposition.

The holder hereof shall have no duty first to exhaust any particular collateral whether or not the same was deposited by parties primarily obligated hereunder. No delay or omission by the holder hereof in the exercise of any right hereunder shall operate as a waiver of such right or of any other right hereunder. A waiver by the holder on one occasion shall not be construed as a waiver or ban to the exercise of a right on any other occasion.

Each party liable on this note hereby waives presentment, demand, notice of dishonor, and protest and assents to any substitution, exchange or release of collateral permitted by the holder and waives any defense by reason of any extension of time for payment or other indulgence granted to any party liable hereon, and agrees to pay all costs and expenses of collection, including attorneys fees equal to 15% of the outstanding balance at the time of default.

In any litigation brought in connection with this note, Bank and each maker, endorser and guarantor waive trail by jury, and each maker, endorser, and guarantor waives the right to interpose any set-off or counter claim of any nature or description.

The obligations of all makers, endorsers and guarantors shall be joint and several and each agrees to all of the terms contained herein and that he has signed individually and severally and not as or for the accommodation of any party, and any reference herein to the parties liable hereunder with respect either to their obligations hereunder or to any other liability secured by the pledged collateral shall be deemed to refer to each one separately as well as to all. If this note shall be paid by any one party liable hereunder, the holder may surrender this note and all security therefor held by such holder to the one so paying the note.

Any moneys or other property at any time in the possession of the holder whether in safekeeping or otherwise belonging to any of the parties liable hereon as maker, endorser, guarantor or otherwise, and any deposits, balance of deposits, or other sums at any time credited by or due from the holder to any such parties, may at all times be held and treated as collateral security for the payment of this note and any other liability of the parties herein referred to, whether due or not due, and the holder may at any time apply such deposits or other sums or property against the amount due or to become due hereon or set off such amount due hereon against any claim of any of said parties against the holder. Any provision in this note prohibited by law shall be ineffective to the extent of such prohibition without invalidating any other provision herein.

The undersigned represents and warrants that the purpose of this loan is not to purchase or carry any security subject to Regulation U issued by the Board of Governors of the Federal Reserve System pursuant to the Securities Exchange Act of 1934. Signed as a sealed instrument.

This note shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts.

Haig for President, Inc.

X Dominic Saracino

Dominic Saracino, Treasurer

Address

Name

Address

5 0 4 3 6 4 2 3 6 5

OLYMPIC INTERNATIONAL BANK & TRUST COMPANY

CREDIT REVIEW

November 17, 1987

APPLICANT: Haig For President, Inc.

ADDRESS: 1154 15th Street, NW
Washington, D.C. 20005

PRINCIPAL: Alexander H. Haig, Jr.

LOAN REQUEST: $375,000
(Three Hundred Seventy-Five Thousand Dollars)

PURPOSE: Provide working capital to finance Presidential Election Campaign

RATE/TERMS: RATE: 12 Percent (Fixed Rate)
TERM: Demand (Line of Credit; Interest paid monthly)

Monthly Debt Service	Annual Debt Service
$3,750	$45,000

COLLATERAL: Unsecured

DECISION/RATIONALE: Recommend approval based upon overall financial strength and integrity of Borrower, together with concept of matching funds from Federal Election Commission.

Thomas A. McLaughlin, III
Vice President

William J. O'Brien
President

50436423066

Olympic Bank

MEMORANDUM TO LOAN FILE

BORROWER: Hay for President, Inc.

DATE: October 13, 1988

REVIEW OFFICER: Philip Dewey

COMMENTARY:

Outstanding balance ($55,000.00) of original transaction was rewritten for six (6) months pending receipt of matching campaign funds.

Olympic Bank

MEMORANDUM TO LOAN FILE

BORROWER: Haig for President **DATE:** November 13, 1987

REVIEW OFFICER: T.A. McLaughlin III

COMMENTARY:

RE: Application

Conventional application was waived due to overall nature of transaction.

T.A. McLaughlin, III

Olympic International Bank and Trust Co. 303 Congress Street, Boston, MA 02210 (617) 357-8000

P 523 368 819

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL
(See Reverse)

U.S.G.P.O. 1986-224-565

Sent to Ken Alexander P Haig	
Street and No 1312 Vincent Place	
P.O. State and ZIP Code McLEAN VA 22101	
Postage	$ .25
Certified Fee	1.75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	$ 2.00
Postmark or Date	SEP 1989

PS Form 3800, June 1985

5 0 4 3 6 4 2 3 0 9

Olympic Bank

Olympic International Bank and Trust Co.

SECURED NOTE

$ 55,000.00 BOSTON, MASS. OCTOBER 13, 19 88

SIX MONTHS after date, the undersigned, (jointly and severally if more than one) for value received promise(s) to pay to the order of Olympic International (Bank), at said Bank,

the sum of FIFTY FIVE THOUSAND AND 00/100 ***** DOLLARS, with interest from date on the unpaid principal hereof until maturity or demand, according to the tenor hereof, at a rate per annum equal to 12.9%. Interest after maturity or demand shall be at a rate per annum equal to 2% above the rate charged on the date of maturity or demand, but in no event in excess of the maximum rate permitted by applicable law. Interest shall be calculated on the basis of a 360 day year for actual days elapsed.

There has been deposited with Bank as collateral security for payment of this and any and all other liabilities, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of any of the undersigned to Bank, its successors or assigns, the following property viz.

MATCHING FUNDS FROM THE FEDERAL ELECTION COMMISSION

with the right on the part of the holder from time to time to demand additional security satisfactory to it should the value of any of the collateral herewith, previously, or hereafter pledged decline in the judgment of the holder or anyone acting in its behalf.

The undersigned also agrees to deposit with the holder any and all additional shares of stock which may be issued as a result of a stock split or stock dividend with respect to any shares pledged hereunder.

The holder may at its option cause any securities pledged hereunder to be transferred into its name or that of its nominee and may receive the income thereon and hold same as security hereunder, or apply it on the principal or interest due hereon or due on any other liability of the maker(s) herein referred to. The holder hereof shall be under no duty or liability with respect to the collection of any security held hereunder or of any income thereon nor with respect to the protection or preservation or exercise of any rights pertaining thereto beyond the use of ordinary care in the custody of such security. In no event shall the holder be obligated to exercise any rights pertaining to or distributed with respect to any securities pledged hereunder, including but not limited to conversion, subscription, redemption or voting rights. Upon any sale or transfer of this note, the holder may assign, transfer and deliver all or any part of the property held as security herefor, together with all the powers and rights of the holder with respect to said note and collateral, to the purchaser or transferee, and said holder shall thereafter be forever relieved and fully discharged from any liability in connection therewith.

All parties now or hereafter liable hereon as maker, endorser, guarantor or otherwise [illegible] the holder of this note to execute in the name of any such party discharges, full or partial releases, assignments, endorsements [illegible] instruments, notes, drafts, checks, bills of exchange, acceptances, bills of lading, warehouse receipts and all other types of commercial [illegible] obligations, accounts and liabilities which have been or which may hereafter be held as security hereunder, and warrant and state under [illegible] of perjury that all such instruments held as security herefor are genuine and that the individual signers thereof were competent and of legal age at the time of signing and that if any such instrument is signed in the name of any corporation, firm, company or association, the person or persons who so signed were thereunto duly authorized.

The holder shall have the right in its discretion to assent to any adjustment, compromise, composition, extension or release of the indebtedness or liability of any person, firm or corporation primarily or secondarily liable upon any note or other collateral held as security herefor, without it in any way affecting the liability of any party hereto, whether maker, endorser, guarantor or otherwise and without notice to or further consent of any such party. As to any securities held as collateral hereunder, the holder shall have the absolute right, without notice to the undersigned or to any endorser or guarantor hereof or to any owner of the collateral hereunder, to exercise conversion rights of such securities, to sell stock rights offered by the issuer thereof or to exchange or otherwise transfer any such securities in connection with any merger, consolidation or other corporate reorganization.

If any party now or hereafter liable hereon as maker, endorser, guarantor or otherwise shall default in the performance of any agreement or condition herein contained, including but not limited to the failure to supply upon demand therefor additional collateral as herein provided, or shall die, execute a trust mortgage, make assignment for the benefit of creditors, or if a receiver of any such party's property shall be appointed, or if a petition in bankruptcy or under any insolvency law or under any law for relief of debtors shall be filed by or against any such party, or in the event that taxes, charges, liens or insurance premiums on the collateral or any part of it are not paid upon demand, or if the holder hereof deems its position to be insecure, (all of the foregoing being defined herein as events of default) the unpaid balance of the indebtedness evidenced hereby shall at the option of the holder hereof forthwith become due and payable without notice or demand. Upon the occurence of any such event of default, and at any time thereafter, the holder shall have the remedies of a secured party under the Uniform Commercial Code. Unless the collateral is perishable or threatens to decline speedily in value or is a type customarily sold on a recognized market, the holder will give the parties liable hereon reasonable notice of the time and place of any public sale thereof or of any time after which any private sale or other disposition is to be made. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the said parties at the address given on this note at least five days before the time of the sale or disposition.

The holder hereof shall have no duty first to exhaust any particular collateral whether or not the same was deposited by parties primarily obligated hereunder. No delay or omission by the holder hereof in the exercise of any right hereunder shall operate as a waiver of such right or of any other right hereunder. A waiver by the holder on one occasion shall not be construed as a waiver or ban to the exercise of a right on any other occasion.

Each party liable on this note hereby waives presentment, demand, notice of dishonor, and protest and assents to any substitution, exchange or release of collateral permitted by the holder and waives any defense by reason of any extension of time for payment or other indulgence granted to any party liable hereon, and agrees to pay all costs and expenses of collection, including attorneys fees equal to 15% of the outstanding balance at the time of default.

In any litigation brought in connection with this note, Bank and each maker, endorser and guarantor waive trail by jury; and each maker, endorser, and guarantor waives the right to interpose any set-off or counter claim of any nature or description.

The obligations of all makers, endorsers and guarantors shall be joint and several and each agrees to all of the terms contained herein and that he has signed individually and severally and not as or for the accommodation of any party, and any reference herein to the parties liable hereunder with respect either to their obligations hereunder or to any other liability secured by the pledged collateral shall be deemed to refer to each one separately as well as to all. If this note shall be paid by any one party liable hereunder, the holder may surrender this note and all security therefor held by such holder to the one so paying the note.

Any moneys or other property at any time in the possession of the holder whether in safekeeping or otherwise belonging to any of the parties liable hereon as maker, endorser, guarantor or otherwise, and any deposits, balance of deposits, or other sums at any time credited by or due from the holder to any such parties, may at all times be held and treated as collateral security for the payment of this note and any other liability of the parties herein referred to, whether due or not due, and the holder may at any time apply such deposits or other sums or property against the amount due or to become due hereon or set off such amount due hereon against any claim of any of said parties against the holder. Any provision in this note prohibited by law shall be ineffective to the extent of such prohibition without invalidating any other provision herein.

The undersigned represents and warrants that the purpose of this loan is not to purchase or carry any security subject to Regulation U issued by the Board of Governors of the Federal Reserve System pursuant to the Securities Exchange Act of 1934. Signed as a sealed instrument.

This note shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts.

HAIG-FOR PRESIDENT

Name [illegible] Address

DOMINIC SARGENTO, TREASURER Address

COPY

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

90 JUN 27 PM 3:15

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
Haig for President Committee and Dominic J. Saraceno, as treasurer	)	MUR 2903
	)	
	)	
	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On April 10, 1990, the Commission found reason to believe Haig for President Committee and Dominic J. Saraceno, as treasurer ("Haig Committee") violated 2 U.S.C. § 441b(a) in connection with a line of credit extended by Olympic National Bank and Trust. At that time, the Commission approved a Subpoena and Order to the Haig Committee (Attachment 1). On May 11, this Office received a timely motion to quash the Subpoena and Order (Attachment 2).[1]

II. ANALYSIS

Counsel contends that the materials and information requested in the Subpoena and Order have already been provided to the Commission in the course of its Title 26 audit of the Haig

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1. According to the certified mail receipt, an agent of the Haig Committee received the Subpoena and Order on May 4, 1990. Pursuant to 11 C.F.R. § 111.15(a), applications to quash or modify Commission subpoenas must be filed with this Office no later than 5 days after receipt, and 11 C.F.R. § 111.2(b) provides that for periods less than 7 days, weekends are excluded from the computation. On May 11, 1990, the fifth work day after receipt, this Office received via telecopier counsel's motion to quash, and received the original by certified mail on May 15, 1990.

Committee, and states that "[e]very document and record in the possesion [sic] of the Committee with any bearing on the Line of Credit transaction at issue has already been provided to the Commission" (Attachment 2, page 1).[2] Counsel makes specific objection to only two particular questions, contending that Item 2(d) seeks information outside the Haig Committee's knowledge, and that Item 2(f) requests information already a matter of public record. For these reasons, counsel requests that the Commission quash the Subpoena and Order.

Counsel specifically contends that Question 2[d], which requests a description of the factors the bank considered in granting and renewing of the loan, seeks information not within the knowledge or control of the Respondent. The Subpoena and Order merely requires the Haig Committee to furnish all responsive information known to it, in its possession, or available to it (see Subp. Instructions, Attachment 1, page 3), and this Office proposes to so inform the Committee in response to this point.

Second, counsel argues that Question 2[f], requesting a list by date and amount of all payments and draws made on the loan, seeks public record information and thus would be unfairly burdensome to the Committee to provide. It appears that the

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2. Counsel states that materials responsive to the outstanding Subpoena in this matter were also provided "in connection with the Commission investigation in MUR 2717" (Attachment 2, p. 1). The Haig Committee did comply with a Commission subpoena in MUR 2717, involving possible corporate reimbursement and/or facilitation of contributions. That submission though appears to contain no documents that would be responsive to the Subpoena in this matter. Therefore, the basis for counsel's assertion is unclear.

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Committee's public disclosure of its transactions with Olympic Bank is far from complete.[3] Nonetheless, this Office has recently received and begun to review the subpoena response of Olympic Bank in this matter, and it appears to include a complete list of all advances and payments on the loan from inception until the loan was placed in "non-performing" status in March of this year (Attachment 4, page 3).[4] Accordingly, this Office proposes to inform the Committee that no further response to this question is required at this time.

As to the Haig Committee's general objection that all information requested has previously been provided during the audit, staff of this Office met with Audit Division staff to review the Commission's Subpoena and Order alongside the audit workpapers. This review confirmed that substantial information requested in the Subpoena and Order has not yet been provided.

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3. For example, this Office's chart of the loan transactions compiled from the Haig Committee's disclosure reports (Attachment 4, page 1) reveals that the advances and principal payments reported by the Haig Committee would yield a remaining loan balance of $18,577.85 as of a February 1, 1990 loan payment. On the 1990 April Quarterly report showing this payment, however, the Committee's Schedule C lists the loan balance as $43,330.80. Appended to several Haig Committee reports were copies of computer print-outs of loan activity from Olympic Bank, apparently included out of recognition that the Committee's itemization of loan transactions was not accurate.

4. The bank's list shows a loan balance in February 1990 of approximately $52,000 (Attachment 4, page 3). The entries on the list, confirmed by a footnote at the bottom of the page (Attachment 4, page 2) show that from March 1988 the Bank continued to make advances on the line of credit which correspond to, and were apparently for the purpose of financing Haig Committee interest payments <u>to</u> the bank. This Office will investigate to determine the reasons for this practice.

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The audit workpapers include a copy of the promissory note, a few loan payment summaries from the bank, two interest due notices, a letter from the bank affirming the propriety of the loan, and a Haig Committee fundraising projection apparently submitted to the bank. Additional documents responsive to the subpoena would include all other documents submitted by the Committee to the bank regarding the loan, for example any written application for the loan and other correspondence (Subp. Question 4[c] at Attachment 1, page 6); and all other materials received from the bank (Subp. Question 4[d]).

In addition, the Commission's subpoena required the Haig Committee to list all meetings and communications regarding the line of credit, to identify all documents relating to such meetings or communications, and to produce these documents (Subp. Question 2[c]; 4[a]). Nothing previously provided to the Audit staff meaningfully responds to these questions and document request, and such information is crucial for a determination of how the loan came to be granted and an understanding of why the bank continued to make advances on the line of credit when the Haig Committee's matching fund submissions were dwindling.

The Subpoena also required the Haig Committee to identify all Committee agents involved in negotiating the line of credit (Subp. Question 2[e]), to describe in detail collection efforts by Olympic Bank (Subp. Question 2[g]), and to describe in detail the role of Mr. Saraceno, the Committee's treasurer and a director of Olympic Bank, in Committee transactions involving the bank (Subp. Question 2[h]). All these questions are intended to elicit

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important information in this matter, none have been specifically addressed in the Committee's submissions during the audit, and counsel offers no reason for the Committee's failure to respond to them now.

It thus appears that the motion to quash is based upon the Haig Committee's wish to avoid the necessity of responding further to the Commission on the issue of the line of credit, rather than upon a careful review of the information required by the Commission's Subpoena. For these reasons, the Office of the General Counsel recommends the Commission deny the Haig Committee's motion to quash the Subpoena. The proposed notification letter (Attachment 3) responds to counsel's specific points discussed above, lists the materials contained in Audit's workpapers and informs the Haig Committee that it need not submit these documents already produced, and informs the Haig Committee that in all other respects the Commission has denied the motion to quash, and that therefore full and complete responses to the Subpoena and Order are required. It also informs the Committee that if it can produce no documents responsive to the Commission's subpoena, it should submit a sworn statement specifying with respect to each document request that there are no other documents responsive to such request and detailing what efforts have been made to search for such documents.

III. RECOMMENDATIONS

1. Deny the application of Haig for President Committee and Dominic Saraceno to quash the outstanding Subpoena and Order in MUR 2903.

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2. Approve the attached letter.

6/27/90
Date

Lawrence M. Noble
General Counsel

Attachments
1. Subpoena and Order dated April 13, 1990
2. Motion to Quash Subpoena
3. Proposed Letter
4. Charts showing loan transactions

Staff Assigned: J. Bernstein

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Haig for President Committee	)	MUR 2903
and Dominic J. Saraceno, as	)	
treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 2, 1990, the Commission decided by a vote of 4-0 to take the following actions in MUR 2903:

1. Deny the application of Haig for President Committee and Dominic Saraceno to quash the outstanding Subpoena and Order in MUR 2903.

2. Approve the letter, as recommended in the General Counsel's Report dated June 27, 1990.

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

Attest:

July 2, 1990
Date

Hilda Arnold
for Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat:	Wednesday,	June 27, 1990	3:15 p.m.
Circulated to the Commission:	Thursday,	June 28, 1990	11:00 a.m.
Deadline for vote:	Monday,	July 2, 1990	11:00 a.m.

dh

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 9, 1990

Lawrence J. Halloran
Gaffney, Pease & DiFabio
1 Liberty Square
New Britain, CT 06051

Re: MUR 2903
Haig for President Committee, and
Dominic Saraceno as treasurer

Dear Mr. Halloran:

The Commission has received and considered your Motion to Quash Subpoena dated May 10, 1990 in the above-captioned matter. The Commission has passed on your specific objections to its Subpoena and Order as well as your request that the Subpoena and Order be quashed in their entirety.

First, regarding your specific contentions, the Commission notes that Question 2[d] of the Subpoena and Order only requires your clients to furnish all responsive information known to them, in their possession, or available to them. Second, the Commission requires no additional response to Question 2[f] at this time. Third, the Commission recognizes that the Committee provided the following materials related to the Olympic Bank line of credit during the field audit of the Committee pursuant to 26 U.S.C. § 9038:

> a copy of the promissory note; loan payment summaries from the bank covering the period from inception until March 21, 1988; copies of Committee bank statements showing the deposit of loan advances through March 31, 1988; two interest due notices dated 1/4/88 and 3/14/88; a letter to the Haig Committee from Olympic Bank dated January 18, 1989; and a three page fundraising projection apparently submitted to the bank.

These specific documents need not be produced again in response to the Subpoena and Order.

In all other respects, the Commission denied your motion to quash its subpoena. Therefore, except as provided above, your clients must submit a full and complete response to each question and document request contained in the Subpoena and Order. Please do so within 20 days of receipt of this letter. If your clients can produce no documents responsive to the Commission's subpoena, they should submit a sworn statement specifying with respect to

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each document request that there are no other documents responsive to such request and detailing what efforts have been made to search for such documents.

If you have any questions about this matter, please contact Jonathan Bernstein at (202) 376-5690.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

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OGC 7168

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

90 AUG -3 AM 10:53

BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of	)	
	)	MUR 2903
	)	
HAIG FOR PRESIDENT COMMITTEE	)	July 30, 1990

90 AUG -3 AM 11:52

RESPONSE TO SUBPOENA

The Respondent in the above-entitled matter, HAIG FOR PRESIDENT COMMITTEE, through its treasurer, Dominic Saracena, makes the following response to the Commission Subpoena to Produce Written Document and Order to Submit Written Answers, dated April 13, 1990, as amended and modified by the Commission action on the Respondent's Motion to Quash:

1. Olympic Bank provided a single service to the Committee, that being a line of credit evidenced by a written agreement. That service involved advancing the Committee funds according to the terms of the agreement. An account was opened at the Olympic Bank into which matching fund payments were deposited to be applied against line of credit borrowings. This is the only service Olympic Bank provided to the Committee.

2. a. The Committee, through its treasurer and corporate officers, determined to borrow funds in anticipation of matching funds entitlements. Written application was made to Olympic Bank. In support of that application, written and oral representations were made as to the timing and amount of federal matching fund entitlement payments. After reviewing the application and additional information provided in support of the application, the bank approved the line of credit and the agreement was executed.

   b. Application was made to Olympic Bank at the recommendation of the Committee treasurer. This recommendation was made primarily due to the treasurer's ability to monitor the operation of the line of credit more closely, since his business location is in New England. No other bank was approached.

   c. The Committee was able to identify no additional information in response to this interrogatory beyond the evidence of such meetings and discussions already

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provided to the Commission. No meeting minutes or logs of telephone conversations were discovered among Committee records.

d. Based on the application and materials provided in support of the application, and the bank's "Credit Review" statement dated November 17, 1987 the Committee believes that only normal credit considerations were applied to the bank's approval and renewal of the loan agreement. Representations as to the Committee's fundraising history and potential were made to bank personnel by the treasurer and by Mrs. MacKenzie, the Committee's fundraiser. Matching fund payments were pledged to be applied against borrowings. These factors, the ability to repay and the availability of matching funds, are the only factors of which the Committee is aware that the bank considered.

e. The following individuals were involved in the credit arrangement with the bank:

NAME	Relationship to HFP	Olympic Bank
Dominic Saraceno	Treasurer	Director
Kathy MacKenzie	Fundraiser	None
Alexander P. Haig	Consultant	None
Wendy Haig	Consultant	None

f. No response, pursuant to Commission letter of July 9, 1990.

g. All matching fund payments were automatically applied against the line of credit balance. On January 18, 1989 Olympic Bank, through Mr. Thomas McLaughlin, III, Vice President, indicated that customary steps had been taken to collect on this loan. Alexander P. Haig recalls a telephone call from Mr. O'Brien, President of Olympic Bank, regarding the prospects for repayment of the loan. Correspondence was generated by Mr. Haig in response to that call. Subsequent correspondence from the bank indicated that it expected the full amount due upon maturity.

h. Mr. Saraceno's only "role" in the loan transaction between the Committee and the bank is identified in response to 2(e), above. After suggesting that application be made to Olympic Bank, Mr. Saraceno

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directed Committee personnel to complete the application and submit it to the bank for consideration. Mr. Saraceno was the primary contact with the bank during this initial process.

3. The following persons assisted in the preparation of these responses:

Kathy MacKenzie
2216 Nobehar
Vienna, VA 22181
(703)620-4806

Alexander P. Haig
c/o Worldwide Ent.
1155 15 Street, NW
Suite 800
Washington, D.C. 20005
(202)429-9788

4. a. A copy of the November 17, 1987 "Credit Review" is attached.

b. No other documents were found which satisfy this request. A thorough search of Committee records was conducted.

c. A copy of a letter from Alexander P. Haig to Olympic Bank President William J. O'Brien dated June 29, 1989 is attached.

d. A copy of a letter from Thomas A. McLaughlin, III, Vice Presdident, Olympic Bank, to counsel dated January 18, 1989 is attached. A copy of a letter from Mr. E. Charles Fraser, III, Loan Department, Olympic Bank to the Committee dated September 22, 1989 is attached.

ATTEST:

Dominic Saraceno
Treasurer

Subscribed and sworn before me, a Notary Public, this 31st day of July, 1990 by the person above indicated, known to me to be said person.

Rosemary J. Leddington
Notary Public

January 18, 1989

Mr. Larry Halloran
c/o Haig for President Committee
1555 15th Street, N.W.
Washington, D.C. 20003

RE: HAIG FOR PRESIDENT, INC.
(DOMINIC J. SARACENO, TREASURER)
OUR ACCOUNT NO. 11050273-65

Dear Mr. Halloran:

The above-captioned account was activated on November 13, 1987 as a line of credit in the amount $375,000, with the understanding that matching funds from the Haig for President campaign would be deposited directly with Olympic Bank. This line of credit was set up in the typical manner at the prevailing rate of interest, which was 12.00%.

A review of our records indicates that the bank has monitored this loan in a customary manner, and that the loan has been maintained in a satisfactory manner, with paydowns made on a timely basis.

This line was reviewed upon its maturity, and on October 20, 1988 the line was renewed for an amount of $55,000 for a term of six months (maturity date is April 13, 1989.)

Trusting this information will be of assistance to you, I remain

Sincerely,

OLYMPIC INTERNATIONAL BANK & TRUST CO.

Thomas A. McLaughlin, III
Vice President

TAM/smf

Olympic International Bank and Trust Co. 303 Congress Street, Boston, MA 02210 (617) 357-8000

September 22, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Gen. Alexander P. Haig
Haig for President, Inc.
1312 Vincent Place
McLean, Virginia 22101

RE: COMMERCIAL LOAN TRANSACTION #11050273-65

Dear General Haig:

As you will recall, the Bank notified you that the above-captioned commercial loan transaction was due and payable on April 13, 1989. You responded to our request in a letter dated June 29, 1989 wherein you stated that the outstanding debt would be retired with monies received from campaign fundraising events and speaking engagements. According to our records, no payments have been received since April of 1989.

Therefore, we now exercise our option under your contractual agreement and demand payment in full within thirty (30) days of the date of this letter. The net payoff figure as of today's date is $56,119.18, ($53,244.00 in principal plus interest in the amount $2,875.18) with a daily interest factor of $17.748. In addition, you will be held fully responsible for any and all legal and/or collection fees which may be incurred as a result of said default.

We look forward to receiving your payment, thereby avoiding any additional legal steps which may be necessary for the Bank to collect this obligation.

If you have any further questions, or require specific information concerning this matter, please contact the undersigned directly.

Very truly yours,

OLYMPIC INTERNATIONAL BANK & TRUST CO.

E. Charles Fraser, III
Loan Department

Olympic International Bank and Trust Co.
303 Congress Street • Boston, MA 02210 • (617) 357-8000 • FAX (617) 357-6963

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HAIG FOR PRESIDENT, INC.
1312 VINCENT PLACE
MCLEAN, VIRGINIA 22101

June 29, 1989

Mr. William J. O'Brien
President
Olympic International Bank and Trust Company
303 Congress Street
Boston, Massachusetts 02210

Re: Haig for President, Inc.

Dear Mr. O'Brien:

This letter is to advise Olympic International Bank of the status of Haig for President, Inc., and its activities with respect to retiring the loan outstanding with the bank.

The campaign committee views the retirement of the loan with Olympic Bank as its top priority. In an effort to address this priority, we have recently begun negotiations with the Republican Parties in California and Illinois to have them use General Haig as a speaker for their fundraising events in return for assisting the campaign in retiring its outstanding campaign obligations. It is our intention to expand on these contacts and to approach other state parties to establish similar arrangements as the local political campaigns become active.

In addition, we have approached the Republican National Committee in an effort to seek their assistance in retiring the campaign debt. A meeting to discuss this matter will take place within the next two weeks with officials at the highest level of the RNC.

While the presidential general election and the inaugural activities stymied our efforts to raise money from Republican supporters, we are confident that the approaching campaign season will provide an opportunity for raising funds.

We sincerely appreciate your patience with respect to this matter and will keep the bank specifically apprised of our fundraising activities as they are scheduled, as well as details regarding generation of income.

Please do not hesitate to contact me directly at (202) 429-9788 if you should have any questions or require any additional information.

Sincerely,

Alexander P. Haig

bcc: Dom Saraceno

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

September 5, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

John P. Connelly, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA 02110

Re: MUR 2903
Olympic International Bank

Dear Mr. Connelly:

We have reviewed your letter dated May 24, 1990 stating that Olympic Bank did not monitor the level of contributions to the Haig for President Committee during the pendency of the line of credit. You also contend that the regulations at 12 C.F.R. § 215 governing loans by member banks to their executive officers, directors, and principal shareholders are not applicable to the line of credit extended by Olympic International Bank & Trust Company to the Haig for President Committee. The Commission will consider these contentions.

This is also to acknowledge your response on behalf of your client to the Commission's Subpoena and Order dated April 13, 1990. This response appears to be incomplete in several respects. Specific responses which appear to be incomplete are listed as follows:

1. Question 3.a. required a detailed description of the process by which the line of credit was obtained by the Committee. You responded by stating: "An application for a line of credit with accompanying information was submitted by Dominic J. Saraceno for consideration. The application was discussed and further information was requested prior to approval. Upon receipt of this further information, the Line of Credit for the Haig Committee was approved." Please provide the following information to clarify your response:

a. state the date on which the application was submitted and the identity of the persons to whom the application was submitted for consideration;

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b. state the date on which the application was discussed and the identity of the persons who discussed the application;

c. state the identity of the persons who requested further information, the identity of the persons to whom the request for further information was made, and the date of the request for further information;

d. state what further information was received which resulted in the approval of the line of credit, the date on which such information was furnished, the identity of the persons who furnished the information, and the identity of the persons to whom the information was furnished; and

e. state the date on which the line of credit was approved and the identity of the persons who approved the line of credit.

2. Your response to question 3.c. is incomplete. List all meetings, negotiations, and conversations held between Olympic Bank and Committee officials to discuss extension of credit to the Committee from Olympic Bank, the LOC agreement, the repayment of the LOC, and the renewal of the LOC. Include in your answer the date, location, and attendees of each meeting, negotiation, and conversation. Also include in your answer a detailed description of the purpose of each meeting, negotiation, and conversation, and all decisions reached as a result of the meeting, negotiation, and conversation. Identify all documents which refer, relate, or pertain to each such meeting, negotiation, and conversation.

3. Question 3.e. required you to identify each Olympic Bank employee, officer, director, or agent involved in the consideration, granting, monitoring, and renewal of the line of credit. Your attention is directed to the subpoena's definition of the term "identify" with respect to a person. This definition requires you to state the full name, the most recent business and residence addresses and the telephone numbers, the present occupation or position of such person, and the nature of the connection or association that person has to any party in this proceeding. Furthermore, based on the materials you have submitted in response to the subpoena, the names of individuals listed in response to this question appear to be incomplete. Please respond fully to question 3.e., in accordance with the instructions and definitions of the subpoena.

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4. In response to question 3.h., state whether Dominic Saraceno voted on November 12, 1987, to approve the request for the line of credit. State whether Dominic Saraceno voted on December 17, 1987, to ratify the approved request of Haig for President, Inc. for a line of credit in the amount of $175,000. State whether Dominic Saraceno had any further communication with the Bank regarding the line of credit after December 17, 1987.

5. Your answer to question 3.i. is not fully responsive. State whether the line of credit was reviewed as part of an audit, either by internal auditors (Bank employees) or external auditors (i.e., outside auditors, OCC examiners, FDIC examiners, or state bank examiners). Identify all documents which refer, relate, or pertain to review of the line of credit.

6. Question 6 required you to produce each and every document concerning, relating or pertaining to Haig for President including, but not limited to all documents identified in response to the above interrogatories. Produce the following documents that you have described in response to interrogatories:

a. an application for a line of credit with accompanying information (described in response to question 3.a.)

b. the request for the line of credit for the Haig Committee submitted by Dominic Saraceno (described in response to question 3.b.)

c. correspondence sent to the office of General Alexander Haig in efforts to obtain the money owed to the Bank on the line of credit (described in response to question 3.g.).

7. Question 6 further required you to produce each and every document concerning, relating, or pertaining to Haig for President including, but not limited to documents which refer or pertain to meetings, or preparation for meetings, including but not limited to those held by a loan committee or Board of Directors, in which the line of credit was discussed. Produce all minutes, notes or other memoranda regarding the Bank's Executive Committee meeting of November 12, 1987.

8. In response to question 7, you produced a copy of the Bank's published loan policy. State the date on which the loan policy was prepared, the effective dates of the loan policy, and state the number of pages which comprise the loan policy.

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9. The Bank loan policy produced in response to question 7 requires the following documentation:

a. the "completed and signed loan application and/or financial statement supported by credit investigation" (Bank loan policy page 7);

b. the "financial statements to support commercial secured and unsecured borrowings of $10,000.00" required by banking regulations (Bank loan policy page 7);

c. "proper and full notation in the file" in support of any action or conversation with a customer relative to a loan (Bank loan policy page 8);

d. "all documents necessary to properly make the loan ...i.e., financial sheets, tax returns, P & L statements, guarantees and signatures" prior to any disbursement made on the loan (Bank loan policy page 8).

Produce the aforementioned documents required by the bank loan policy relating to the line of credit extended by the Bank to the Haig for President Committee.

All responses must be submitted no later than 30 days from the date you receive this letter. If you have any questions, please contact Mary Mastrobattista, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

15043642369

OGC 8010

RECEIVED
FEDERAL ELECTION COMMISSION
90 SEP 28 AM 9:51

HUTCHINS & WHEELER
COUNSELLORS AT LAW
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
101 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110

TELEPHONE (617) 951-6600
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TELEX 94-0691

IN FALMOUTH
159 TOWN HALL SQUARE
FALMOUTH, MASSACHUSETTS 02540
TELEPHONE (508) 540-6303

September 25, 1990

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

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 SEP 28 AM 11:04

Re: MUR 2903

Dear Ms. Mastrobattista:

Enclosed herewith is the Supplemental Response Of Olympic International Bank & Trust Company To: 1) Subpoena To Produce Documents; and 2) Order To Submit Written Answers.

Our client is distressed that, although the Federal Election Commission has acknowledged the factual and legal arguments which we raised in our letter dated May 24, 1990 (copy enclosed) as to why its allegations against our client in this investigation are groundless, it has nevertheless refused to respond to these arguments in any fashion during the subsequent four months. Instead, the FEC has insisted on requiring our client to produce additional, and largely irrelevant, information.

You should know that if the FEC continues to ignore our arguments, but instead to request even more information from our client, then our client will have no choice but to take appropriate legal responses. Fundamental due process requires that the FEC respond to the factual and legal points made in our May 24th letter which we believe are dispositive before pursuing this expensive and time consuming investigation further. We look forward to receiving that response.

Very truly yours,

John P. Connelly

JPC/mc
Enclosures

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	MUR 2903

SUPPLEMENTAL RESPONSE OF OLYMPIC INTERNATIONAL BANK & TRUST COMPANY TO: (1) SUBPOENA TO PRODUCE DOCUMENTS; AND (2) ORDER TO SUBMIT WRITTEN ANSWERS

Olympic International Bank & Trust Company (the "Bank") hereby responds to the items listed in the letter dated September 5, 1990 which its counsel, John P. Connelly, Esquire, received from the Federal Election Commission ("FEC") on September 12, 1990, as follows:

1. RESPONSE:

(a) The Haig Committee submitted its request for a line of credit from the Bank at a meeting of the Bank's Executive Committee on November 12, 1987. The following persons attended the meeting of the Bank's Executive Committee on November 12, 1987: Peter S. Donadio, Joseph C. Maloney, M.D., John M. Moran, William J. O'Brien, Victor A. Nicolazzo, Jr., Dominic J. Saraceno and Michael E. Tierney.

(b) The Haig Committee's request was discussed by the Bank's Executive Committee (i.e., Messrs. Donadio, Moran, O'Brien, Nicolazzo, Saraceno, Tierney and Dr. Maloney) on November 12, 1987.

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(c) The request for extra information was made by the Bank's Executive Committee to Mr. Saraceno on November 12, 1987.

(d) The extra information which the Bank's Executive Committee requested was a copy of the FEC's certification that the Haig Committee was eligible to receive matching funds. Julie Aurilio, Vice-President of Customer Relations at the Bank, received this information from Russell G. Primavera of the Haig Committee on or about December 17, 1987.

(e) The line of credit was approved by the Bank's Executive Committee on November 12, 1987, which approval was later ratified by the Bank's Board of Directors at its meeting on December 17, 1987.

2. **RESPONSE**: The only face-to-face meetings which took place between the Bank and officials from the Haig Committee regarding the line of credit occurred when Mr. Saraceno met with the Bank's Executive Committee on November 12, 1987 and with the Bank's Board of Directors on December 12, 1987.

The Bank is now unable to list "all" negotiations and conversations which took place between the Bank and officials from the Haig Committee regarding the line of credit because any such negotiations and conversations took place several years ago, and because the Bank does not have any written records of any such negotiations and conversations, other than those documents which it has previously produced with the

Response Of Olympic International Bank & Trust Company To: (1) Supboena To Produce Documents; And (2) Order To Submit Written Answers (the "Bank's Original Response") dated May 24, 1990.

3. **RESPONSE**: The line of credit was considered, granted and renewed by the Bank's Executive Committee and Board of Directors during their meetings on November 12, 1987, December 17, 1987 and October 20, 1988. The residential and business addresses of the persons who were members of the Bank's Executive Committee and Board of Directors in 1987 and 1988 are as follows:

Robert S. Abrams

Frank N. Cardullo

Thomas F. Collins,

David W. Cowens

Peter S. Donadio

K.C. Jones

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Jon A. Lichter

Joseph G. Maloney, M.D.

John A. McKenzie

Joseph A. Milano

George E. Montilio

John M. Moran

Victor A. Nicolazzo, Jr.

William J. O'Brien

Carol Sawyer Parks

Dominic J. Saraceno

David Spiegel

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Michael E. Tierney

Gerard R. Walsh

Dr. Maloney and Messrs. Donadio, Moran, O'Brien, Nicolazzo, Saraceno and Tierney attended the meeting of the Bank's Executive Committee on November 12, 1987. Dr. Maloney, Ms. Parks and Messrs. Abrams, Cardullo, Collins, Cowens, Jones, McKenzie, Milano, Montilio, Moran, Nicolazzo, O'Brien, Saraceno, Spiegal, Tierney and Walsh attended the meeting of the Bank's Board of Directors on December 17, 1987. Messrs. Abrams, Cardullo, Donadio, Lichter, McKenzie, Milano, Montilio, Moran, Nicolazzo, O'Brien, Saraceno, Spiegal and Tierney attended the meeting of the Bank's Board of Directors on October 20, 1987.

The line of credit for the Haig Committee was monitored by Julie Aurilio, Vice-President of Customer Relations at the Bank, and by the support staff of the Bank's Loan Department (Charles Fraser, Michael Sullivan and Thomas A. McLaughlin, III). The business addresses of all these persons is Olympic International Bank & Trust Company, 303 Congress Street, Boston, Massachusetts 02210. Ms. Aurilio's residential address is 36 Rogers Avenue, Somerville, Massachusetts 02143. Mr. Fraser's residential address is 124 Mishawum Road, Woburn, Massachusetts 01801. Mr. McLaughlin's residential address is 225 Lincoln Street, Unit J5, Duxbury, Massachusetts 02332.

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Of the persons listed in this Response No. 3, the only person whom the Bank believes had any association with the Haig Committee was Mr. Saraceno, who was the National Treasurer of the Haig Committee.

4. RESPONSE: The Bank's records do not indicate whether Mr. Saraceno voted to approve the Haig Committee's request for a line of credit at the meeting of the Bank's Executive Committee on November 12, 1987, or whether he voted to ratify the approved request at the meeting of the Bank's Board of Directors on December 17, 1987. Nevertheless, it is the Bank's general practice that all officers and directors who bring loan requests to the Bank to abstain from voting on such requests, and the Bank is unaware of any facts or circumstances which indicate that this general practice was not followed with respect to the line of credit for the Haig Committee.

All further communications which Mr. Saraceno had with the Bank regarding the line of credit after December 17, 1987 are identified in the document entitled "History Of Discussions/ Actions Taken At Board Of Directors Meetings May 1989 Through March 1990" which was produced with the Bank's Original Response.

5. RESPONSE: The Bank believes that the line of credit has been reviewed, together with all of the Bank's other loans, in connection with the general audits of the Bank which are

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conducted each year by the Bank's auditors, KPMG Peat Marwick, One Boston Place, Boston, MA 02108. The Bank is not aware that the line of credit has been specially audited. Accordingly, the Bank does not possess any documents responsive to Request No. 5.

6. RESPONSE:

(a) Since the request for the line of credit was made orally, and not in writing, the Bank does not possess any documents responsive to Request 6(a).

(b) Since the request for the line of credit was made orally, and not in writing, the Bank does not possess any documents responsive to Request 6(b).

(c) Copies of all such correspondence were produced with the Bank's Original Response.

7. RESPONSE: No minutes were taken of the meeting of the Bank's Executive Committee on November 12, 1987. A copy of the meeting's agenda, which is the only document which the Bank has in its possession regarding said meeting, was produced with its Original Response.

8. RESPONSE: The Bank's published Loan Policy was first prepared in 1986. It is ten pages in length, and it has been effective from 1986 through the present.

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9. **RESPONSE**: Copies of any and all of the documents which the Bank has in its possession responsive to Request No. 9 were produced with its Original Response.

Signed under the pains and penalties of perjury this 24 day of September, 1990.

OLYMPIC INTERNATIONAL BANK &
TRUST COMPANY

By: Victor A. Nicolazzo, Jr.,
Chairman

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

October 18, 1990

John P. Connelly, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA 02110

Re: MUR 2903
Olympic International Bank

Dear Mr. Connelly:

This is to confirm your telephone conversation yesterday with Jonathan A. Bernstein of my staff regarding your correspondence dated September 25, 1990 in this matter.

In your September 25th letter, you questioned the lack of a substantive response to the points made in your letter dated May 24, 1990 which accompanied your client's initial subpoena response. As Mr. Bernstein explained, the Commission's investigation is ongoing in this matter, and legal arguments advanced by respondents during an investigation are ordinarily considered by the Commission at the "probable cause" stage of the matter. See 2 U.S.C. § 437g(a)(2), (3), (4); 11 C.F.R. §§ 111.9, 111.10, 111.16.

Although not anticipated by the Commission's procedures, this Office will put forward to the Commission a formal request, even while the investigation is ongoing, that it take no further action in a matter. If you submit such a request, it will be considered by the Commission.

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

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

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OGC 8379

90 OCT 24 AM 9:28

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 OCT 24 PM 4:05

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2903

NAME OF COUNSEL: JOHN F. HUNT, ESQ.

ADDRESS: CRAVATH, SWAINE & MOORE
825 EIGHTH AVENUE
NEW YORK, NEW YORK 10019

TELEPHONE: (212) 474-1000

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.

10/19/90
Date

J. Maguire
Signature

RESPONDENT'S NAME: JAMES J. MAGUIRE

ADDRESS: 42 WESTERN DRIVE
SHORT HILLS, N.J. 07078

HOME PHONE: (201) 467-0245

BUSINESS PHONE: (212) 809-1000

15043642400

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

October 24, 1990

Lawrence J. Halloran, Esq.
Gaffney, Pease & DiFabio
1 Liberty Square
New Britain, CT 06051

Re: MUR 2903
Haig for President Committee,
and Dominic Saraceno,
as treasurer

Dear Mr. Halloran:

On August 3, 1990, this Office received the response from the Haig for President Committee, and Dominic Saraceno, as treasurer, to the Commission's Subpoena and Order dated April 13, 1990, as amended. As discussed during your telephone conversation with Mary Mastrobattista on October 19, 1990, this response appears to be incomplete in several respects. Specific responses which appear to be incomplete are as follows:

1. Question 2.a required a detailed description of the process by which the line of credit with Olympic Bank was obtained by the Committee. Your client responded by stating: "The Committee, through its treasurer and corporate officers, determined to borrow funds in anticipation of matching funds entitlements. Written application was made to Olympic Bank. In support of that application, written and oral representations were made as to the timing and amount of federal matching fund entitlement payments. After reviewing the application and additional information provided in support of the application, the bank approved the line of credit and the agreement was executed." Please provide the following information to clarify your client's response:

a. state the date on which the written application was made to Olympic Bank, the identity of the persons who submitted the application and the identity of the persons to whom the application was submitted for consideration; and

b. state what written representations were made as to the timing and amount of federal matching fund entitlement payments in support of the application, the date on which such written representations were provided to the bank, the identity of the

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persons who provided the written representations to the bank, and the identity of the persons to whom the written representations were provided.

2. Question 4 required your client to produce each and every document concerning, relating or pertaining to the line of credit and its collateral or security, including, but not limited to all documents identified in response to the interrogatories. Produce the following documents that your client described in response to the interrogatories:

a. a written application for a line of credit (described in response to question 2.a.); and

b. written representations made as to the timing and amount of federal matching fund entitlement payments in support of the application for a line of credit (described in response to question 2.a).

In addition, in response to question 4.a., your client stated that "A copy of the November 17, 1987 'Credit Review' is attached." However, it appears this document was omitted from your client's response. Please produce a copy of the November 17, 1987 "Credit Review" along with the other documents requested above.

All responses should be submitted no later than 30 days from the date you receive this letter. If you have any questions, please contact Mary Mastrobattista, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

15043642402

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HUTCHINS & WHEELER
COUNSELLORS AT LAW
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
101 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110

TELEPHONE (617) 951-6600
TELECOPIER (617) 951-1295
TELEX 94-0691

IN FALMOUTH
159 TOWN HALL SQUARE
FALMOUTH, MASSACHUSETTS 02540
TELEPHONE (508) 540-6303

90 NOV -1 AM 11:28

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

90 NOV -1 PM 12:59

October 29, 1990

CERTIFIED MAIL -
RETURN RECEIPT REQUESTED

Lois G. Lerner, Associate General
Counsel
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2903

Dear Ms. Lerner:

As you know, we represent Olympic International Bank & Trust Company (the "Bank") in connection with the above-referenced matter. Pursuant to paragraph 3 of your letter to me dated October 18, 1990, we request that you present the enclosed Request To Cease Investigation to the Federal Election Commission for its immediate consideration.

If you have any questions about the Request To Cease Investigation, please do not hesitate to call. Otherwise, we look forward to receiving a reply from the Federal Election Commission shortly.

Thank you for your consideration and willingness to cooperate with us in attempting to resolve this matter.

Very truly yours,

John P. Connelly

JPC/mc
Enclosure
cc: Olympic International Bank & Trust Company

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HUTCHINS & WHEELER
COUNSELLORS AT LAW
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
101 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110

TELEPHONE (617) 951-6600
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TELEX 94-0691

IN FALMOUTH
159 TOWN HALL SQUARE
FALMOUTH, MASSACHUSETTS 02540
TELEPHONE (508) 540-6303

October 29, 1990

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

Re: MUR 2903 - Request To Cease Investigation

Dear Members of the Commission:

On or about April 13, 1990, our client, Olympic International Bank & Trust Company (the "Bank"), received notice that the Federal Election Commission (the "FEC") had found reason to believe that the Bank had violated 2 U.S.C. §441b(a), and that the FEC's Office of the General Counsel was conducting an investigation of the Bank with respect to such violation.

The Bank has contended from the outset that it did not violate 2 U.S.C. §441b(a). In a letter to Kenneth Kellner of the FEC's Office of the General Counsel dated May 24, 1990 (copy enclosed), the Bank set forth the reasons upon which it based its contention. Rather than respond to the Bank's position, the FEC's Office of the General Counsel required the Bank to produce numerous documents and answer exhaustive interrogatories. Recently, the FEC's Office of the General Counsel has informed us that we could formally request the FEC to cease its investigation and to take no further action against the Bank. Accordingly, by this letter, we formally make that request.

The Bank bases its request on the following two reasons. First, the Factual And Legal Analysis which the FEC has prepared for this matter (copy enclosed) states that under 12 U.S.C. §215.4(a)(1), a bank may not extend credit to any of its executive officers, directors, or principal shareholders or to any related interest of that person except under certain

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conditions. Yet, the facts in this matter clearly reveal that the Bank did not extend credit to Dominic J. Saraceno, but rather to the Haig Committee. Furthermore, "related interest" is defined in 12 C.F.R. §215.2(k) as: " . . . (2) a political or campaign committee that is controlled by a person or the funds or services of which will benefit a person." There is no suggestion, nor could there be, in the FEC's Factual And Legal Analysis that Mr. Saraceno controlled the Haig Committee or that he was personally benefitted by funds or services from the Haig Committee. Accordingly, there is simply no basis for the allegation that the Bank has violated 12 U.S.C. §215.4(a)(1).

Second, the FEC's investigation in this matter is apparently concerned with whether or not the Bank made an extension of credit to the Haig Committee which was not in the ordinary course of business or which lacked a reasonable basis for repayment. As described in its Factual And Legal Analysis, the FEC bases its concern on the fact that the Bank advanced funds to the Haig Committee under the line of credit at a time when contributions to the candidate were diminishing. Clearly, the flow of contributions to the candidate was information which would not have come to the Bank's attention in the ordinary course of business, and in fact, did not. For that reason, also, the FEC has no reason to believe that the Bank violated 2 U.S.C. §441b(a).

For both these reasons, we respectfully request that the FEC immediately terminate its investigation of the Bank. The Bank has already incurred great expense in supplying the FEC's Office of the General Counsel with numerous documents and exhaustive interrogatory answers. These documents and answers strengthen the Bank's contention that it did not violate 2 U.S.C. §441b(a). Therefore, any further investigation of the Bank is unwarranted, and we request that the FEC drop this matter against the Bank forthwith.

We look forward to hearing from the Commission with respect to this request.

Very truly yours,

John P. Connelly

JPC/mc
Enclosures

cc: Olympic International Bank & Trust Company

2504364240 5

OGC 8841

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90 DEC -3 AM 11:52

GAFFNEY, PEASE & DIFABIO
ATTORNEYS AT LAW

ONE LIBERTY SQUARE
NEW BRITAIN, CONNECTICUT 06051
TELEPHONE (203) 229-0301
FACSIMILE (203) 826-1997

GENERAL PRACTICE GROUP

J. BRIAN GAFFNEY
ANTHONY F. DIFABIO
MICHAEL R. PATENAUDE
JAY F. MALCYNSKY
E. TIMOTHY SULLIVAN JR.
LAWRENCE J. HALLORAN

52 CHAMBERLAIN HIGHWAY
KENSINGTON, CONNECTICUT 06037
TELEPHONE (203) 828-4879
FACSIMILE (203) 828-9432

TAXATION AND ESTATE PLANNING GROUP

ALLEN H. PEASE
ROBERT F. SCHULZ
FREDERICK M. SHORTZ

REPLY TO: NEW BRITAIN

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 DEC -4 AM 10:57

November 26, 1990

Federal Election Commission
Office of the General Counsel
Attn: Atty. Mary Mastrobattista
999 E Street, NW
Washington, D.C. 20463

RE: MUR 2903
Haig for President Committee

To the Commission:

This is in response to your letter of October 24, 1990 regarding the above-captioned matter. Further review of Haig for President Committee ("HFP") records indicates the following in response to your request for additional information:

1. (In response to item 1a) Documents in support of the loan application were dated and submitted on or about November 11, 1987. A corporate resolution, on the bank's form, was signed and dated on that date by Wendy Haig, Secretary of the District of Columbia corporate entity, Haig for President, Inc. A copy of that form is attached for your review.

2. (In response to item 1b) Fund raising projections and matching fund entitlement estimates, consisting of two typewritten pages, were provided to the Commission's audit staff as part of the HFP response to the interim audit report. That partial response was dated January 21, 1989. These pages were compiled by the HFP fundraising staff on or about November 11, 1987. It is not known when these were submitted to the bank or to whom.

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3. (In response to item 2a) HFP does not have in its files a copy of any written application for the line of credit. The materials provided constituted the application package considered by the bank's loan committee. Commission subpoena(s) to the bank must have yielded all such material.

4. (In response to item 2b) See response to item 1b.

Finally, with regard to the Credit Review document, this too was provided to the Commission in response to one or more inquiries in the past. However, another copy is attached.

Very truly yours,

Lawrence J. Halloran

ljh/hfp.lt5

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Corporate Resolutions for Opening and Maintaining Accounts and for Borrowing

OLYMPIC INTERNATIONAL
BANK & TRUST COMPANY
303 Congress Street
Boston, Massachusetts 02210

Wendy W. Haig being the Clerk/Secretary of Haig for President, Inc.

a corporation duly organized, validly existing, and in good standing under the laws of The District of Columbia certifies that the following resolutions were adopted

at a duly called and conducted meeting of the Directors of said corporation held on November 10, 1987 at which a quorum was present and voting throughout

by the unanimous consent of the Directors of said corporation, the signatures of which consents have been placed with the records of meetings of Directors of said corporation

and are in conformity with the Articles of Organization, Certificate of Incorporation and By-Laws of said corporation as amended to date, and that each of the following resolutions presently is in full force and effect without change

OPENING AND OPERATING DEPOSIT ACCOUNTS

RESOLVED: That OLYMPIC INTERNATIONAL BANK & TRUST COMPANY, Boston, Massachusetts, hereinafter with and succeeded the Bank, be designated as a depository of this corporation's funds and all checks, notes, drafts and other items payable to or endorsed to the order of and that any 4 (insert number) of the following officers and/or persons

(insert titles only if signers have titles. Otherwise, insert names)	Alexander M. Haig, Jr.	Wendy W. Haig
	Dominic J. Saraceno	Alexander P. Haig

(or any single) may open one or more checking, transaction, savings, special notice, and other deposit accounts with the Bank from time to time at said number of officers and/or persons determine, each of which accounts may be drawn upon or charged by check, draft or other written order signed by said number of officers and/or persons as acting or by bank wire transfer made pursuant to written or oral instructions believed by the Bank in good faith to have been given by said number of officers and/or persons as aforesaid.

COPY

SUBJECT TO THE FOLLOWING LIMITATIONS

NA

BORROWING AUTHORITY

RESOLVED: That any 4 (insert number) of the following officers and/or persons acting singly (or any single)

(insert titles only if signers have titles. Otherwise, insert names)	Alexander M. Haig, Jr.	Wendy W. Haig
	Dominic J. Saraceno	Alexander P. Haig

are authorized to act from time to time hereafter in the name and on behalf of this corporation concerning the following

To borrow money on the credit of this corporation and to negotiate the terms of and obtain such financial accommodations and to incur liabilities and indebtedness on the credit of this corporation for such amounts, upon such terms and conditions and upon such or other security as such officers and/or persons determine, including renewals and extensions thereof

To grant security interests in and to mortgage, pledge, assign, sell, hypothecate, convey, and otherwise dispose of, or transfer as collateral security in favor of the Bank any and all of the property and assets of this corporation of every type or description including, without limitation, all or any portion of the real property, fixtures and rights of this corporation

To discount with or without recourse to this corporation, any notes or other paper held by this corporation

To authorize the Bank to purchase or sell for the account of this corporation, through the Bank or through any other or affiliated dealer or broker, and to execute commodity futures, foreign currency, securities or other contracts

To give any to the Bank the obligations of this corporation

and in connection therewith to execute, seal, acknowledge and deliver in the name and on behalf of this corporation such instruments, documents and papers with such terms and conditions as may be appropriate, such or such powers upon such terms as the officers and/or persons shall deem advisable, and to do and perform all such other acts and things as shall be deemed advisable or necessary in connection with the foregoing

DELEGATION OF AUTHORITY

RESOLVED: That any [illegible] present number, [illegible] is authorized by the company Board [illegible] may by written instrument furnished the Bank as agent [illegible] the same authority [illegible] said Resolutions to the person(s) [illegible] the Bank and that, on subject to such restrictions [illegible] by the Bank.

CONTINUATION OF AUTHORITY

RESOLVED: That all resolutions and delegations [illegible] the authority of any officer or agent [illegible] force and effect until the Bank's receipt of written notice from the Clerk-Secretary [illegible]

RATIFICATION OF PRIOR TRANSACTIONS

RESOLVED: That all action taken on behalf of this corporation [illegible] documents and [illegible] of the corporation concerning this corporation's relationship with the Bank [illegible] and they hereby are approved [illegible]

REVOCATION OF INCONSISTENT RESOLUTIONS

RESOLVED: That any and all resolutions of this corporation which may be inconsistent with the foregoing resolutions [illegible]

APPROVAL BY SHAREHOLDERS

I further CERTIFY that the following was adopted

> By two-thirds or more of each class of stock of this corporation entitled to vote thereon at a duly convened meeting of the holders of such stock (proper notice of such meeting was duly and timely sent to all shareholders of this corporation whether or not entitled to vote thereon);
>
> By the unanimous consent of the shareholders of said corporation, the original of which consents have been placed in the records of meeting of Shareholders of said corporation.

RESOLVED: That the resolutions of this corporation's Directors concerning this corporation's relationship with and borrowing from [illegible] NATIONAL BANK & TRUST COMPANY, Boston, Massachusetts, pursuant [illegible], among other things, this corporation may be granting the Bank a security interest in and to and/or mortgaging all or any portion of [illegible] this corporation [illegible] and said resolutions are approved, adopted and incorporated herein by reference.

COPY

PERSONS PRESENTLY AUTHORIZED TO ACT

I further CERTIFY that the following persons presently are authorized under the preceding Resolutions to act:

Name	Title
Alexander M. Haig, Jr.	President
Dominic J. Saracenc	Treasurer
Wendy W. Haig	Secretary
Alexander P. Haig	Director

IN WITNESS WHEREOF I have set my hand and seal of the corporation on this [illegible] day of [illegible] 1987.

Corporate Seal

NA

Wendy W Haig
Clerk-Secretary

Print Name Wendy W. Haig

[illegible] Resolutions confer authority upon the Clerk-Secretary [illegible]

CONFIRMED

[illegible]

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OLYMPIC INTERNATIONAL BANK & TRUST COMPANY

CREDIT REVIEW

November 17, 1987

APPLICANT: Hale For President, Inc.

ADDRESS: 1154 15th Street, NW
Washington, D.C. 20005

PRINCIPAL: Alexander H. Hale, Jr.

LOAN REQUEST: $375,000
(Three Hundred Seventy-Five Thousand Dollars)

PURPOSE: Provide working capital to finance Presidential Election Campaign

RATE/TERMS: RATE: 12 Percent (Fixed Rate)
TERM: Demand (Line of Credit; Interest paid monthly)

Monthly Debt Service	Annual Debt Service
$3,750	$45,000

COLLATERAL: Unsecured

DECISION/RATIONALE: Recommend approval based upon overall financial strength and integrity of Borrower, together with concept of matching funds from Federal Election Commission.

Thomas A. McLaughlin, III
Vice President

William J. Crowley
President

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

90 NOV -2 PM 4:48

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Micro Computer Software, Inc.	)	MUR 2903
	)	
Romeo D'Agostino	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter originated as a referral from the Audit Division based on the Final Audit Report of Haig for President (the "Committee").

On April 11, 1990 the Commission found reason to believe that Micro Computer Software, Inc. violated 2 U.S.C. § 441b(a). On the same date, the Commission also found reason to believe that Romeo D'Agostino violated 2 U.S.C. § 441a(a)(1)(A).

Responses have been received from Micro Computer Software, Inc. and Mr. D'Agostino. Both Respondents have requested pre-probable cause conciliation. This Office recommends that the Commission grant these requests.

II. ANALYSIS

Pursuant to 2 U.S.C. § 441b(a), no corporation may make a contribution or expenditure in connection with any federal election. On November 3, 1987, the Committee received two contributions from Micro Computer Software, Inc. in the amount of $1000 each. To date, neither of the two prohibited contributions has been refunded by the Committee. Responding to the Commission's reason to believe notification, Micro Computer Software, Inc. stated that it is a "Chapter S" corporation.

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At the time the contribution was made, the corporate officers erroneously believed that individual contributions could be made through the corporation. Micro Computer Software, Inc. offered to cooperate fully with the Commission in settling this matter.

2 U.S.C. § 441a(a)(1)(A) provides that no person shall make contributions to any candidate and his authorized political committee with respect to any election for federal office which, in aggregate, exceed $1000. 11 C.F.R. § 110.1(i) provides that minor children may make contributions to any candidate or political committee if the decision to contribute is made knowingly and voluntarily by the minor child, and the funds contributed are owned or controlled exclusively by the minor child.

On September 29, 1987, Mr. D'Agostino made four contributions to the Committee in the amount of $1000 each. In his response to the Commission's reason to believe notification, Mr. D'Agostino stated that three of the $1000 contributions were intended to be made by Mr. D'Agostino's children. (Attachment 1, page 3). Mr. D'Agostino submitted with his response copies of four canceled checks made payable to "Haig for President" in the amount of $1000 each. Each of these four checks was signed by Mr. D'Agostino and was drawn on the same account. The face of each of the four checks bore the names "Romeo D'Agostino" and "Susan D'Agostino." Three of the checks contained the following notations in the memo line: "trust

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acct. Daron D'Agostino", "trust acct. Rachel D'Agostino", and "trust acct. Lesler D'Agostino."

In his response to the Commission, Mr. D'Agostino refers to the bank account on which these four checks were drawn as "the family bank account." Through counsel for Mr. D'Agostino, this Office confirmed that "the family bank account" on which the four checks were drawn was the account of Mr. and Mrs. D'Agostino only, and that the three children named in the notations on the contribution checks are minors (ages 9, 12, and 13). The Committee reported receipt of four $1000 contributions from Romeo D'Agostino on September 30, 1987.[1] The Committee has failed to refund the excessive contributions to Mr. D'Agostino.

In other circumstances, where an individual makes a contribution from his own funds which exceeds the limitations, but attempts to attribute the contribution to others, this Office would analyze the transaction under Section 441f of the Act. In this instance, it appears that Mr. D'Agostino did not intend to violate Section 441f of the Act, but thought he could

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1. In the October 15, 1987 Quarterly Report, the Committee initially reported receipt of four separate contributions in the amount of $1000 each from Daron D'Agostino, Rachel D'Agostino, Leslie D'Agostino (sic), and Romeo D'Agostino. A Commission audit of the Haig Committee revealed the four contribution checks signed by Romeo D'Agostino. As a result of recommendations made in the interim audit report, the Committee filed a comprehensive amended report on December 18, 1988, covering the period from April 2, 1987 through December 31, 1987. In the comprehensive amended report, the Committee credited the entire $4000 as a contribution from Romeo D'Agostino and indicated that the contributions were not received from the children. Accordingly, the comprehensive amended report shows the aggregate year to date contributions from Romeo D'Agostino as $4000.

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make contributions to the Committee on behalf of his minor children. The Act, however, does not permit parents to make contributions on behalf of their minor children. 11 C.F.R. § 110.1(i). Therefore, this Office believes it is more appropriate to treat the four $1000 contributions made to the Committee as an excessive contribution of $3000 from Mr. D'Agostino.

III. DISCUSSION OF CONCILIATION PROVISIONS AND CIVIL PENALTY

IV. RECOMMENDATIONS

1. Enter into conciliation with Micro Computer Software, Inc. and Romeo D'Agostino prior to a finding of probable cause to believe.

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2. Approve the attached proposed conciliation agreements and the appropriate letters.

Lawrence M. Noble
General Counsel

11/2/90
Date

BY: [signature]
Lois G. Lerner
Associate General Counsel

Attachments
1. Requests for conciliation
2. Proposed Conciliation Agreements

Staff assigned: Mary P. Mastrobattista

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2903
Micro Computer Software, Inc.	)	
Romeo D'Agostino	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on November 27, 1990, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2903:

1. Enter into conciliation with Micro Computer Software, Inc. and Romeo D'Agostino prior to a finding of probable cause to believe.

2. Approve the proposed conciliation agreements and the appropriate letters as recommended in the General Counsel's report dated November 2, 1990.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

11-28-90
Date

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 4, 1990

Susan M. Goldfischer, Esq.
Vena, Truelove & Lahey
253 Summer Street
Boston, MA 02210

RE: MUR 2903
Romeo D'Agostino

Dear Ms. Goldfischer:

On April 10, 1990, the Federal Election Commission found reason to believe that Romeo D'Agostino violated 2 U.S.C. § 441a(a)(1)(A). At your request, on November 27, 1990, 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 Mary P. Mastrobattista, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 4, 1990

Nathan Schwartz, Vice President
Micro Computer Software, Inc.
90 John Street
New York, NY 10038

RE: MUR 2903
Micro Computer Software, Inc.

Dear Mr. Schwartz:

On April 10, 1990, the Federal Election Commission found reason to believe that Micro Computer Software, Inc. violated 2 U.S.C. § 441b(a). At your request, on November 27, 1990, 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 you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 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 Mary P. Mastrobattista, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

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RECEIVED
FEDERAL ELECTION COMMISSION

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
Micro Computer Software, Inc.	)	MUR 2903
	)	
Romeo D'Agostino	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached is a conciliation agreement which has been signed by Nathan Schwartz, Vice-President, Micro Computer Software, Inc. The attached agreement contains no changes from the agreement approved by the Commission on November 27, 1990. A check in the amount of $1000 has been received, which represents the civil penalty assessed against Micro Computer Software, Inc. This Office recommends the Commission accept the attached conciliation agreement in settlement of this matter as to Micro Computer Software, Inc.

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II. **RECOMMENDATIONS**

1. Accept the attached conciliation agreement with Micro Computer Software, Inc.

2. Close the file as to Micro Computer Software, Inc.

3. Approve the appropriate letter.

Lawrence M. Noble
General Counsel

1/9/91
Date

BY: Lois G. Lerner
Associate General Counsel

Attachment
Conciliation Agreement and Civil Penalty Check

Staff Assigned: Mary P. Mastrobattista

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2903
Micro Computer Software, Inc.;	)	
Romeo D'Agostino.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 15, 1991, the Commission decided by a vote of 6-0 to take the following actions in MUR 2903:

1. Accept the conciliation agreement with Micro Computer Software, Inc., as recommended in the General Counsel's Report dated January 9, 1991.

2. Close the file as to Micro Computer Software, Inc., as recommended in the General Counsel's Report dated January 9, 1991.

3. Approve the appropriate letter, as recommended in the General Counsel's Report dated January 9, 1991.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

Jan. 16, 1991
Date

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

Received in the Secretariat: Thurs., January 10, 1991 4:32 p.m.
Circulated to the Commission: Fri., January 11, 1991 12:00 p.m.
Deadline for vote: Tues., January 15, 1991 4:00 p.m.

dh

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 18, 1991

Nathan Schwartz
Micro Computer Software, Inc.
90 John Street
New York, NY 10038

RE: MUR 2903
Micro Computer Software, Inc.

Dear Mr. Schwartz:

On January 15, 1991, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on behalf of Micro Computer Software, Inc. in settlement of a violation of 2 U.S.C. § 441b(a), 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 Micro Computer Software, Inc.

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 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

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questions, please contact Mary P. Mastrobattista, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

95043642423

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Micro Computer Software, Inc.	)	MUR 2903
	)	

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 Micro Computer Software, Inc. ("Respondent") violated 2 U.S.C. § 441b(a) by making a contribution to the Haig for President Committee.

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.

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

1. Respondent, Micro Computer Software, Inc. is a New York corporation.

2. Respondent contributed $2000 to the Haig for President Committee on November 3, 1987.

3. Pursuant to 2 U.S.C. § 441b(a), no corporation may make a contribution or expenditure in connection with any election to any federal office.

4. For the purposes of § 441b(a), the term "contribution" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate. 2 U.S.C. § 441b(b)(2).

V. Respondent contributed $2000 to the Haig for President Committee in violation of 2 U.S.C. § 441b(a).

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.

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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 thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Date 1/10/91

FOR THE RESPONDENT:

Nathan Schantz
Name

Date DECEMBER 26, 1990

Position
VICE-PRESIDENT

25043642426

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNTS

DATE		AMOUNT	
TOTAL OF INVOICES			
LESS ____ % DISCOUNT			
LESS			
TOTAL DEDUCTIONS			
AMOUNT OF CHECK			

MICRO COMPUTER SOFTWARE INC.
D/B/A SOFTWARE SOLUTIONS
90 JOHN ST.
NEW YORK, NY 10038

21083

Dec 26 1990

1-835
210

PAY TO THE ORDER OF Federal Election Commission $1000 00/XX

One thousand and 00/100 DOLLARS

Citibank, N.A. Br. 036 CITICORP CITIBANK
107 William Street at John Street
New York, N.Y.
10038

Nathan Schulz

⑈021083⑈ ⑆021000089⑆ 040396 15⑈

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SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2903
Olympic International Bank and Trust Company)

91 JAN 17 AM 11:12
RECEIVED
FEDERAL ELECTION COMMISSION

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter originated as a referral from the Audit Division based on the Final Audit Report of Haig for President (the "Committee").

On April 11, 1990, the Commission found reason to believe that Olympic International Bank and Trust Company ("Olympic Bank") violated 2 U.S.C. § 441b(a) in connection with a line of credit extended from Olympic Bank to the Committee.

By letter dated April 13, 1990, Olympic Bank was notified of the Commission's reason to believe findings. On that same date, the Commission issued a Subpoena and Order to Olympic Bank to produce documents and respond to interrogatories. Olympic Bank requested an extension of time in which to respond to the Commission's Subpoena and Order, which was granted. On May 25, 1990, Olympic Bank submitted a timely response to the Commission's Subpoena and Order. (Attachment 1). Included with this response was a cover letter from counsel which raised factual and legal arguments on behalf of Olympic Bank.

Olympic Bank's response to the Commission's Subpoena and Order was incomplete in several respects. By letter dated September 5, 1990, this Office identified those interrogatories to which the bank had not fully responded and requested that

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Olympic Bank respond fully to the Commission's Subpoena and Order. (Attachment 2). On September 28, 1990, Olympic Bank submitted a supplemental response to the Commission's Subpoena and Order dated April 13, 1990. (Attachment 3). In this supplemental response, Olympic Bank questioned the Commission's failure to respond to the factual and legal issues raised in the Bank's initial response to the Subpoena and Order.

By letter dated October 18, 1990, this Office acknowledged receipt of Olympic Bank's supplemental response to the Commission's Subpoena and Order. (Attachment 4). This Office also notified counsel that legal arguments advanced by Respondents during the course of an investigation are ordinarily not considered by the Commission until the "probable cause" stage of proceedings. Counsel was notified, however, that a formal request that the Commission take no further action in this matter would be forwarded to the Commission for consideration.

On October 29, 1990, counsel for Olympic Bank requested that the Commission immediately cease its investigation in this matter. (Attachment 5). For the reasons stated below, this Office recommends that the Commission deny Olympic Bank's request to take no further action.

II. ANALYSIS

Counsel for Olympic Bank bases his request that the Commission take no further action in this matter upon two contentions. First, counsel contends that the Bank was not required to monitor the flow of contributions to the Committee.

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Therefore, counsel argues that the fact that the Bank advanced funds to the Committee under the line of credit at a time when contributions to the Committee were diminishing is of no legal consequence. Secondly, counsel contends that the regulations at 12 C.F.R. § 215 regarding loans to an executive officer, director or principal shareholder of a bank are not applicable to the line of credit extended by the Bank to the Committee.

Under 2 U.S.C. § 441b(a), it is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office. 2 U.S.C. § 431(8)(B)(vii) excludes from the definition of contribution any loan of money by a state bank, a federally chartered depository institution, or a depository institution the deposits or accounts of which are insured by the Federal Deposit Insurance Corporation, made in accordance with applicable law and in the ordinary course of business. 2 U.S.C. § 431(8)(B)(vii) further provides that such a loan shall be made on a basis which assures repayment, evidenced by a written instrument, subject to a due date or amortization schedule, and shall bear the usual and customary interest rate of the lending institution.

Olympic Bank is an incorporated state bank and is a member of the Federal Deposit Insurance Corporation. On November 13, 1987, Olympic Bank extended a line of credit to the Committee in the amount of $375,000 with an interest rate of 12% per annum. The note was due eleven months after the inception of the

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agreement. The line of credit was evidenced by a one page secured note signed by Dominic Saraceno. Dominic Saraceno is the Committee's treasurer and is also a member of Olympic Bank's board of directors and executive committee. The note listed "matching funds from the Federal Election Commission" as collateral security for payment.

The Committee made its first draw on the line of credit on November 13, 1987. Attached to this Report is a schedule of transactions on the line of credit as reported by the Haig Committee. (Attachment 6). Also attached to this Report is a detailed loan history of the line of credit reported by Olympic Bank.[1] (Attachment 7).

The Committee was determined eligible to receive presidential primary matching funds on December 16, 1987. Five matching funds requests were submitted to the Commission and certified as follows:

Date certified	Amt. certified
01-04-88	$292,933.99
01-27-88	$146,450.66
02-22-88	$ 45,237.64
04-13-88	$ 11,004.41
05-11-88	$ 18,667.50

The matching funds payments were applied as payment directly to

1. A review of attachments 6 and 7 shows that Olympic Bank reported an advance on the line of credit of $50,000 on January 21, 1988. This advance was not reported by the Committee. This additional $50,000 advance would account for most of the discrepancy between the outstanding balance on the line of credit as reported by the Committee and Olympic Bank.

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the line of credit and were the only source of repayment on the loan principal through May 16, 1988. Alexander Haig (the "Candidate") officially withdrew from the race on February 12, 1988. Thus, the Candidate's date of ineligibility under 11 C.F.R. § 9033.5(a) was February 12, 1988.

Although the Committee drew seven advances on the line of credit totaling $103,000 from February of 1988 through March of 1988, the flow of contributions to the Committee diminished substantially during that period. From October 1, 1987 through December 31, 1987 the Committee reported receipts from individuals of $341,009.00. During January of 1988 the Committee reported receipts from individuals of $40,322.50. During February of 1988 the Committee reported receipts from individuals of $26,697.98, and the Committee reported receipts from individuals of $6,892 during March of 1988.

The amount of matching funds payments which a publicly funded candidate is eligible to receive is directly related to the amount of contributions received. Because the matching fund payments were the only source of collateral for the Committee's line of credit, it appears that Olympic Bank should have monitored the level of contributions flowing to the Committee. In fact, the Bank's published loan policy explicitly requires "inspection and appraisal of the collateral, if any" before each disbursement of loan funds. (Attachment 1, page 39). There is no evidence, however, which suggests that Olympic Bank ever monitored the level of contributions flowing to the Committee during the existence of the line of credit. On the contrary,

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counsel for Olympic Bank admits that the flow of contributions to the Committee was not monitored by the Bank.

Counsel for Olympic Bank's second argument is based upon the premise that the provisions at 12 C.F.R. § 215 regarding loans to a bank's executive officers, directors, principal shareholders and their related interests are not applicable to the line of credit extended by the Bank to the Committee. As stated earlier, 2 U.S.C. § 431(8)(B)(vii) excludes from the definition of contribution any loan of money by a bank which is made in accordance with applicable law and in the ordinary course of business. Thus, the extension of credit from Olympic Bank to the Committee would not constitute a prohibited contribution only if the line of credit was made in accordance with applicable law and in the ordinary course of business.

Title 12 U.S.C. § 375b sets forth the requirements relating to extensions of credit by a covered bank to its executive officers, directors, or principal shareholders, or to any related interest of its executive officers, directors, or principal shareholders.[2] 12 U.S.C. § 375b(3) specifically provides that no covered bank shall make any loan or extension of credit to any political or campaign committee, the funds or services of which will benefit an executive officer, director, or shareholder of the bank, or which is controlled by an executive officer, director, or principal shareholder of the

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2. All member banks of the Federal Reserve System are covered by 12 U.S.C. § 375b and 12 C.F.R. § 215. Olympic Bank is a member of the Federal Reserve System and, therefore, is governed by these provisions.

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bank unless such loan or extension of credit is made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and does not involve more than the normal risk of repayment or present other unfavorable features. 12 C.F.R. § 215 implements the statutory provisions regarding loans to a bank's executive officers, directors, or principal shareholders, and their related interests.

Counsel for Olympic Bank contends that Dominic Saraceno did not personally benefit by funds or services from the Committee. Counsel also contends that Dominic Saraceno, as treasurer, did not control the Committee. Counsel therefore concludes that the provisions governing bank loans to a political committee which benefits or is controlled by a bank director do not apply to this matter.

Counsel's argument that Dominic Saraceno, as treasurer of the Committee, did not control the Committee is contrary to the provisions of the Act governing the organization and registration of political committees. 2 U.S.C. § 432(a) provides:

> Every political committee shall have a treasurer. No contribution or expenditure shall be accepted or made by or on behalf of a political committee during any period in which the office of treasurer is vacant. No expenditure shall be made for or on behalf of a political committee without the authorization of the treasurer or his or her designated agent.

Under section 432(a), the treasurer must authorize each expenditure made on behalf of a political committee. Further,

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a political committee is prohibited under section 432(a) from accepting any contributions during any period in which the office of treasurer is vacant. Section 432(c) of the Act requires the treasurer to keep an account of all contributions received by the committee and all disbursements made by the committee. Section 432(d) of the Act provides that the treasurer shall preserve all records required to be kept and copies of all reports required to be filed for three years. Section 434(a) states that each treasurer of a political committee shall file reports of receipts and disbursements in accordance with the provisions of section 434(a), and that the treasurer shall sign each such report. As these provisions of the Act demonstrate, the treasurer is the person who is responsible for all expenditures made by the committee and all contributions received by the committee and, therefore, controls the committee. Dominic Saraceno is the Committee's treasurer and in that capacity signed the promissory note to Olympic Bank on behalf of the Committee. He is also a director of Olympic Bank. Accordingly, the provisions of 12 U.S.C. § 375b and 12 C.F.R. § 215 relating to loans or extensions of credit from a bank to a political committee controlled by one of its directors apply to the line of credit extended from Olympic Bank to the Committee in this matter.

Furthermore, the information reviewed in this matter thus far suggests that the line of credit extended from Olympic Bank to the Committee was not made on substantially the same terms as those prevailing at the time for comparable transactions with

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other persons. Rather, the information reviewed thus far suggests that the Committee received preferential treatment from Olympic Bank, both in the initial process by which the Bank granted the line of credit to the Committee and in the subsequent management of the line of credit.

First, contrary to the initial responses to the Commission's subpoenas and orders to produce, it now appears that the Committee never submitted a written loan application to Olympic Bank requesting the line of credit. In its original response to the Commission's subpoena and order, Olympic Bank stated: "An application for a line of credit with accompanying information was submitted by Dominic J. Saraceno for consideration." (Attachment 1, page 10). In the Committee's response, the sworn statement by Dominic Saraceno stated:

> The Committee, through its treasurer and corporate officers, determined to borrow funds in anticipation of matching funds entitlements. Written application was made to Olympic Bank. In support of that application, written and oral representations were made as to the timing and amount of federal matching fund entitlement payments. (Attachment 8, page 1). (Emphasis added).

Neither Olympic Bank nor the Committee produced a copy of a written loan application with its response to the Commission's subpoena and order. This Office subsequently wrote to Olympic Bank and the Committee asking both Respondents, inter alia, to produce a copy of the written loan application. In response to this request, the Committee stated:

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> [The Committee] does not have in its files a copy of any written application for the line of credit. The materials provided constituted the application package considered by the bank's loan committee. Commission subpoena(s) to the bank must have yielded all such material. (Attachment 9, page 2).

Olympic Bank responded to this Office's request by stating: "Since the request for the line of credit was made orally, and not in writing, the Bank does not possess any documents responsive to Request 6(a)." (Attachment 3, page 8).[3]

In addition, Olympic Bank apparently does not possess the following documentation which is required by the Bank's published loan policy and was specifically requested by this Office:

> (a) the "completed and signed loan application and/or financial statement supported by credit investigation";
> (b) the "financial statements to support commercial secured and unsecured borrowings of $10,000.00" as required by banking regulations;
> (c) "proper and full notation in the file" in support of any action or conversation with a customer relative to a loan; and
> (d) "all documents necessary to properly make the loan . . . i.e., financial sheets, tax returns, P & L statements, guarantees and signatures" prior to any disbursement made on the loan. (Attachment 1, pages 39-40).

Furthermore, this Office has reviewed minutes of the December 17, 1987 meeting of Olympic Bank's Board of Directors when the Board voted "to ratify the previously approved request

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3. Olympic Bank did produce, in its original response to the Commission's subpoena, a one line memorandum to the file dated November 13, 1987 and signed by T.A. McLaughlin, III, Vice President for loans, which stated: "Conventional application was waived due to overall nature of transaction." (Attachment 1, page 77).

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for Haig for President, Inc. (Dominic J. Saraceno, Treasurer) for a loan in the amount $175,000."[4] (Attachment 1, page 22). The minutes of this meeting indicate that Dominic Saraceno abstained from voting on two other matters in which he held a related interest, but did not abstain from the vote on the Committee's loan.[5] (Attachment 1, page 22). If so, Dominic Saraceno's participation in the vote may have violated rules for insider loans.[6]

Finally, there is evidence which indicates that the Committee was afforded preferential treatment during the course of the extension of credit. First, there is no documentation which evidences any efforts on the part of Olympic Bank to collect amounts past due. In fact, the only correspondence

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4. Although the minutes of the December 17, 1987 Board of Directors indicates that loan was in the amount of $175,000, the line of credit was actually in the amount of $375,000, as evidenced by the November 13, 1987 note signed by Dominic Saraceno. Olympic Bank has not offered any explanation for this inconsistency.

5. Dominic Saraceno did abstain from voting at the Board of Directors meeting on October 20, 1988, in which the Board approved the request of Haig for President, Inc. to extend the existing line of credit for a period of six months in the amount of $55,000. (Attachment 1, page 26).

6. 12 C.F.R. § 215.4(b)(1) prohibits a member bank from extending credit to a director or any related interest of a director in an amount that, when aggregated with all other extensions of credit to that person, exceeds $500,000, unless the extension of credit has been approved in advance by a majority of the entire board of directors and the interested party has abstained from participating directly or indirectly in the voting. It appears from the minutes produced by Olympic Bank that the Bank had already extended credit to Dominic Saraceno and/or his related interests in excess of $500,000 in addition to the extension of credit to the Committee. (Attachment 1, page 22). This issue warrants consideration and will be pursued further as this matter progresses.

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reviewed thus far from Olympic Bank regarding the line of credit is a letter sent from the Bank to the Committee on January 18, 1989, at the request of counsel for the Committee, stating that the line of credit was monitored in a customary manner and has been maintained in a satisfactory manner with payments on a timely basis. (Attachment 1, pages 64-65).

Secondly, it appears that Olympic Bank has been advancing funds on the line of credit since July of 1988 for the purpose of making interest payments. (Attachment 7). This process, referred to as "capitalization of interest," is considered by the Federal Deposit Insurance Corporation (the "FDIC") as a potentially unsafe and unsound banking practice because it "misrepresents the borrower's ability or willingness to pay and the status of the Bank's delinquent loans, defers collection action, and results in ultimate loss to the Bank" under certain circumstances. FDIC 84-58e (January 25, 1985).[7] Given the fact that the only collateral for the line of credit was presidential matching funds, the process of advancing of funds under the line of credit to make interest payments at a time when the Committee was no longer eligible to receive presidential matching funds payments appears to be an unsafe and unsound banking practice. See, FDIC-86-139k (April 14, 1987); FDIC-85-42b (March 24, 1986); accord OCC Examining Circular 229 "Guidelines for Capitalization of Interest on Loans" May 1, 1985 (applicable to national banks).

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7. Olympic Bank is a member of the FDIC and, therefore, is subject to regulation and supervision by the FDIC.

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In summary, it appears that Olympic Bank gave the Committee preferential treatment both in the original extension of the line of credit and in the management of the line of credit. Further investigation is necessary to determine whether the extension of credit from the Bank to the Committee was made in accordance with 12 U.S.C. § 375b(3) and 12 C.F.R. § 215. For the reasons stated above, this Office recommends that the Commission deny the request of Olympic Bank that no further action be taken in this matter.

Furthermore, this Office also recommends that the Commission authorize the attached subpoena to Olympic Bank to produce the persons to appear for deposition who have the knowledge to testify regarding the following matters: the documentation submitted by the Committee to the Bank for consideration of the Bank's request for a line of credit; the circumstances surrounding the Bank's Executive Committee meeting of November 12, 1987; and the subsequent monitoring, servicing, and renewal of the line of credit. Depositions will allow this Office to follow up the various written responses submitted to the Commission in this matter and to investigate the circumstances surrounding Olympic Bank's initial extension of the line of credit to the Committee and the monitoring of the line of credit, including the Bank's capitalization of interest and renewal of the line of credit.

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III. RECOMMENDATIONS

1. Decline to take no further action against the Olympic International Bank and Trust Company.

2. Approve the attached letter and subpoena to Olympic Bank.

Lawrence M. Noble
General Counsel

1/16/91
Date

BY: Lois G. Lerner
Associate General Counsel

Attachments
1. May 24, 1990 response of Olympic Bank to the Commission's Subpoena and Order
2. FEC letter dated September 5, 1990 to Olympic Bank
3. September 25, 1990 supplemental response of Olympic Bank to the Commission's Subpoena and Order
4. FEC letter dated October 18, 1990 to Olympic Bank
5. October 29, 1990 request of Olympic Bank to take no further action
6. Line of Credit Transactions with Olympic Bank as Reported by the Haig for President Committee
7. Detailed Loan History, Haig for President, Inc. as Reported by Olympic Bank
8. August 3, 1990 response of Haig for President, Inc. to the Commission's Subpoena and Order
9. November 26, 1990 supplemental response of the Haig for President Committee to the Commission's Subpoena and Order
10. Proposed letter to Olympic Bank
11. Proposed subpoena to Olympic Bank

Staff assigned: Mary P. Mastrobattista

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2903
Olympic International Bank and Trust Company	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on January 29, 1991, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 2903:

1. Decline to take no further action against the Olympic International Bank and Trust Company.

2. Approve the letter and subpoena to Olympic Bank as recommended in the General Counsel's report dated January 16, 1991.

Commissioners Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Aikens dissented.

Attest:

Jan. 30, 1991
Date

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

2504364242

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 7, 1991

John P. Connelly, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA 02110

RE: MUR 2903
Olympic International Bank

Dear Mr. Connelly:

This is in response to your letter dated October 29, 1990, in which you request that the Commission take no further action in MUR 2903 with respect to Olympic International Bank & Trust Company ("Olympic Bank").

On January 29, 1991, the Commission reviewed your letter and determined, because of the need to complete the investigation, to deny your client's request to take no further action at this time. The Commission's decision was based upon consideration of the arguments set forth in your request and the information received thus far as a result of the ongoing investigation in this matter.

You based your request that the Commission take no further action in this matter upon two contentions. First, you contend that Olympic Bank was not required to monitor the flow of contributions to the Committee. Therefore, you argue that the fact that Olympic Bank advanced funds to the Haig for President Committee ("the Committee") under the line of credit at a time when contributions to the Committee were diminishing is of no legal consequence. Secondly, you contend that the regulations at 12 C.F.R. § 215 regarding loans to an executive officer, director or principal shareholder of a bank are not applicable to the line of credit extended by Olympic Bank to the Committee.

In response to your first argument, the amount of matching funds payments which a publicly funded candidate is eligible to receive is directly related to the amount of contributions received. Because the matching fund payments were the only source of collateral for the Committee's line of credit, it appears that Olympic Bank should have monitored the level of contributions flowing to the Committee. In fact, the Bank's published loan policy explicitly requires "inspection and appraisal of the collateral, if any" before the disbursement of loan funds. There is no evidence, however, which suggests that

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Olympic Bank ever monitored the level of contributions flowing to the Committee during the existence of the line of credit. On the contrary, you state in your request that the flow of contributions to the Committee was not monitored by the Bank.

Your second argument that Dominic Saraceno, as treasurer of the Committee, did not control the Committee is contrary to the provisions of the Act governing the organization and registration of political committees. See 2 U.S.C. §§ 432(a), 432(c), 432(d), 434(a). These provisions of the Act clearly demonstrate that the treasurer is the person who is responsible for all expenditures made by the committee and all contributions received by the committee and, therefore, controls the committee. Dominic Saraceno is the Committee's treasurer and in that capacity signed the promissory note to Olympic Bank on behalf of the Committee. He is also a director of Olympic Bank. Accordingly, the provisions of 12 U.S.C. § 375b and 12 C.F.R. § 215 relating to loans or extensions of credit from a bank to a political committee controlled by one of its directors apply to the line of credit extended from Olympic Bank to the Committee in this matter.

In furtherance of its investigation into this matter, the Commission has issued the attached subpoena to Olympic Bank to appear and give sworn testimony regarding the line of credit extended to the Committee. Please notify this Office within seven days of receipt of this letter of the officers, directors, or other persons most knowledgeable regarding the matters set forth in the subpoena who will be designated to testify on behalf of Olympic Bank. If you have any questions, please contact Mary P. Mastrobattista, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Subpoena

95043642444

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2903
)
)

SUBPOENA

TO: Olympic International Bank & Trust Company
c/o John P. Connelly, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA 02110

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 Olympic International Bank & Trust Company to appear for deposition with regard to the following matters concerning the line of credit extended by Olympic International Bank & Trust Company to the Haig for President Committee:

a. the documentation submitted by the Haig for President Committee to Olympic International Bank & Trust Company;

b. the approval of the request for a line of credit by Olympic International Bank & Trust Company's Executive Committee on November 12, 1987;

c. the monitoring and servicing of the line of credit from November 13, 1987 to the present; and

d. the renewal of the line of credit in October of 1988.

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Notice is hereby given that the depositions will be taken on February 28, 1991, in the 10th Floor Conference Room at the John W. McCormack Federal Building, USPO and Courthouse, Boston, Massachusetts, 02109, beginning at 9:00 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C., on this fifth day of February, 1991.

John Warren McGarry
Chairman
Federal Election Commission

ATTEST:

Hilda Arnold
for Marjorie W. Emmons
Secretary to the Commission

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THE DEPOSITION TRANSCRIPTS OF VICTOR A. NICOLAZZO, JR. AND JULIE AURILIO CAN BE FOUND AT THE END OF THIS CASE FILE.

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RECEIVED
FEDERAL ELECTION COMMISSION

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
Olympic International Bank and Trust Company	)	MUR 2903
	)	
Romeo D'Agostino	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On April 11, 1990, the Commission found reason to believe that Olympic International Bank and Trust Company ("Olympic Bank") violated 2 U.S.C. § 441b(a) in connection with a line of credit extended from Olympic Bank to the Haig for President Committee. On that same date, the Commission also found reason to believe that Romeo D'Agostino violated 2 U.S.C. § 441a(a)(1)(A). On November 27, 1990, the Commission determined to enter into conciliation with Romeo D'Agostino prior to a finding of probable cause to believe. This report recommends acceptance of a conciliation agreement with Romeo D'Agostino, and contains a recommendation to issue subpoenas for deposition to three employees of Olympic Bank in connection with the continued investigation into this matter.

II. ANALYSIS

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III. **RECOMMENDATIONS**

1. Accept the attached conciliation agreement with Romeo D'Agostino.

2. Close the file as to Romeo D'Agostino.

3. Authorize the attached subpoenas to William J. O'Brien, Susan M. Fraser, and Thomas A. McLaughlin, III.

4. Approve the appropriate letters.

Lawrence M. Noble
General Counsel

3/5/91
Date

BY: [signature]
Lois G. Lerner
Associate General Counsel

Attachments
1. Conciliation Agreement
2. Subpoenas (3)

Staff Assigned: Mary P. Mastrobattista

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Olympic International Bank and Trust Company;	)	MUR 2903
Romeo D'Agostino.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 8, 1991, the Commission decided by a vote of 6-0 to take the following actions in MUR 2903:

1. Accept the conciliation agreement with Romeo D'Agostino, as recommended in the General Counsel's Report dated March 5, 1991.

2. Close the file as to Romeo D'Agostino.

3. Authorize the subpoenas to William J. O'Brien, Susan M. Fraser, and Thomas A. McLaughlin, III, as recommended in the General Counsel's Report dated March 5, 1991.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

3-8-91
Date

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

Received in the Secretariat: Wed., March 6, 1991 12:04 p.m.
Circulated to the Commission: Wed., March 6, 1991 4:00 p.m.
Deadline of vote: Fri., March 8, 1991 4:00 p.m.

dr

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

March 15, 1991

FEDERAL EXPRESS

Thomas A. McLaughlin, III
225 Lincoln Street
Unit J5
Duxbury, MA 02332

RE: MUR 2903

Dear Mr. McLaughlin:

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, in connection with an investigation it is conducting, on Friday, March 22, 1991, at 10:00 a.m. in the 11th floor conference room at the John W. McCormack Federal Building, USPO and Courthouse, Boston, Massachusetts. 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.

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Within two days of your receipt of this notification, please confirm your scheduled appearance with Mary P. Mastrobattista, the attorney assigned to this matter, at (800) 424-9530.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Subpoena

25043642455

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2903
)

SUBPOENA

TO: Thomas A. McLaughlin, III
225 Lincoln Street
Unit J5
Duxbury, MA 02332

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 Olympic International Bank & Trust Company's lending policies and practices, and the line of credit extended to the Haig for President Committee. Notice is hereby given that the deposition is to be taken on March 22, 1991, in the 11th Floor Conference Room at the John W. McCormack Federal Building, USPO and Courthouse, Boston, Massachusetts, 02109, beginning at 10:00 a.m. and continuing each day thereafter as necessary.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C., on this 13th day of March, 1991.

Joan D. Aikens
Joan D. Aikens
Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 15, 1991

FEDERAL EXPRESS

Susan M. Fraser
124 Mishawum Road
Woburn, MA 01801

RE: MUR 2903

Dear Ms. Fraser:

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, in connection with an investigation it is conducting, on Thursday, March 21, 1991, at 4:00 p.m. in the 10th floor conference room at the John W. McCormack Federal Building, USPO and Courthouse, Boston, Massachusetts. 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.

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Within two days of your receipt of this notification, please confirm your scheduled appearance with Mary P. Mastrobattista, the attorney assigned to this matter, at (800) 424-9530.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Subpoena

95043642459

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2903
)

SUBPOENA

TO: Susan M. Fraser
124 Mishawum Road
Woburn, MA 01801

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 Olympic International Bank & Trust Company's lending policies and practices, and the line of credit extended to the Haig for President Committee. Notice is hereby given that the deposition is to be taken on March 21, 1991, in the 10th Floor Conference Room at the John W. McCormack Federal Building, USPO and Courthouse, Boston, Massachusetts, 02109, beginning at 4:00 p.m. and continuing each day thereafter as necessary.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C., on this 13th day of March, 1991.

Joan D. Aikens
Joan D. Aikens
Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 15, 1991

FEDERAL EXPRESS

William J. O'Brien
242 Adams Street
Quincy, MA 02170

RE: MUR 2903

Dear Mr. O'Brien

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, in connection with an investigation it is conducting, on Thursday, March 21, 1991, at 1:00 p.m. in the 10th floor conference room at the John W. McCormack Federal Building, USPO and Courthouse, Boston, Massachusetts. 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.

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Within two days of your receipt of this notification, please confirm your scheduled appearance with Mary P. Mastrobattista, the attorney assigned to this matter, at (800) 424-9530.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Subpoena

25043642463

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 2903
)

SUBPOENA

TO: William J. O'Brien
242 Adams Street
Quincy, MA 02170

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 Olympic International Bank & Trust Company's lending policies and practices, and the line of credit extended to the Haig for President Committee. Notice is hereby given that the deposition is to be taken on March 21, 1991, in the 10th Floor Conference Room at the John W. McCormack Federal Building, USPO and Courthouse, Boston, Massachusetts, 02109, beginning at 1:00 p.m. and continuing each day thereafter as necessary.

9 5 0 4 3 6 4 2 4 0 4

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C., on this 13th ~~March~~ day of March, 1991.

Joan D. Aikens
Joan D. Aikens
Vice Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

2504364246 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 15, 1991

John D. Hughes, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA 02110

RE: MUR 2903
Olympic International
Bank & Trust Company

Dear Mr. Hughes:

On April 10, 1990, the Commission found reason to believe that Olympic International Bank & Trust Company ("Olympic Bank") 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 subpoenas requiring William J. O'Brien, Susan M. Fraser, and Thomas A. McLaughlin, III to appear and give sworn testimony with regard to Olympic Bank's lending policies and practices, and the line of credit extended from Olympic Bank to the Haig for President Committee.

It is my understanding that you had previously agreed to make Mr. O'Brien, Ms. Fraser, and Mr. McLaughlin available to give sworn testimony on behalf of Olympic Bank pursuant to the subpoena issued by the Commission to Olympic Bank on February 5, 1991. However, the Commission has determined to issue separate subpoenas to these individuals in order to clarify that the scope of the deposition will also include questions relating to Olympic Bank's lending policies and practices.

The depositions of Mr. O'Brien, Ms. Fraser, and Mr. McLaughlin are scheduled to commence on Thursday, March 21, 1991 at 1:00 p.m. in the 10th floor conference room at the John W. McCormack Federal Building, Boston, Massachusetts.

2504364246 6

Should you have any questions regarding this matter, please contact Ms. Mastrobattista at (800) 424-9530.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

95043642467

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 15, 1991

Susan M. Goldfisher, Esq.
Vena, Truelove, Lahey & Domestico
253 Summer Street
Boston, MA 02210

RE: MUR 2903
Romeo D'Agostino

Dear Ms. Goldfisher:

On March 8, 1991, the Federal Election Commission accepted the signed conciliation agreement submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your client.

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 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. Please note that payment of the civil penalty in the amount of $1000 is due within 30 days, payable to the Federal Election Commission. If you have

95043642468

any questions, please contact Mary P. Mastrobattista, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosure
Conciliation Agreement

95043642469

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Romeo D'Agostino	)	MUR 2903
	)	

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 Romeo D'Agostino ("Respondent") violated 2 U.S.C. § 441a(a)(1)(A) by making a contribution in excess of $1000 to a candidate for federal office.

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), which provides that unless this agreement is violated, it shall constitute a complete bar to any further action by the Commission against Respondent in connection with this matter.

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

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

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

1. Respondent, Romeo D'Agostino, is an individual.

2. Respondent made four $1000 contributions to the Haig for President Committee on September 29, 1987.

3. 2 U.S.C. § 441a(a)(1)(A) provides that no person shall make contributions to any candidate and his authorized political committees with respect to any election for federal office which, in aggregate, exceed $1000.

V. Respondent contributed $4000 to the Haig for President Committee resulting in an excessive contribution of $3000, in violation of 2 U.S.C. § 441a(a)(1)(A). Respondent contends that the violation was not knowing and willful.

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 that all parties hereto have executed same and the Commission has approved the entire agreement.

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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:

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Date 3-13-91

FOR THE RESPONDENT:

Name

Date 2/22/91

Position

2 5 0 4 3 6 4 2 4 7 2

06 C0759

VENA, TRUELOVE, LAHEY & DOMESTICO

253 SUMMER STREET
BOSTON, MASSACHUSETTS 02210
TELEPHONE
(617) 737-8700
FAX (617) 737-0440

EDWARD F. VENA
JOHN M. TRUELOVE
JOHN J. LAHEY
CHARLES J. DOMESTICO
ROBERT E. RILEY

JONATHAN P. SAUER
PAUL M. LANE
SUSAN M. GOLDFISCHER
JULIA K. O'NEILL
CHARLES A. PLUNKETT
SUSAN MORAN BARRY

RECEIVED
FEDERAL ELECTION COMMISSION
91 APR 15 PM 12: 05

April 8, 1991

CERTIFIED MAIL NO. P 648 935 297
RETURN RECEIPT REQUESTED

Mary P. Mastrobattista, Counsel
General Counsel's Office
Federal Election Commission
999 "E" Street, N.W. Room 657
Washington, DC 20463

Re: MUR 2903 Romeo D'Agostino

Dear Ms. Mastrobattista:

Enclosed please find Mr. D'Agostino's check made payable to the Federal Election Commission in the amount of $1,000 and paid pursuant to the terms of the Conciliation Agreement between Mr. D'Agostino and the Commission. The Commission's receipt of the enclosed check should close the matter.

Very truly yours,

Susan Goldfischer

Susan M. Goldfischer

SMG/cl
Enclosure
cc: Romeo D'Agostino
5063G
38

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM
91 APR 12 AM 11: 43

95043642413

ROMEO D'AGOSTINO
SUSAN D'AGOSTINO
[redacted]

3592

April 4 1991

53-235/113

PAY TO THE ORDER OF Federal Election Commission $ 1000 00

One Thousand dollars DOLLARS

BayBank

BayBank Middlesex
Massachusetts

MEMO Conciliation Agreement Payment

[redacted]

25043642474

THE DEPOSITION TRANSCRIPTS OF WILLIAM J. O'BRIEN, SUSAN M. FRASER, AND THOMAS A. MCLAUGHLIN, III CAN BE FOUND AT THE END OF THIS CASE FILE.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 30, 1991

John D. Hughes, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA 02110

RE: MUR 2903
Olympic International
Bank & Trust Company

Dear Mr. Hughes:

On April 13, 1990, the Commission issued a subpoena to Olympic International Bank & Trust Company ("Olympic Bank") to produce certain documents and submit written answers to interrogatories. Question 6 of the subpoena required Olympic Bank to produce each and every document concerning, relating, or pertaining to Haig for President.

By letters dated May 24, 1990, and September 25, 1990, Olympic Bank submitted documents in response to the Commission's subpoena. During the deposition of Victor Nicolazzo on February 28, 1991, Mr. Nicolazzo's testimony revealed the existence of other documents relevant to the line of credit extended from Olympic Bank to the Haig Committee. These documents (the agendas for the December 17, 1987 and October 20, 1988 meetings of Olympic Bank's Board of Directors) were produced during the deposition of William O'Brien on March 21, 1991.

During the depositions of Susan M. Fraser and Thomas A. McLaughlin on March 22, 1991, this Office learned of the existence of the following additional documents:

a. the minutes of the Board of Directors meeting of December 17, 1987, from Olympic Bank's corporate binder;

b. the minutes of the Board of Directors meeting of October 20, 1988, from Olympic Bank's corporate binder;

c. the computer generated loan card(s) for the line of credit extended to the Haig Committee;

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d. the data input sheet for the line of credit extended to the Haig Committee;

e. the "tickets" on the advances used to access the line of credit extended to the Haig Committee;

f. the original note dated November 13, 1987 with witness' signatures; and

g. the original note dated October 13, 1988 with witness' signatures.

You are requested to submit the above-described documents to this Office within fifteen days of receipt of this letter. Please note that legible copies which, where applicable, show both sides of the documents may be substituted for originals. Should you have any questions, please contact Mary P. Mastrobattista, at 202-376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

25043642477

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 6, 1991

Kenneth J. Fishman, Esq.
Bailey, Fishman & Leonard
66 Long Warf
Boston, MA 02110-3680

RE: MUR 2903
F. Lee Bailey

Dear Mr. Fishman:

On April 10, 1990, the Commission 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.

By letter dated April 26, 1990, you submitted an affidavit on behalf of your client in response to the Commission's reason to believe notification. Pursuant to the investigation of this matter, this Office now requests that the following information be provided:

1. Please state whether your client's 1987 contribution to the Haig Committee was accompanied by a written statement signed by Patricia Shiers Bailey and Lana McGovern which indicated the amount to be attributed to each contributor;

2. Please state whether Patricia Shiers Bailey or Lana McGovern provided the Haig Committee with a written reattribution and, if so, the date on which any written reattribution was provided;

3. Please provide a copy of any written statement or reattribution as described above; and

4. Please explain the following passage from paragraph 2 of your client's April 24, 1990 affidavit: "My wife and mother-in-law each provided me <u>in substance</u> with $1,000.00 for the purpose of making a contribution to the Haig for President campaign" (emphasis added).

This matter was reassigned from Kenneth E. Kellner of this Office to Mary P. Mastrobattista. We apologize for the delay in

9504364247 8

responding to your letter and will endeavor to let you know as soon as practicable when the investigation in this matter has been completed.

Your response should be submitted to the Office of the General Counsel within 30 days of receipt of this letter. Should you have any questions, please contact Mary P. Mastrobattista, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

95043642479

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 6, 1991

John F. Hunt, Esq.
Cravath, Swaine & Moore
825 Eighth Avenue
New York, NY 10019

RE: MUR 2903
James J. Maguire

Dear Mr. Hunt:

On April 10, 1990, the Commission found reason to believe that your client violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended.

By letter dated April 24, 1990, your client responded to the Commission's reason to believe notification. In this response, your client stated that he would forward copies of the checks which represented refunds of two contributions made to the Haig for President Committee. To date, this Office has not received copies of the refund checks. Accordingly, you are requested to submit copies of the checks which represent refunds of contributions your client made to the Haig for President Committee in 1987. In addition, pursuant to the investigation of this matter, this Office also requests that you provide a copy of all checks, money orders, or other written instruments by which your client made a contribution to the Haig for President Committee in 1987.

Your response should be submitted to the Office of the General Counsel within 30 days of receipt of this letter. Should you have any questions, please contact Mary P. Mastrobattista, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

9 5 0 4 3 6 4 2 4 0 0

FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

May 10, 1991

John D. Hughes, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA 02110

RE: MUR 2903
Olympic International
Bank & Trust Company

Dear Mr. Hughes:

Enclosed please find checks in payment of the witness fees and mileage expenses for the depositions of Victor A. Nicolazzo, Julie Aurilio, William J. O'Brien, Susan M. Fraser, and Thomas A. McLaughlin.

If you have any questions, please contact Mary P. Mastrobattista, the attorney assigned to this matter, at (202) 387-8200.

Sincerely,

Jonathan A. Bernstein
Assistant General Counsel

Enclosures (5)

25043642461

United States Treasury 15-61/000 W 054,024,925

05 09 91 31 WASHINGTON, DC

Check No. 3007 14411659

629345 0 WILLIAM J OBRIEN 95350001

Pay to the order of WILLIAM J OBRIEN F E C WASH DC

$******30*48

VOID AFTER ONE YEAR

PO NO 1AW057 WITNESS FEE

⑈0074⑈ ⑆000000518⑆ 14411659⑈ 010591

United States Treasury 15-61/000 W 054,024,926

05 09 91 68 WASHINGTON, DC

Check No. 3007 14411660

629345 0 SUSAN M FRASER 95350001

Pay to the order of SUSAN M FRASER F E C WASH DC

$******30*00

VOID AFTER ONE YEAR

PO NO 1AW057 WITNESS FEE

⑈0074⑈ ⑆000000518⑆ 14411660⑈ 010591

United States Treasury 15-61/000 W 054,024,927

05 09 91 88 WASHINGTON, DC

Check No. 3007 14411661

629345 0 THOMAS A MCLAUGH 95350001

Pay to the order of THOMAS A MCLAUGHLIN F E C WASH DC

$******30*00

VOID AFTER ONE YEAR

PO NO 1AW057 WITNESS FEE

⑈0074⑈ ⑆000000518⑆ 14411661⑈ 010591

95043642462

United States Treasury 15-61/000 W 054,024,923

05 09 91 7 WASHINGTON, DC

629345 0 VICTOR A NICOLAZ

Check No. 3007 14411657

95350001

Pay to the order of VICTOR A NICOLAZZO F E C WASH DC

$******32*88

VOID AFTER ONE YEAR

PO NO 1AW057 WITNESS FEE

⑈30074⑈ ⑆000000518⑆ 144116577⑈ 010591

United States Treasury 15-61/000 W 054,024,924

05 09 91 21 WASHINGTON, DC

629345 0 JULIE AURILIO

Check No. 3007 14411658

95350001

Pay to the order of JULIE AURILIO F E C WASH DC

$******30*48

VOID AFTER ONE YEAR

PO NO 1AW057 WITNESS FEE

⑈30074⑈ ⑆000000518⑆ 144116588⑈ 010591

95042642 03

OGC 1229

HUTCHINS & WHEELER
COUNSELLORS AT LAW
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS
101 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110

TELEPHONE (617) 951-6600
TELECOPIER (617) 951-1295
TELEX 94-0691

IN FALMOUTH
159 TOWN HALL SQUARE
FALMOUTH, MASSACHUSETTS 02540
TELEPHONE (508) 540-6[illegible]3

91 MAY 21 PM 12:44
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 MAY 21 AM 9:23

May 17, 1991

Mary P. Mastrobattista, Esquire
Office of the General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

Re: MUR 2903

Dear Ms. Mastrobattista:

Enclosed herewith are the seven additional categories of documents which our client, Olympic International Bank & Trust Company, is producing in response to the letter dated April 30, 1991 from Lois G. Lerner of your office to John D. Hughes of our office.

The documents in category (E) had to be obtained from microfiche, and these are the best copies that we could make.

If you should have any questions, please do not hesitate to call.

Very truly yours,

John P. Connelly

JPC/jsb
Enclosures
cc: John D. Hughes, Esquire (w/o enclosures)

2504564224

31 ***** ACCRUAL LOAN (C) *****

HAIG FOR PRESIDENT, INC.
1154 15TH ST N W
WASHINGTON D.C. 20005

REF # 1-1050273-65

ACCOUNT 0011050273 65

NOTE	NTE	LN	OFCR
001475	2	1	11

DATE OF LOAN	MATURITY	RATE	RENEWED	NO. PAYMENTS
11/13/87	4/13/89	.120000	00	

AMOUNT OF LOAN	NEW MONEY/ORIG DISC	DEALER DISCOUNT
175,000.00	.00	.00

INS. CHARGES 1	INS. CHARGES 2	NET PROCEEDS
.00	.00	175,000.00

REG. PAYMENT	BALLOON PAYMENT	SPL/LN FEES 1
.00	.00	.00

MAKER/ENDORSER-
COLLATERAL- MATCHING FUNDS

95043642405

D. Data input sheet for the line of credit extended to the Haig Committee.

2 5 0 4 3 6 4 2 4 9 6

HAIG FOR PRESIDENT, [illegible]

ACCRUAL LOAN NEW ACCOUNT SET-UP (SIDE ONE)

Bank No (1–2)	Tran Code (3–5)	Account Number (6–19)	TT (20)
	700	11050273	65

Keypunch Duplicate Card Columns 1-20 In All Cards

CARD 1

Interest Rate (21–26)	Note Number (27–32)	Reference Number (33–47)	TT	Class Code (48–49)
12000	1475			25

Interest Calc Code (50)	Date To Begin Accrual (51–56) Mo	Day	Year	Note Type (57)	Int Due Date (58–63) Mo	Day	Year	Maturity / Review Date (64–69) Mo	Day	Year	Loan Type (70)
2	11	13	87	2	12	13	87	10	13	88	1

Term (71–74)	Mode of Int Payment Code (75)	Interest Code (76)	Fixed Payment Code (77)	Late Chg Waiver (78)	Status (79)	Card No (80)
2011	2	1	0	0		1

CARD 2

Days Prior (21–22)	Officer Code (23–24)	Participation Code (25)	Call Report Code (26–27)	Security Code (28–29)	Date of Loan (30–35) Mo	Day	Year
10	11	0	50	72	11	13	87

Billing Code (36)	Action Code 1 (37)	Disb Code (38)	Billing Account Number (39–53)	TT
1				

Action Code 2 (54)	Profit Center (55–58)	Social Security No Or Taxpayer ID (59–67)	Card No (80)
	0001	521505964	2

CARD 3

Action Code 3 (21)	Date Next Review (22–27) Mo	Day	Year	Financing Stmt Expiration Date (28–33) Mo	Day	Year	Misc Data Code (34–35)	Date Acquired (36–41) Mo	Day	Year
	12	13	87				35	11	13	87

Disclosure Rate (44–47)	Cycle Code (48–50)	Review Date Freq (51)	Regulated/ Eligible Code (52)	Designated Account Code (53)	Confidential Statement Flag (54)	Accom Agree Code (55)	No Notice Flag (56)
12000	R10	1		1	0	0	0

Special Situation Code (57–58)	Comp Bal Pct (59–61)	Risk Code (62)	Tax Exempt Code (63)	Comp Bal Account No (64–78)	TT	Card Code (80)
						3

CARD 4

Officer Memo Field (21–40)	Card Code (80)
MATCHING FUNDS	4

CARD 5

Mode Of Principal Payment Code (21)	Principal Due Date (22–27) Mo	Day	Year	Regular Payment Amount (28–37)	Card Code (80)
					5

(Over)

Prepared By	Authorized By	Bank And Number	Date
			11/19/87

ACCRUAL LOAN NEW ACCOUNT SET-UP (SIDE TWO)

1 — 20
Keypunch
Duplicate Card Columns 1-20
In All Cards - See Side One

CARD 6

Dealer No. 21 — 24

Dealer Reserve Number 25 — TT 39

Dealer Data Code 40 — 41

Dealer Interest Rate (Simple I/L) 42 — 47

Prepaid Dealer Res Code 48

Original Dealer Reserve 49 — 58

Curtailment Code 59

Curtailment Interval 60

Curtailment Amount 61 — 70

Curtailment Percent 71 — 73

Date First Curtailment 74 — 79: Mo | Day | Year

Card No 80: 6

CARD 7

Prime Rate Code 21

Change Code Prime Rate 22

Minimum Prime Rate 23 — 28

Maximum Prime Rate 29 — 34

Card No 80: 7

CARD 8

Line Of Credit 21 — 30: 3 7 5 0 0 0 0 0

Line Of Credit Expiration Date 31 — 36: Mo 1 0 | Day 1 3 | Year 8 3

Unused Line Commitment Code 37: 0

Unused Line Commitment Fee Rate 38 — 43

Unused Line Commitment Fee Amount 44 — 49

Card No 80: 8

CARD 9

Charges Code No 1 21

Charges Rate No 1 22 — 27

Charges Exp Date No 1 28 — 33: Mo | Day | Year

Charges Code No 2 34

Charges Rate No 2 35 — 40

Charges Exp Date No 2 41 — 46: Mo | Day | Year

Card No 80: 9

9504343

E. "Tickets" on the advances used to access the line of credit extended to the Haig Committee.

95043642439

11-13-87

$175,000.00

000000 1280

000000128 1

NEW ACCOUNT DEPOSIT — DDA/MMA/NOW

CREDIT

CUSTOMER NAME

CD #

Check Number

Transit

Account Number

CD #

Amount

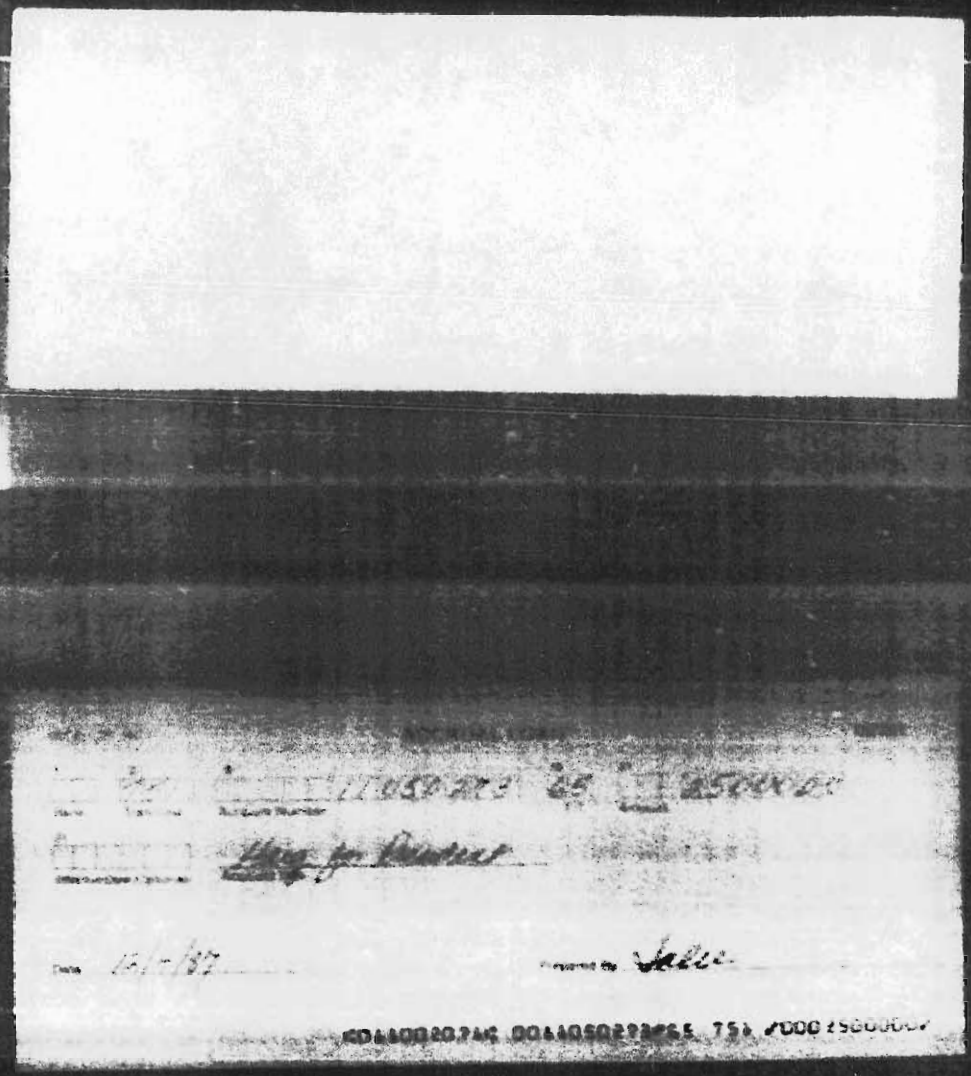
Date

Teller

Supervisor

12-4-87

$ 25,000.00



DDDDDD 1186

CREDIT

12-17-87
15,000.00
advance

1454

12-22-87
$85,000.00
Advance

9 5 0 4 3 6 4 2 1 9 6

...counts concerning this charge, please call _____

⑆011000207⑆ 0011050273⑈06 158 ⑈0000001000⑈

MICR. CIF 14

FSN 6C 0000

ACCRUAL LOAN

DEBIT

1 Bank

6 Account Number 1105027 3

19 TT 65

21 Amount 85000.00

21 Effective Date

Account Title Hay for President, Inc.

Date 12/87

Prepared By Julie

⑆011000207⑆ 0011050273⑈65 751 ⑈0008500000⑈

Customer's Credit

Olympic Bank

NOTICE TO BOOKKEEPING DEPT.

Account No. [illegible]

Date 12/23/87

CREDIT

Explanation [illegible] from Savings Credit

DOLLARS	CENTS
$ 85,000	00

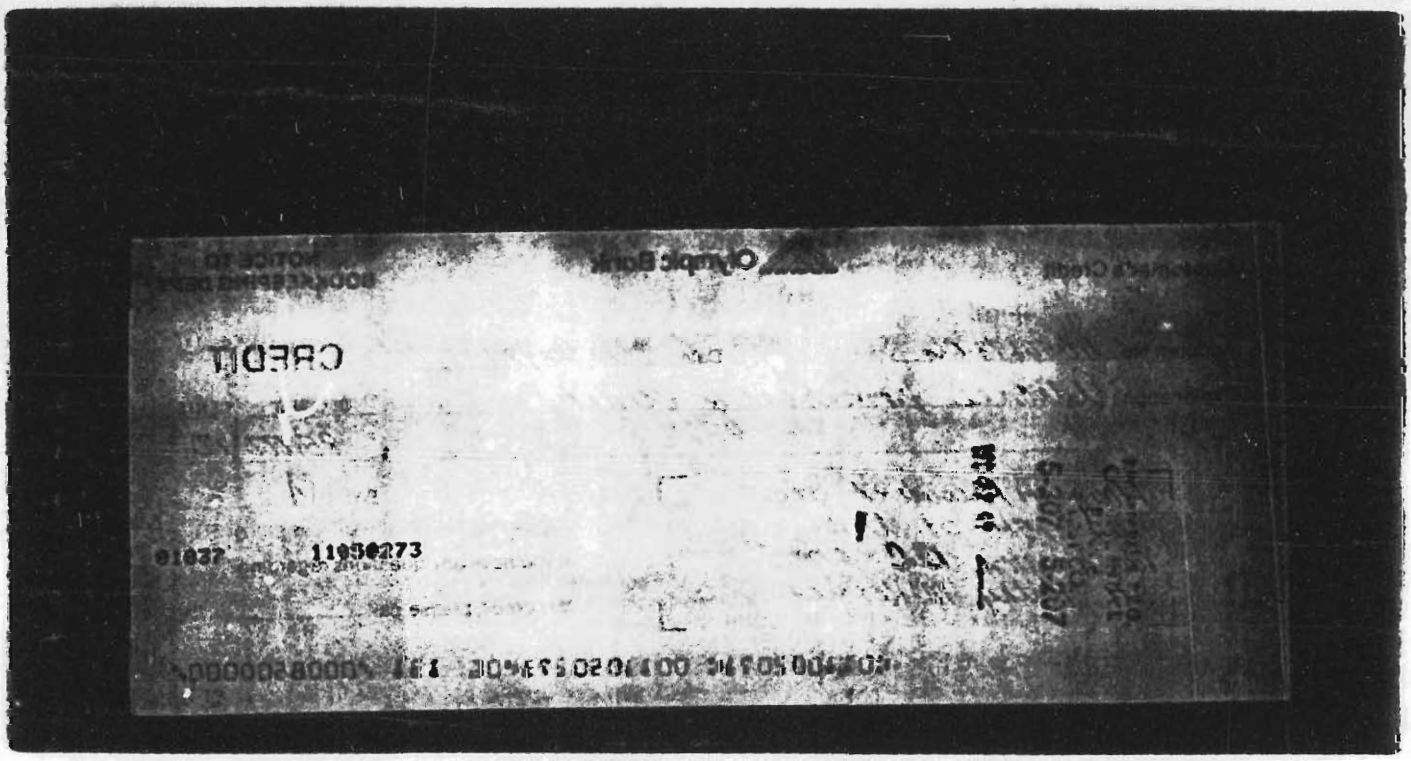
BY: A.

[illegible] President, Inc
1154 [illegible] 5th St. N.W.
Washington, DC 20005
att [illegible] McKenzie

If you have any questions regarding this credit, please call

⑆011400207⑆ 001050273⑈06 131 ⑈0008500000⑈

9504364249 8


CREDIT
11050273

12-31-87
40,000.00
Advance

9 5 0 4 3 6 4 2 5 0 0

MICR CIF 140

ACCRUAL LOAN

DEBIT

Bank: 1
Transit: 7
Account Number: 1050273
TT: 65
Amount: 40000.00
Effective Date:
Account Title: Hairy for Pres

Date
Prepared By: MFS

⑆011002071⑆ 0011050273⑈65 751 ⑈0004000000⑈

9 5 0 4 3 6 4 2 5 0 2

12/

Customer's Credit

Olympic Bank

NOTICE TO BOOKKEEPING DEPT.

Account No. 110 0 [illegible]

Date [illegible]

CREDIT

DOLLARS CENTS

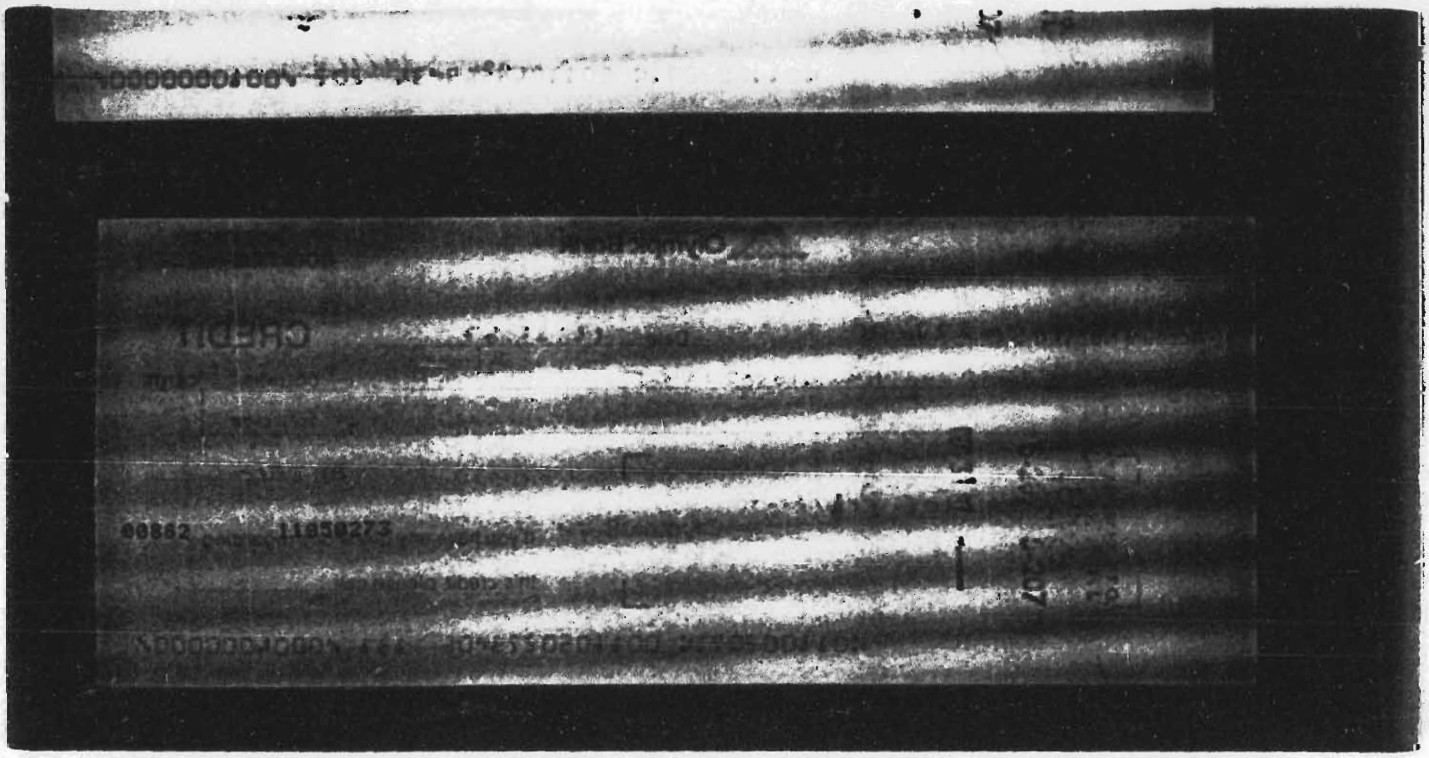
$ 50,000 —

BY: [illegible]

Hag for President

If you have any questions regarding this credit, please call

:011000207 1: 00110502730 6 13 /0000000000/



9 5 0 4 3 6 4 2 5 0 4

BANK & TRUST COMPANY

Alfredo Pitty

⑈000[illegible]⑆[illegible]⑆ 1105027 3⑈06 ⑆5⑈ ⑈0000[illegible]

MICR. CIF 140

ACCRUAL LOAN

DEBIT

Bank Transit Code | Account Number | TT | Amount

1105027 3 | 65 | 5000000

Account Type

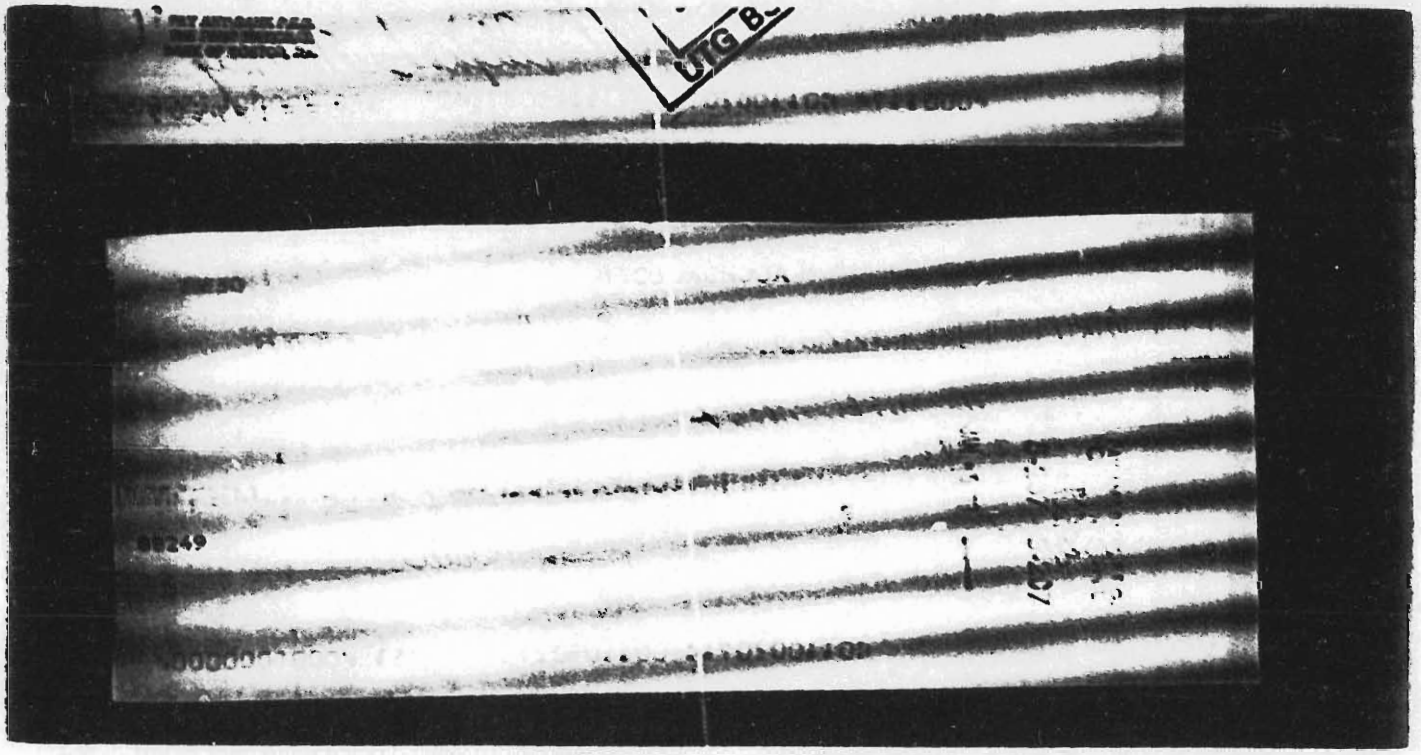
Via Vice President

Date 1/5/88

Prepared by Julie

⑆0⑆100020⑈ 001105027 3⑈65 ⑆5⑈ ⑈0000500000⑈

9 5 0 4 3 6 4 2 6 0 5



9 5 0 4 3 6 4 2 5 0 6

ACCRUAL LOAN

DEBIT

Bank | Transit | Account Number | T.T. | Amount

757 | 65 | 5000000

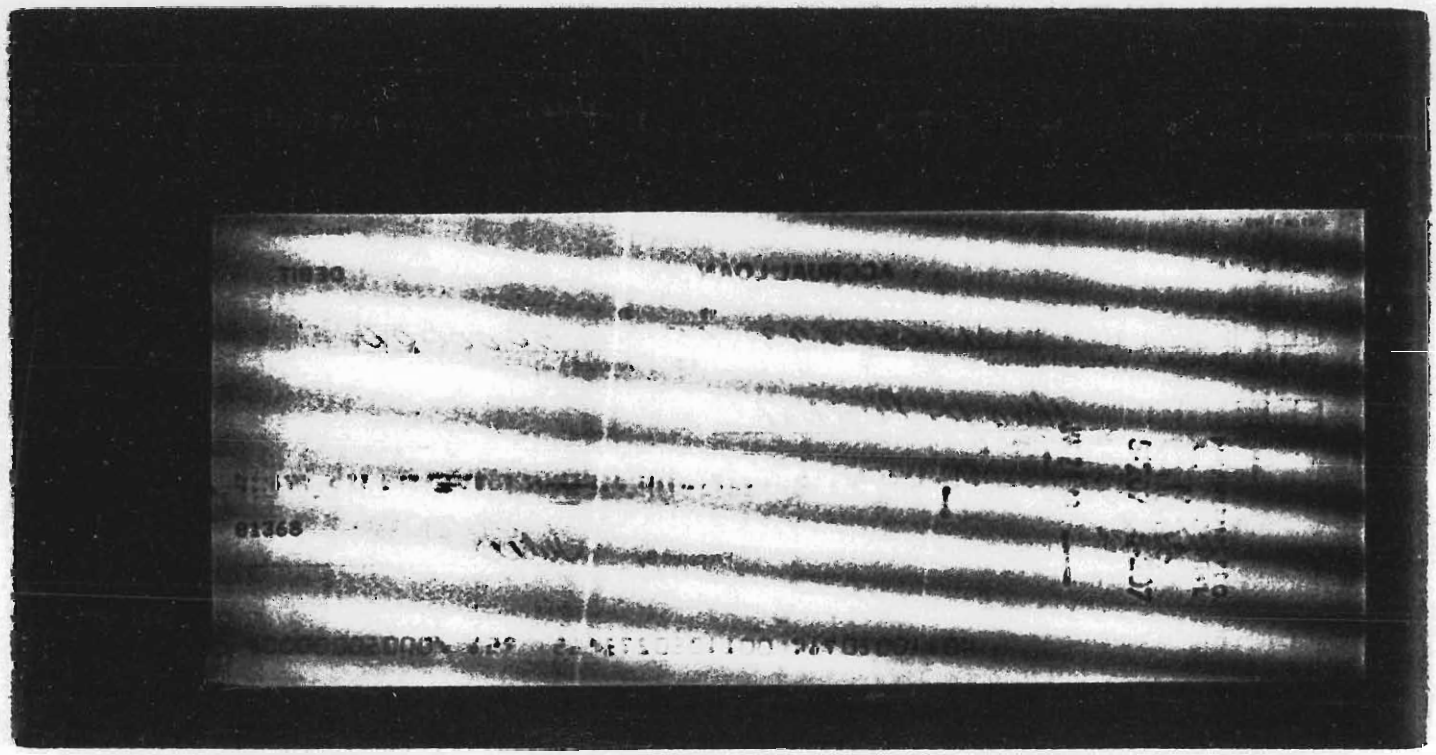
Account Title

Hang for President

Date 4/20/88

Prepared By Julie

9 5 0 4 3 6 4 2 6 0 7



9504364250 8

CHECKS

TOTAL ITEMS 1

TOTAL DEPOSIT 800 00

⑆011000207⑆ ⑈104988 7⑈14 ⑈ ⑈ /0000080000/

Customer's Credit

Olympic Bank

NOTICE TO BOOKKEEPING DEPT.

Account No. 11050273-06 Date 1/21/88

Explanation Advance from Line of Credit

CREDIT

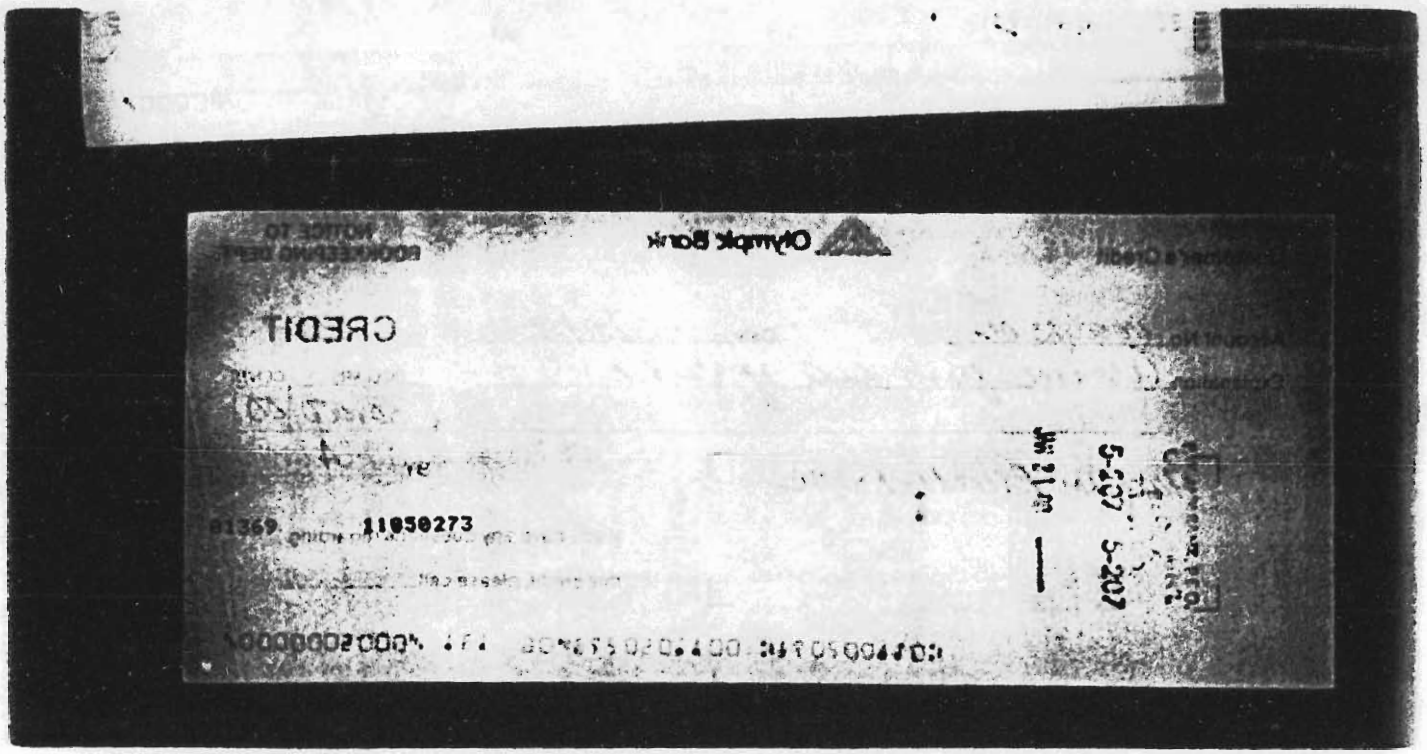
DOLLARS	CENTS
$ 50,000	00

BY: A.

Haig for President, Inc.

If you have any questions regarding this credit, please call _____

⑆011000207⑆ 00110502 73⑈06 ⑈ ⑈ /0005000000/


Olympic Bank
CREDIT
11050273
5-207 5-207

⑆011002071⑆ 0011050273⑈06 155 ⑇0000001500⑇

FORM 6115
MCR, CIF 140

ACCRUAL LOAN

DEBIT

1 Bank | 3 Transcode: 751 | 6 Account Number: 11105273 | 19 T T: 65 | 21 Amount: 65000000

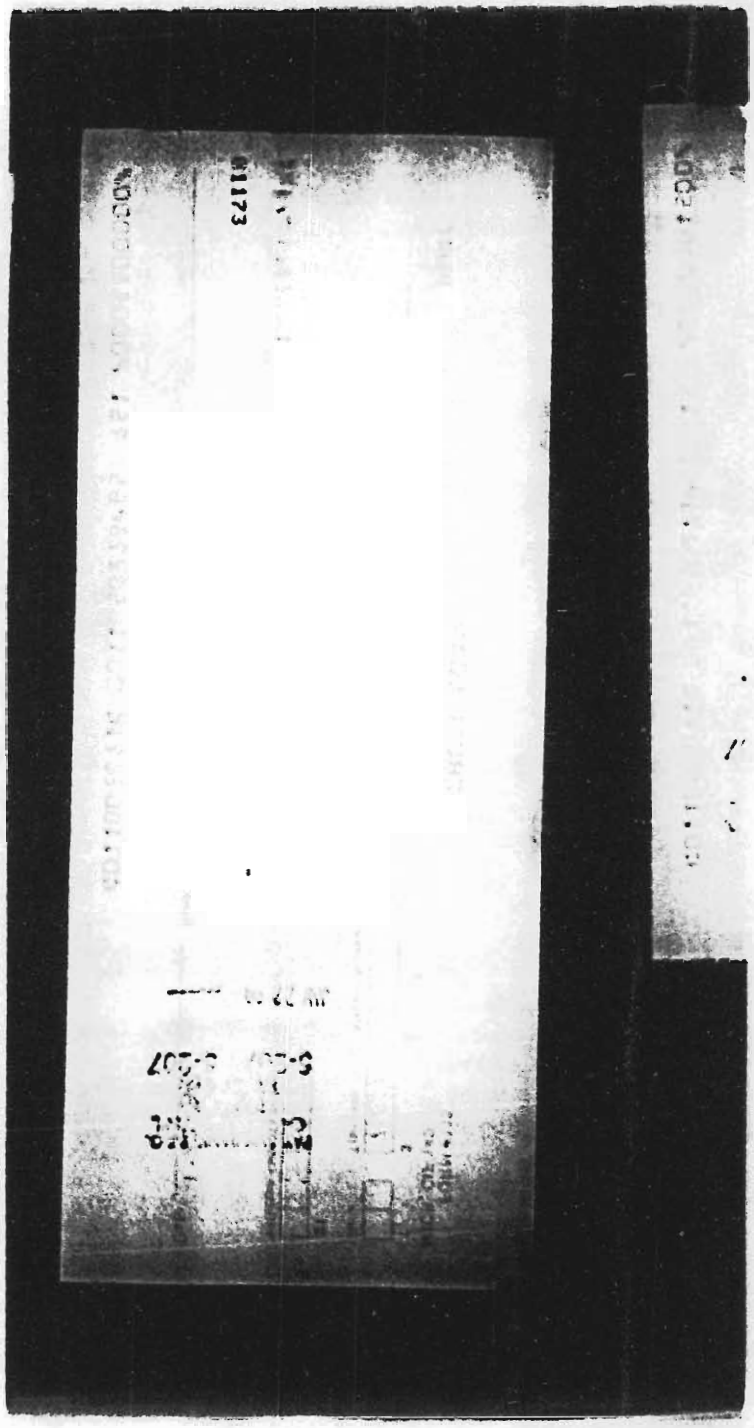
23 Effective Date (Optional)

Date 1·22·88 Bank _____ Prepared By _____

⑆011002071⑆ 0011050273⑈65 751 ⑇0006500000⑇

9504364251 0

9 5 0 4 3 6 4 2 5 1 1



2504364251 2

BANK & TRUST CO.
201 Congress Street, Boston, MA 02110

TOTAL ITEMS 1

DEPOSIT

⑆011000207⑆ 1101049925⑈06 131 ⑈0000700000⑈

Customer's Credit

Olympic Bank

NOTICE TO BOOKKEEPING DEPT.

Account No. 1105027306

Date 1-22-88

CREDIT

Explanation ADVANCE FROM HAIG

RECEIVED

JAN 22 88

HAIG FOR PRESIDENT

OLYMPIC BANK
5-707

DOLLARS	CENTS
$ 65000	00

BY: CL

If you have any questions regarding this credit, please call

⑆011000207⑆ 001105027306 131 ⑈0006500000⑈

2 5 0 4 3 6 4 2 5 1 3

0000001178

NOTICE TO CUSTOMER DEPT.

DEBIT

ACCRUAL LOAN

DEBIT

Date 4/2/88

Prepared by

0000001192

2-25-88
1,000.00
Advance

ACCRUAL LOAN

Date _____ Bank _____ Payee _____

CREDIT

2-29-88
15,000.00
Advance

0000000873

ACCRUAL LOAN

DEBIT

751 Transaction

Account Number

65 TT

15000.00 Amount

Account Hug jr. President

Date 2/29/88

Prepared By Julie

⑆041000024⑈ 0041050273⑈65 751 ⑈0001500000⑈

0000000885

Customer's Credit

Olympic Bank

NOTICE TO BOOKKEEPING DEPT.

CREDIT

Account No. [illegible]

Date [illegible]

Description [illegible]

DOLLARS CENTS

[illegible] 15 [illegible] 00

BY [illegible]

If you have any questions regarding this credit, please call

[illegible]

3-2-88
1,000.00
Advance

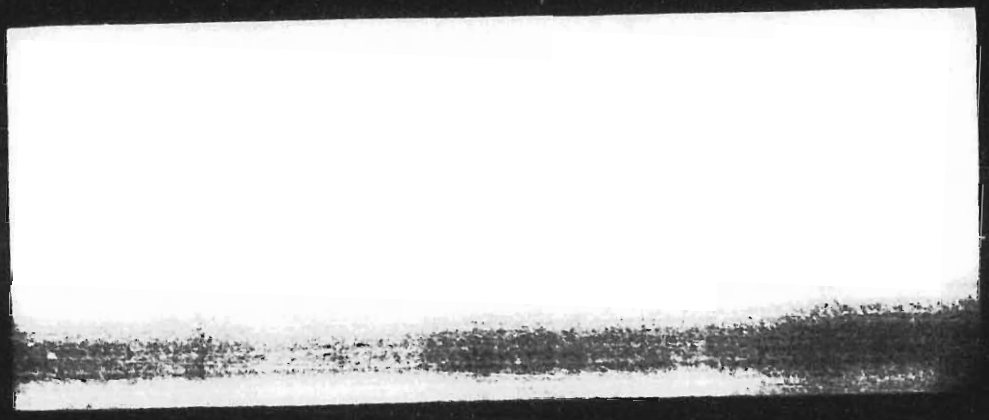
0000001716

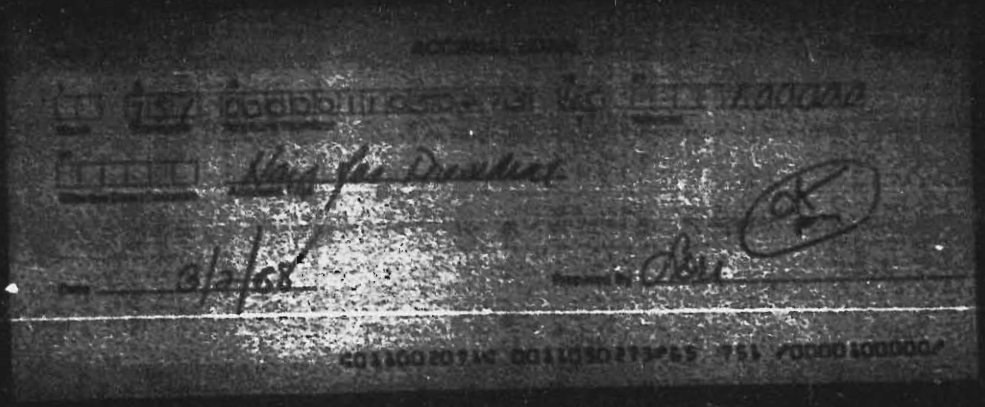
[illegible] for Dividing

[illegible]

0000001717

0000001716





0000001717

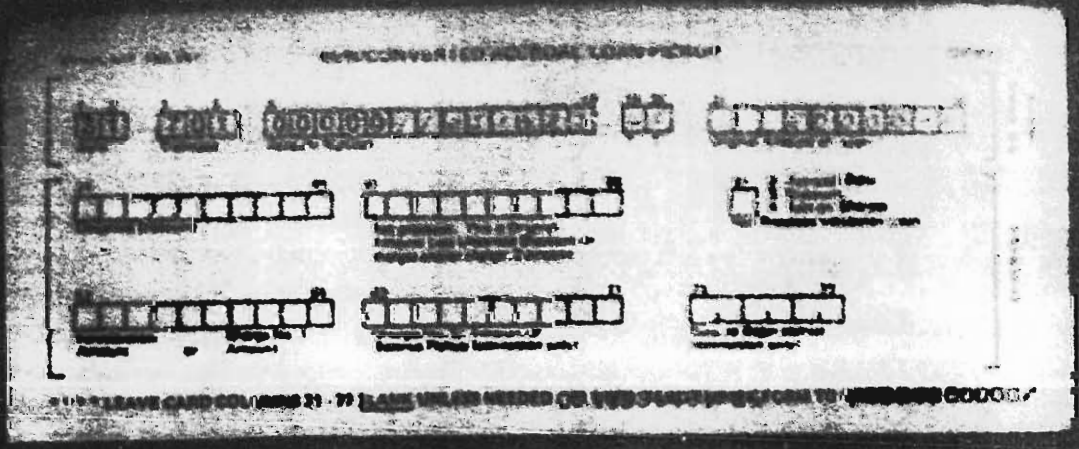
000

CREDIT

Hang for President

3-8-88
5,000.00
Advance

0000002028

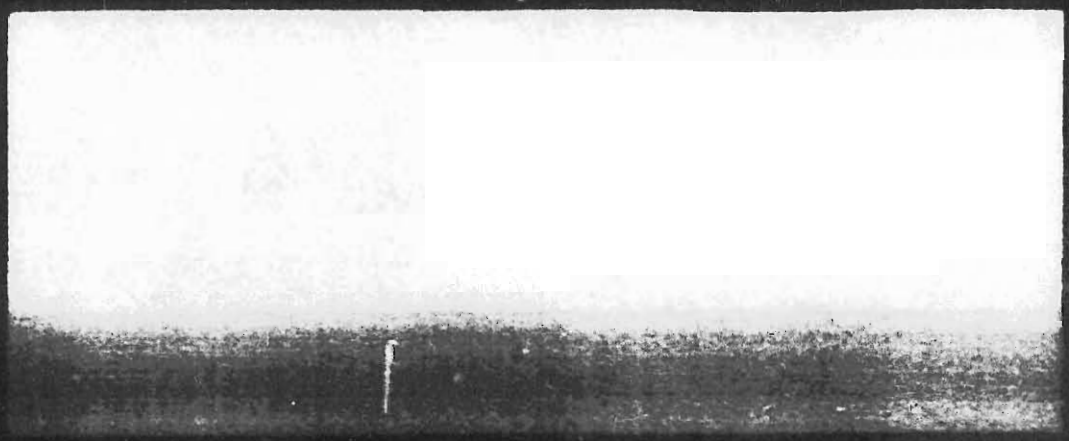


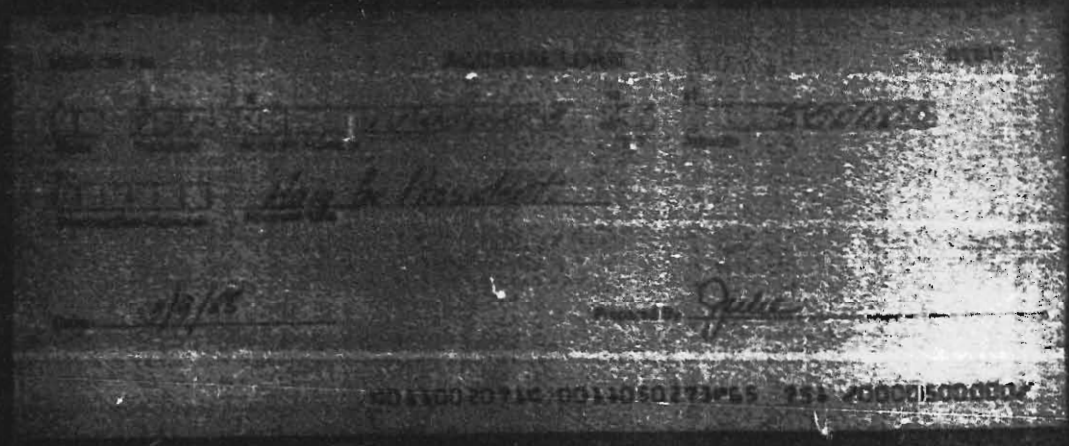
0000002029

CREDIT

3-9-88
5,000.00
Advance

000000 1304





0000001310

CREDIT

3-17-88
1,000.00
Advance

0000000826

0000000827

CREDIT

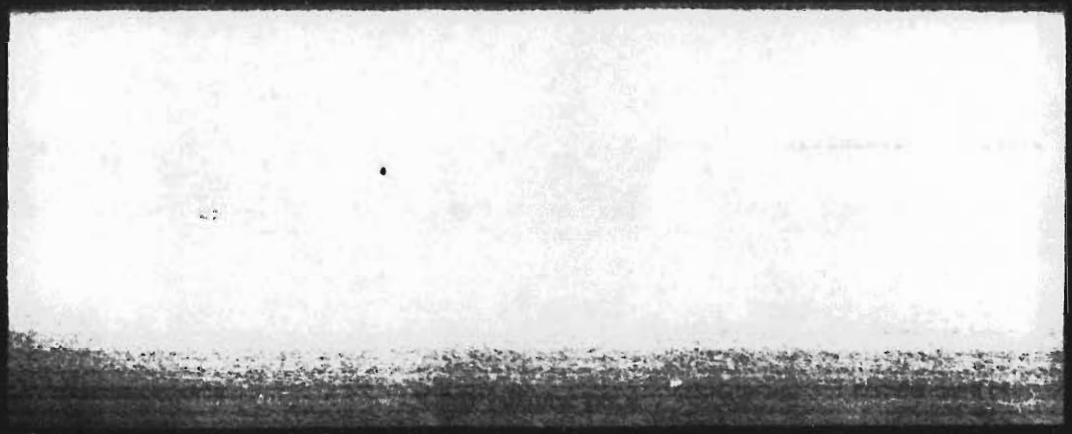
0000001594

0000001608

5-19-88
$1,170.00
Advance

0000001277

000000 1283



CREDIT

6-15-88

803.42

Advance

000000 1477

FORM 2116
ENCR. CAP 140

ACCRUAL LOAN

DEBIT

1 2 6 7 10 11

Date Transaction Account Number TT Amount

24

Check Date Transmitted

Date _____ Bank _____ Prepared By _____

⑆011000207⑆ 001050273⑈65 751 ⑈0000080342⑈

000000 1478

Account No. 1105027306 Date 6-15-88

CREDIT

Explanation ADVANCE TO COVER OVERDRAFT

DOLLARS CENTS

BANK FOR PRESIDENT

By

If you have any questions regarding this check, please call

⑆011000390⑆ 001105027306⑈ 131 ⑈0000080342⑈

0000000323

CREDIT

DOLLARS CENTS

BAL. FOR PAYMENT

If you have any questions regarding

0000000322

TRANSFER ACCRUAL LOAN

BACK OF CHG DEBIT

751 1050273 65 60777

MAKE FOR PRESIDENT

Date 7-11-88 Date Payee

751 /0000044777/

0000000563

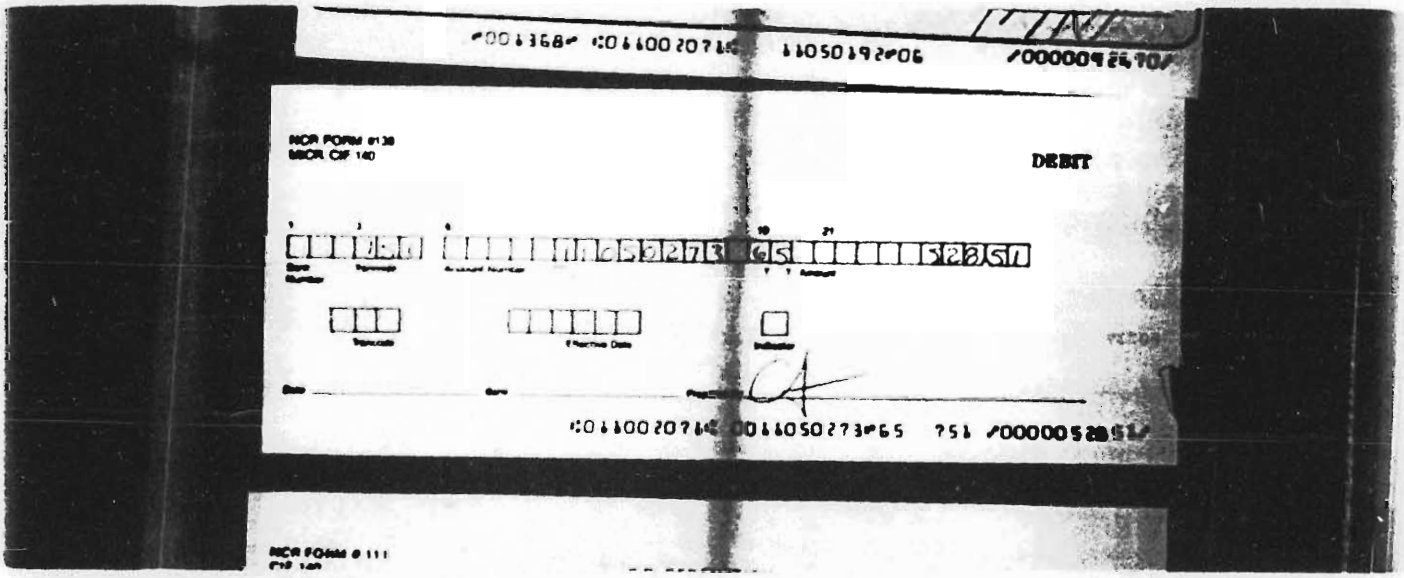
ACCRUAL LOAN

DEBIT

CREDIT

0000000271

0000000272


NCR FORM #130
MICR CIF 140
DEBIT
751

2 5 0 4 3 6 4 2 5 4 3

Customer's Credit

Olympic Bank

NOTICE TO BOOKKEEPING DEPT.

Account No. 1105027 3-06

Date 12-14-88

CREDIT

Explanation ADVANCE FROM LUCE

DOLLARS CENTS

$ 505 44

BY

HAIG FOR PRESIDENT
1154 15TH ST N.W.
WASHINGTON D.C. 20005

If you have any questions regarding this credit, please call

Account No. 1103397 2-06

Date 12-14-88

CREDIT

Explanation REVERSAL OF LOAN PAYMENT INSUFFICENT FUNDS

DOLLARS CENTS

2173 47

7 5 1 4 3 6 4 2 5 4 4

NCR FORM
MICR CIF 140

NCR FORM
MICR CIF 140

DEBIT

Bank Number

Transitnumber

Account Number

Amount

Transitnumber

Effective Date

Indicator

Date

Code

Prepared By

NCR FORM
MICR CIF 140

0000000284

0000000

NOTICE TO
BOOKKEEPING DEPT.
Debit with us

EBIT

Customer's Credit

Olympic Bank

NOTICE TO
BOOKKEEPING DEPT.

Account No. 1050273 06

Date 2-15-84

CREDIT

Explanation ADVANCE FROM LINE OF CREDIT

DOLLARS CENTS

Date 96

BY

HANG FOR PRESIDENT, INC
1154 15TH ST NW
WASHINGTON D.C. 20005

If you have any questions regarding this credit please call

⑆051400201⑈ ⑆051050273⑈08 ⑈ ⑈000000[illegible]⑈

NOTICE TO
BOOKKEEPING DEPT.
Credit with us

NOTICE TO
BOOKKEEPING DEPT.

0000000283

00000002

DIT

DEBIT

Customer's Credit

Account No. 1842167-02

Reference

DONALD ARTHUR

BITTS MICHAEL

00000008118

Customer's Charge

Olympic Bank

NOTICE TO BOOKKEEPING DEPT.

We have CHARGED to your account the amount stated below. Please DEDUCT this amount from your balance with us.
A voucher for this charge will accompany your cancelled checks for the current month.

DEBIT

544 23

If you have any questions concerning this charge please call

⑆011600207⑆ 0011050273⑈06 158 /0000054423/

INSURANCE ADMINISTRATORS, INC.
285 DORCHESTER AVENUE
SO BOSTON, MASSACHUSETTS 02127

PAY

EXPLANATION	AMOUNT

7 5 0 4 3 6 4 2 5 5 1

Customer's Credit

Olympic Bank

NOTICE TO BOOKKEEPING DEPT.

Account No [illegible]

Date [illegible]

CREDIT

Explanation ADVANCE FROM LINE

DOLLARS	CENTS
$ 544	23

BY

HAIG FOR PRESIDENT, INC

If you have any questions regarding this credit, please call

:011000207 1: 1105027 3:06 131 /0000054423/

11.75

F. Original note dated November 13, 1987 (there were no witness signatures).

2 5 0 4 5 6 4 2 5 6 4

Olympic International Bank and Trust Co.

Olympic Bank

SECURED NOTE

$ 375,000.00 BOSTON, MASS., November 13, 1987

Eleven (11) Months after date, the undersigned, (jointly and severally if more than one) for value received promise(s) to pay to the order of **Olympic International (Bank), at said Bank,**

the sum of *** Three Hundred Seventy-five Thousand and 00/100 ********** DOLLARS, with interest from date on the unpaid principal hereof until maturity or demand, according to the tenor hereof, at a rate per annum equal to 12 %. Interest after maturity or demand shall be at a rate per annum equal to 2% above the rate charged on the date of maturity or demand, but in no event in excess of the maximum rate permitted by applicable law. Interest shall be calculated on the basis of a 360 day year for actual days elapsed.

There has been deposited with Bank as collateral security for payment of this and any and all other liabilities, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of any of the undersigned to Bank, its successors or assigns, the following property viz:

Matching Funds from the Federal Election Commission

with the right on the part of the holder from time to time to demand additional security satisfactory to it should the value of any of the collateral herewith, previously, or hereafter pledged decline in the judgment of the holder or anyone acting in its behalf.

The undersigned also agrees to deposit with the holder any and all additional shares of stock which may be issued as a result of a stock split or stock dividend with respect to any shares pledged hereunder.

The holder may at its *option* cause any securities pledged hereunder to be transferred into its name or that of its nominee and may receive the income thereon and hold same as security hereunder, or apply it on the principal or interest due hereon or due on any other liability of the maker(s) herein referred to. The holder hereof shall be under no duty or liability with respect to the collection of any security held hereunder or of any income thereon nor with respect to the protection or preservation or exercise of any rights pertaining thereto beyond the use of ordinary care in the custody of such security. In no event shall the holder be obligated to exercise any rights pertaining to or distributed with respect to any securities pledged hereunder, including but not limited to conversion, subscription, redemption or voting rights. Upon any sale or transfer of this note, the holder may assign, transfer and deliver all or any part of the property held as security herefor, together with all the powers and rights of the holder with respect to said note and collateral, to the purchaser or transferee, and said holder shall thereafter be forever relieved and fully discharged from any liability in connection therewith.

All parties now or hereafter liable hereon as maker, endorser, guarantor or otherwise do hereby authorize and empower the holder of this note to execute in the name of any such party discharges, full or partial releases, assignments, endorsements and transfers of all stock, bonds, debentures, notes, drafts, checks, bills of exchange, acceptances, bills of lading, warehouse receipts and all other types of commercial paper and of all contracts, debts, obligations, accounts and liabilities which have been or which may hereafter be held as security hereunder, and warrant and state under the penalties of perjury that all such instruments held as security herefor are genuine and that the individual signers thereof were competent and of legal age at the time of signing and that if any such instrument is signed in the name of any corporation, firm, company or association, the person or persons who so signed were thereunto duly authorized.

The holder shall have the right in its discretion to assent to any adjustment, compromise, composition, extension or release of the indebtedness or liability of any person, firm or corporation primarily or secondarily liable upon any note or other collateral held as security herefor, without it in any way affecting the liability of any party hereto, whether maker, endorser, guarantor or otherwise and without notice to or further consent of any such party. As to any securities held as collateral hereunder, the holder shall have the absolute right, without notice to the undersigned or to any endorser or guarantor hereof or to any owner of the collateral hereunder, to exercise conversion rights of such securities, to sell stock rights offered by the issuer thereof or to exchange or otherwise transfer any such securities in connection with any merger, consolidation or other corporate reorganization.

If any party now or hereafter liable hereon as maker, endorser, guarantor or otherwise shall default in the performance of any agreement or condition herein contained, including but not limited to the failure to supply upon demand therefor additional collateral as herein provided, or shall die, execute a trust mortgage, make assignment for the benefit of creditors, or if a receiver of any such party's property shall be appointed, or if a petition in bankruptcy or under any insolvency law or under any law for relief of debtors shall be filed by or against any such party, or in the event that taxes, charges, liens or insurance premiums on the collateral or any part of it are not paid upon demand, or if the holder hereof deems its position to be insecure, (all of the foregoing being defined herein as events of default) the unpaid balance of the indebtedness evidenced hereby shall at the option of the holder hereof forthwith become due and payable without notice or demand. Upon the occurence of any such event of default, and at any time thereafter, the holder shall have the remedies of a secured party under the Uniform Commercial Code. Unless the collateral is perishable or threatens to decline speedily in value or is a type customarily sold on a recognized market, the holder will give the parties liable hereon reasonable notice of the time and place of any public sale thereof or of any time after which any private sale or other disposition is to be made. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the said parties at the address given on this note at least five days before the time of the sale or disposition.

The holder hereof shall have no duty first to exhaust any particular collateral whether or not the same was deposited by parties primarily obligated hereunder. No delay or omission by the holder hereof in the exercise of any right hereunder shall operate as a waiver of such right or of any other right hereunder. A waiver by the holder on one occasion shall not be construed as a waiver or ban to the exercise of a right on any other occasion.

Each party liable on this note hereby waives presentment, demand, notice of dishonor, and protest and assents to any substitution, exchange or release of collateral permitted by the holder and waives any defense by reason of any extension of time for payment or other indulgence granted to any party liable hereon, and agrees to pay all costs and expenses of collection, including attorneys fees equal to 15% of the outstanding balance at the time of default.

In any litigation brought in connection with this note, Bank and each maker, endorser and guarantor waive trail by jury, and each maker, endorser, and guarantor waives the right to interpose any set-off or counter claim of any nature or description.

The obligations of all makers, endorsers and guarantors shall be joint and several and each agrees to all of the terms contained herein and that he has signed individually and severally and not as or for the accommodation of any party, and any reference herein to the parties liable hereunder with respect either to their obligations hereunder or to any other liability secured by the pledged collateral shall be deemed to refer to each one separately as well as to all. If this note shall be paid by any one party liable hereunder, the holder may surrender this note and all security therefor held by such holder to the one so paying the note.

Any moneys or other property at any time in the possession of the holder whether in safekeeping or otherwise belonging to any of the parties liable hereon as maker, endorser, guarantor or otherwise, and any deposits, balance of deposits, or other sums at any time credited by or due from the holder to any such parties, may at all times be held and treated as collateral security for the payment of this note and any other liability of the parties herein referred to, whether due or not due, and the holder may at any time apply such deposits or other sums or property against the amount due or to become due hereon or set off such amount due hereon against any claim of any of said parties against the holder. Any provision in this note prohibited by law shall be ineffective to the extent of such prohibition without invalidating any other provision herein.

The undersigned represents and warrants that the purpose of this loan is not to purchase or carry any security subject to Regulation U issued by the Board of Governors of the Federal Reserve System pursuant to the Securities Exchange Act of 1934. Signed as a sealed instrument.

This note shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts.

Haig for President, Inc.

X Dominic Saraceno, Treasurer

Address

Name Address

25043642555

G. Original note dated October 13, 1988 (there were no witness signatures).

95043642556

Olympic International Bank and Trust Co.

Olympic Bank

SECURED NOTE

$ 55,000.00 BOSTON, MASS. OCTOBER 13 19 88

SIX MONTHS after date, the undersigned, (jointly and severally if more than one) for value received promise(s) to pay to the order of **Olympic International (Bank), at said Bank,**

the sum of FIFTY FIVE THOUSAND AND 00/100 ***** DOLLARS, with interest from date on the unpaid principal hereof until maturity or demand, according to the tenor hereof, at a rate per annum equal to 12.00% Interest after maturity or demand shall be at a rate per annum equal to 2% above the rate charged on the date of maturity or demand, but in no event in excess of the maximum rate permitted by applicable law. Interest shall be calculated on the basis of a 360 day year for actual days elapsed.

There has been deposited with Bank as collateral security for payment of this and any and all other liabilities, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, of any of the undersigned to Bank, its successors or assigns, the following property viz:

MATCHING FUNDS FROM THE FEDERAL ELECTION COMMISSION

with the right on the part of the holder from time to time to demand additional security satisfactory to it should the value of any of the collateral herewith, previously, or hereafter pledged decline in the judgment of the holder or anyone acting in its behalf.

The undersigned also agrees to deposit with the holder any and all additional shares of stock which may be issued as a result of a stock split or stock dividend with respect to any shares pledged hereunder.

The holder may at its option cause any securities pledged hereunder to be transferred into its name or that of its nominee and may receive the income thereon and hold same as security hereunder, or apply it on the principal or interest due hereon or due on any other liability of the maker(s) herein referred to. The holder hereof shall be under no duty or liability with respect to the collection of any security held hereunder or of any income thereon nor with respect to the protection or preservation or exercise of any rights pertaining thereto beyond the use of ordinary care in the custody of such security. In no event shall the holder be obligated to exercise any rights pertaining to or distributed with respect to any securities pledged hereunder, including but not limited to conversion, subscription, redemption or voting rights. Upon any sale or transfer of this note, the holder may assign, transfer and deliver all or any part of the property held as security herefor, together with all the powers and rights of the holder with respect to said note and collateral, to the purchaser or transferee, and said holder shall thereafter be forever relieved and fully discharged from any liability in connection therewith.

All parties now or hereafter liable hereon as maker, endorser, guarantor or otherwise do hereby authorize and empower the holder of this note to execute in the name of any such party discharges, full or partial releases, assignments, endorsements and transfers of all stock, bonds, debentures, notes, drafts, checks, bills of exchange, acceptances, bills of lading, warehouse receipts and all other types of commercial paper and of all contracts, debts, obligations, accounts and liabilities which have been or which may hereafter be held as security hereunder, and warrant and state under the penalties of perjury that all such instruments held as security herefor are genuine and that the individual signers thereof were competent and of legal age at the time of signing and that if any such instrument is signed in the name of any corporation, firm, company or association, the person or persons who so signed were thereunto duly authorized.

The holder shall have the right in its discretion to assent to any adjustment, compromise, composition, extension or release of the indebtedness or liability of any person, firm or corporation primarily or secondarily liable upon any note or other collateral held as security herefor, without it in any way affecting the liability of any party hereto, whether maker, endorser, guarantor or otherwise and without notice to or further consent of any such party. As to any securities held as collateral hereunder, the holder shall have the absolute right, without notice to the undersigned or to any endorser or guarantor hereof or to any owner of the collateral hereunder, to exercise conversion rights of such securities, to sell stock rights offered by the issuer thereof or to exchange or otherwise transfer any such securities in connection with any merger, consolidation or other corporate reorganization.

If any party now or hereafter liable hereon as maker, endorser, guarantor or otherwise shall default in the performance of any agreement or condition herein contained, including but not limited to the failure to supply upon demand therefor additional collateral as herein provided, or shall die, execute a trust mortgage, make assignment for the benefit of creditors, or if a receiver of any such party's property shall be appointed, or if a petition in bankruptcy or under any insolvency law or under any law for relief of debtors shall be filed by or against any such party, or in the event that taxes, charges, liens or insurance premiums on the collateral or any part of it are not paid upon demand, or if the holder hereof deems its position to be insecure, (all of the foregoing being defined herein as events of default) the unpaid balance of the indebtedness evidenced hereby shall at the option of the holder hereof forthwith become due and payable without notice or demand. Upon the occurence of any such event of default, and at any time thereafter, the holder shall have the remedies of a secured party under the Uniform Commercial Code. Unless the collateral is perishable or threatens to decline speedily in value or is a type customarily sold on a recognized market, the holder will give the parties liable hereon reasonable notice of the time and place of any public sale thereof or of any time after which any private sale or other disposition is to be made. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the said parties at the address given on this note at least five days before the time of the sale or disposition.

The holder hereof shall have no duty first to exhaust any particular collateral whether or not the same was deposited by parties primarily obligated hereunder. No delay or omission by the holder hereof in the exercise of any right hereunder shall operate as a waiver of such right or of any other right hereunder. A waiver by the holder on one occasion shall not be construed as a waiver or ban to the exercise of a right on any other occasion.

Each party liable on this note hereby waives presentment, demand, notice of dishonor, and protest and assents to any substitution, exchange or release of collateral permitted by the holder and waives any defense by reason of any extension of time for payment or other indulgence granted to any party liable hereon, and agrees to pay all costs and expenses of collection, including attorneys fees equal to 15% of the outstanding balance at the time of default.

In any litigation brought in connection with this note, Bank and each maker, endorser and guarantor waive trail by jury, and each maker, endorser, and guarantor waives the right to interpose any set-off or counter claim of any nature or description.

The obligations of all makers, endorsers and guarantors shall be joint and several and each agrees to all of the terms contained herein and that he has signed individually and severally and not as or for the accommodation of any party, and any reference herein to the parties liable hereunder with respect either to their obligations hereunder or to any other liability secured by the pledged collateral shall be deemed to refer to each one separately as well as to all. If this note shall be paid by any one party liable hereunder, the holder may surrender this note and all security therefor held by such holder to the one so paying the note.

Any moneys or other property at any time in the possession of the holder whether in safekeeping or otherwise belonging to any of the parties liable hereon as maker, endorser, guarantor or otherwise, and any deposits, balance of deposits, or other sums at any time credited by or due from the holder to any such parties, may at all times be held and treated as collateral security for the payment of this note and any other liability of the parties herein referred to, whether due or not due, and the holder may at any time apply such deposits or other sums or property against the amount due or to become due hereon or set off such amount due hereon against any claim of any of said parties against the holder. Any provision in this note prohibited by law shall be ineffective to the extent of such prohibition without invalidating any other provision herein.

The undersigned represents and warrants that the purpose of this loan is not to purchase or carry any security subject to Regulation U issued by the Board of Governors of the Federal Reserve System pursuant to the Securities Exchange Act of 1934. Signed as a sealed instrument.

This note shall be governed and construed in accordance with the laws of the Commonwealth of Massachusetts.

HAIG FOR PRESIDENT

Name Address

DOMINIC SARGENO, TREASURER

Address

5043642557

06C 1363

CRAVATH, SWAINE & MOORE

ALLEN F. MAULSBY
STEWARD R. BROSS, JR.
JOHN R. HUPPER
SAMUEL C. BUTLER
BENJAMIN F. CRANE
JOHN F. HUNT
GEORGE J. GILLESPIE, III
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
ALAN J. HRUSKA
JOHN E. YOUNG
JAMES M. EDWARDS
DAVID O. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HIEGEL
FREDERICK A.O. SCHWARZ, JR.
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
HERBERT L. CAMP
ALLEN FINKELSON
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BROADWATER
JOSEPH A. MULLINS
MAX R. SHULMAN
STUART W. GOLD
JOHN W. WHITE
JOHN E. BEERBOWER
EVAN R. CHESLER
PATRICIA GEOGHEGAN
D. COLLIER KIRKHAM
MICHAEL L. SCHLER
DANIEL P. CUNNINGHAM
KRIS F. HEINZELMAN
B. ROBBINS KIESSLING
ROGER D. TURNER
PHILIP A. GELSTON
RORY O. MILLSON
NEIL P. WESTREICH
FRANCIS P. BARRON
RICHARD W. CLARY
WILLIAM P. ROGERS, JR.
JAMES D. COOPER
STEPHEN L. GORDON
ROBERT A. KINDLER
DANIEL L. MOSLEY
GREGORY M. SHAW
PETER S. WILSON
JAMES C. VARDELL, III
ROBERT H. BARON
KEVIN J. GREHAN
W. CLAYTON JOHNSON
STEPHEN S. MADSEN
C. ALLEN PARKER
MARC S. ROSENBERG

WORLDWIDE PLAZA
825 EIGHTH AVENUE
NEW YORK, N. Y. 10019

TELEPHONE: (212) 474-1000
FACSIMILE: (212) 474-3700

WRITER'S DIRECT DIAL NUMBER

(212) 474-1536

33 KING WILLIAM STREET
LONDON EC4R 9DU ENGLAND
TELEPHONE: 071-606-1421
FACSIMILE: 071-860-1150

RECEIVED
FEDERAL ELECTION COMMISSION
91 MAY 30 PM 3:16

May 28, 1991

91 MAY 30 PM 2:30

MUR 2903
James J. Maguire

Dear Miss Mastrobattista:

This is in response to the letter to me dated May 6 from Mr. Noble/Ms. Lerner requesting further information.

1. I enclose photocopies of Mr. Maguire's checks totalling $3,500 to the Haig for President Committee. I am authorized on behalf of Mr. and Mrs. Maguire to advise you that these checks represent all contributions made by them to the Haig for President Committee.

2. I also enclose photocopies of refund checks from the Haig Committee to Mr. Maguire in the amount of $1,500 (although I thought I had previously sent such copies to you).

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3. I am authorized on behalf of Mrs. Maguire to affirm that one-half of the net contributions to the Haig Committee were for her account.

If you need any further information or verification to close out this matter, please let me know.

Sincerely yours,

John F. Hunt

Federal Election Commission,
Washington, D.C. 20463

Attention of Ms. Mary P. Mastrobattista.

Encls.

2 5 0 4 3 6 4 2 5 3 9

JAMES J. MAGUIRE
[redacted]

0286

April 17, 19 87

1-7500
280

PAY TO THE ORDER OF Haig for President $1000 XX/100

One Thousand XX/100 DOLLARS

BANK OF COMMERCE
69 Fifth Avenue, New York, N.Y.

[redacted]

JAMES J. MAGUIRE
[redacted]

0354

May 19, 19 87

1-7500
280

PAY TO THE ORDER OF Haig for President $1000 XX/100

One thousand XX/100 DOLLARS

BANK OF COMMERCE
69 Fifth Avenue, New York, N.Y.

[redacted]

JAMES J. MAGUIRE
[redacted]

1088

Sep 15, 19 87

1-7500
280

PAY TO THE ORDER OF Haig for President $1000 XX/100

One thousand XX/100 DOLLARS

NORSTAR
BANK OF COMMERCE
69 Fifth Avenue, New York, NY 10003

MEMO

[redacted]

JAMES J. MAGUIRE
[redacted]

0374

May 27, 19 87

1-7500
280

PAY TO THE ORDER OF Haig for President $500 XX/100

Five hundred XX/100 DOLLARS

BANK OF COMMERCE
69 Fifth Avenue, New York, N.Y.

JAMES J. MAGUIRE [redacted]

0286

April 14, 1987

1-760 / 260

PAY TO THE ORDER OF Haig for President $1000 XX/100

One thousand XX/100 DOLLARS

BANK OF COMMERCE
69 Fifth Avenue, New York, N.Y.

[redacted]

JAMES J. MAGUIRE [redacted]

0354

May 19, 1987

1-760 / 260

PAY TO THE ORDER OF Haig for President $1000 XX/100

One thousand XX/100 DOLLARS

BANK OF COMMERCE
69 Fifth Avenue, New York, N.Y.

MEMO

[redacted]

JAMES J. MAGUIRE [redacted]

1088

Sep 15, 1987

1-760 / 260

PAY TO THE ORDER OF Haig for President $1000 XX/100

One thousand XX/100 DOLLARS

NORSTAR
BANK OF COMMERCE
69 Fifth Avenue, New York, NY 10003

MEMO

[redacted]

JAMES J. MAGUIRE [redacted]

0374

May 27, 1987

1-760 / 260

PAY TO THE ORDER OF Haig for President $500 XX/100

Five hundred XX/100 DOLLARS

BANK OF COMMERCE
69 Fifth Avenue, New York, N.Y.

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The undersigned rep
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Deposit To The Credit Of
Haig For President
12 08 61

0002

PAY ANY BANK, P.E.O.
RIGGS
NATIONAL BANK
WASHINGTON, D.C. 20013
054000030
202-835-6922

JUN -2 87

Deposit To The Credit Of
Haig For President
12 08 61

0002

PAY ANY BANK, P.E.O.
RIGGS
NATIONAL BANK
WASHINGTON, D.C. 20013
054000030
202-835-6922

JUN -2 87

Deposit To The Credit Of
Haig For President
12 08 61

0002

PAY ANY BANK, P.E.O.
RIGGS
NATIONAL BANK
WASHINGTON, D.C. 20013
054000030
202-835-6922

JUN -2 87

AP 29

Contributor file

RIGGS

HAIG FOR PRESIDENT
1154 19TH ST. N.W.
WASHINGTON, D.C. 20036

1752

10-29-87 004 09 0820 108302037

9-24 1987

PAY TO THE ORDER OF James J. McGuire $ 1,000.00

One thousand and no/100 DOLLARS

Alexander P. Haig

⑈001752⑈ ⑆054000030⑆ 12⑈08611850⑈ ⑈0000100000⑈

RIGGS

HAIG FOR PRESIDENT
1154 19TH ST. N.W.
WASHINGTON, D.C. 20036

1338

07-30-87 004 09 0820 608263232

June 30 1987

PAY TO THE ORDER OF James Maguire $ 500.00

Five Hundred & no/100 DOLLARS

Ronald McFarlane

⑈001338⑈ ⑆054000030⑆ 12⑈08611850⑈ ⑈0000050000⑈

CHECK COPIES RECEIVED
10/17/90

Tom Patterson

FAX 212-635-9673

OBC 1858

LAW OFFICES OF
BAILEY, FISHMAN & LEONARD
66 LONG WHARF
BOSTON, MASSACHUSETTS 02110-3680
TELEPHONE (617) 723-1980
FACSIMILE (617) 720-5760

F LEE BAILEY*
KENNETH J FISHMAN
DANIEL PATRICK LEONARD

TERENCE K ANKNER
PETER CHARLES HORSTMANN†
*ALSO ADMITTED IN FL
†ALSO ADMITTED IN NY & DC

EDNA M ADAMS
OFFICE ADMINISTRATOR

FLORIDA OFFICE
1400 CENTREPARK BOULEVARD
SUITE 909
WEST PALM BEACH, FLORIDA 33401-7490
(407) 687-3700

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE SERVICES BRANCH
91 JUL 12 AM 10:58

91 JUL 12 PM 3:16
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

July 10, 1991

Federal Election Commission
Office of the General Counsel
Washington, D.C. 20463

Attention: Attorney Mary P. Mastrobattista

Re: F. Lee Bailey MUR 2903

Dear Ms. Mastrobattista:

I am in receipt of a letter dated May 6, 1991 from Associate General Counsel Lois Lerner and relating to the Commission's investigation in the above-referenced matter.

In response to the four inquiries made in Ms. Lerner's letter, please be advised:

1. There were no written statements accompanying the 1987 contribution; there were, however, oral representations.

2. No written reattributions were provided by the Haig Committee nor was there any knowledge that any were required.

3. Not applicable.

4. Lana McGovern, Mr. Bailey's mother-in-law, provided Mr. Bailey in substance with $1,000.00 by reducing by $1,000.00 the price of an Oldsmobile purchased in 1987 by Mr. Bailey from Ms. McGovern. Patricia Shiers Bailey provided Mr. Bailey with $1,000.00 by a $1,000.00 reduction in the monthly allowance received by Mrs. Bailey from Mr. Bailey.

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If you need additional information, please do not hesitate to contact me. Please excuse the delay in responding to the Commission's letter.

Very truly yours,

Kenneth J. Fishman

KJF/cc

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F.E.C.
SECRETARIAT
91 AUG -1 AM 9:21

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
James J. Maguire	)	MUR 2903
	)	
F. Lee Bailey	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On April 10, 1990, the Commission found reason to believe that James J. Maguire and F. Lee Bailey violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions to the Haig for President Committee ("the Committee"). Both Respondents submitted responses to the Commission's reason to believe notification, which are attached to this report as Attachments 1 and 2. This Office subsequently requested additional information from both Respondents. (Attachments 3 and 4). Counsel for James J. Maguire responded to the request for additional information on May 30, 1991. (Attachment 5). Counsel for F. Lee Bailey responded to the request for additional information on July 15, 1991. (Attachment 6). Based upon the additional information received, this Office now recommends that the Commission take no further action against James J. Maguire and close the file as it pertains to this Respondent.[1]

1. This Office has also concluded the investigation into the line of credit extended to the Committee by Olympic International Bank & Trust Company, another Respondent in this matter, and will be reporting to the Commission shortly regarding Olympic Bank's liability in this matter.

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II. ANALYSIS

A. James J. Maguire

Under 2 U.S.C. § 441a(a)(1)(A), it is unlawful for any person to make contributions to any candidate and his authorized committee with respect to any election for federal office which, in the aggregate, exceed $1,000.

The reason to believe findings against James J. Maguire were based upon a referral from the Audit Division. According to the referral from Audit, James J. Maguire made four contributions to the Committee totaling $3,500. Of this amount, Audit reported that $1,000 had been refunded, resulting in an excessive contribution of $1,500. In response to a request from this Office, counsel for Mr. Maguire submitted copies of the four checks used to make contributions to the Committee, as well as copies of two refund checks received from the Committee. (Attachment 5, pages 3-5). These checks demonstrate that Mr. Maguire made four contributions to the Committee totaling $3,500 and received two refunds from the Committee totaling $1,500:

Date of check	Amount	
04-14-87	$1,000	contribution
05-19-87	$1,000	contribution
05-27-87	$ 500	contribution
06-30-87	$ 500	refund
09-15-87	$1,000	contribution
09-30-87	$1,000	refund

From the foregoing, it appears that the $500 contribution which Mr. Maguire made on May 27, 1987 was refunded by the Committee within 60 days of receipt in accordance with 11 C.F.R. § 103.3(b)(3). In addition, the $1,000 contribution which

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Mr. Maguire made on September 15, 1987 was also refunded by the Committee within 60 days of receipt.

With respect to the two earlier contributions, Mr. Maguire stated that "the remaining $2,000 which was donated was intended to be $1,000 from myself and $1,000 from my wife, Diane Maguire." (Attachment 1, page 1). In subsequent correspondence to this Office, counsel for Mr. Maguire stated that he was "authorized on behalf of Mrs. Maguire to affirm that one-half of the net contributions to the Haig Committee were for her account." (Attachment 5, page 2). However, the checks which were used to make the April 14, 1987 and May 19, 1987 contributions to the Committee were not drawn on a joint account. Rather, the account appears to be in Mr. Maguire's name alone and was signed only by Mr. Maguire. Further, Mr. Maguire did not produce any written statement which accompanied the contributions or statement of reattribution which indicated that $1,000 of the $2,000 contributed was to be attributed to Diane Maguire. Accordingly, it appears that the two $1,000 contributions should be attributed entirely to Mr. Maguire and that the Committee properly reported both contributions as received from Mr. Maguire. 11 C.F.R. § 104.8(c). Therefore, Mr. Maguire made an excessive contribution to the Committee in the amount of $1,000. In light of the relatively small amount of the excessive contribution, however, this Office recommends that the Commission take no further action against James J. Maguire and close the file as it pertains to him.

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B. F. Lee Bailey

The reason to believe findings against F. Lee Bailey in this matter were also based upon a referral from the Audit Division, which indicated that F. Lee Bailey had contributed $3,000 to the Committee on June 16, 1987. In response to the Commission's reason to believe notification, counsel for F. Lee Bailey submitted a copy of the check used to make the contribution, dated June 11, 1987, made payable to "Haig for President" in the amount of $3,000. (Attachment 2, page 5). The check is drawn on F. Lee Bailey's account and appears to be signed by Mr. Bailey. The memo line on the check contains the following notation: "FLB, Pat + Lana." (Attachment 2, page 5). The Committee initially reported receipt of three separate contributions in the amount of $1,000 each from F. Lee Bailey, Lana Bailey [McGovern], and Pat Bailey on June 16, 1987. A Commission audit of the Committee revealed the $3,000 check from F. Lee Bailey. As a result of recommendations made in the interim audit report, the Committee filed a comprehensive amended report on December 18, 1988, covering the period from April 2, 1987 through December 31, 1987. In the comprehensive amended report, the Committee no longer reported the two $1,000 contributions from Lana Bailey [McGovern] and Pat Bailey, but instead reported the entire $3,000 as a contribution from F. Lee Bailey.

Included as part of his response to the Commission's reason to believe notification, counsel for F. Lee Bailey submitted an affidavit from his client. In this affidavit, Mr. Bailey gave

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the following account of the $3,000 contribution to the Committee:

> 2. On or about June 16, 1987, my check in the amount of $3,000.00 was presented to the Haig for President campaign. This check was not, however, a single contribution by me, but rather represented contributions in the amount of $1,000.00 each from me, my wife, Patricia Shiers Bailey, and my mother-in-law, Lana McGovern. My wife and mother-in-law each provided me in substance with $1,000.00 for the purpose of making a contribution to the Haig for President campaign.
>
> 3. In fact, the check I presented to Haig for President contained a notation clearly indicating that the contribution was from three (3) individuals, and not just me.

(Attachment 2, page 3).

Following receipt of the affidavit, this Office wrote to Mr. Bailey's counsel seeking additional information. In response to this request for additional information, counsel for Mr. Bailey provided the following explanation for Mr. Bailey's assertion that his wife and mother-in-law had provided him "in substance" with $1,000 for the purpose of making a contribution to the Committee:

> Lana McGovern, Mr. Bailey's mother-in-law, provided Mr. Bailey in substance with $1,000.00 by reducing by $1,000.00 the price of an Oldsmobile purchased in 1987 by Mr. Bailey from Ms. McGovern. Patricia Shiers Bailey provided Mr. Bailey with $1,000.00 by a $1,000.00 reduction in the monthly allowance received by Mrs. Bailey from Mr. Bailey.

(Attachment 6, page 1).

The foregoing representation of the facts surrounding F. Lee Bailey's contribution to the Committee is somewhat unusual and does not appear to be supported by any

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documentation. If correctly stated, the issue is then raised whether Mr. Bailey made a contribution in his own name using funds of others. This would raise the possibility of a violation of section 441f of the Act. Because it would be difficult and time consuming to investigate the issue of the source of funds used to make the $3,000 contribution, we do not make any recommendations regarding this aspect of the possible violation.

Accordingly, this Office will proceed to the next stage of the enforcement process regarding the finding of reason to believe that F. Lee Bailey violated section 441a(a)(1)(A) of the Act. From the facts presented thus far, it appears that F. Lee Bailey used his personal check to make three $1,000 contributions. Mr. Bailey did so, however, without providing the appropriate written statements to indicate that the $3,000 check represented three separate $1,000 contributions. 11 C.F.R. § 110.1(k)(1). In response to a written inquiry from this Office, counsel for Mr. Bailey stated that there were no written statements accompanying the contribution which indicated the amount which was to be attributed to Patricia Shiers Bailey and Lana McGovern, although there were "oral representations." (Attachment 6, page 1). In addition, the Committee did not request a written reattribution of the contribution subsequent to the making of the contribution, nor was one ever provided to the Committee. Therefore, the Committee improperly reported the contribution as three separate $1,000 contributions from F. Lee Bailey, Patricia Shiers Bailey, and Lana Bailey [McGovern].

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Because there was no effective attribution of any portion of the contribution to Patricia Shiers Bailey or Lana McGovern, the $3,000 contribution must be attributed entirely to F. Lee Bailey. Therefore, it appears that F. Lee Bailey made an excessive contribution in the amount of $2,000. Counsel for F. Lee Bailey has not requested pre-probable cause conciliation in this matter. Thus, this Office intends to proceed to the next stage of the enforcement process.

III. RECOMMENDATIONS

1. Take no further action against James J. Maguire and close the file as to this Respondent.

2. Approve the appropriate letter.

7/31/91
Date

Lawrence M. Noble
General Counsel

Attachments
1. Initial response from James J. Maguire
2. Initial response from F. Lee Bailey
3. FEC letter to James J. Maguire requesting additional information
4. FEC letter to F. Lee Bailey requesting additional information
5. Supplemental response from James J. Maguire
6. Supplemental response from F. Lee Bailey

Staff assigned: Mary P. Mastrobattista

2504364257/1

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2903
James J. Maguire;	)	
F. Lee Bailey.	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on August 13, 1991, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2903:

1. Take no further action against James J. Maguire and close the file as to this respondent.

2. Take no further action against F. Lee Bailey and close the file as to this respondent.

3. Direct the Office of General Counsel to send appropriate letters pursuant to the above-noted actions.

Commissioners Aikens, Elliott, Josefiak, McDonald, McGarry, and Thomas voted affirmatively for the decision.

Attest:

8-15-91
Date

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

2504364257 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 21, 1991

John F. Hunt, Esq.
Cravath, Swaine & Moore
825 Eigth Avenue
New York, NY 10019

RE: MUR 2903
James J. Maguire

Dear Mr. Hunt:

On April 13, 1990, your client was notified that the Federal Election Commission found reason to believe that he violated 2 U.S.C. § 441a(a)(1)(A). On April 24, 1990, your client submitted a response to the Commission's reason to believe finding, and on May 28, 1991, you submitted a supplemental response in reply to a request for additional information.

After considering the circumstances of the matter, the Commission determined on August 13, 1991, to take no further action against James J. Maguire, and closed the file as it pertains to your client. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

The Commission reminds you that under 2 U.S.C. § 441a(a)(1)(A), it is unlawful for any person to make contributions to any candidate and his authorized political committees with respect to any election for federal office which, in the aggregate, exceed $1,000. Furthermore, under 11 C.F.R. § 110.1(k)(1) any contribution made by more than one person, except for a contribution made by a partnership, shall

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include the signature of each contributor on the check, money order, or other negotiable instrument or in a separate writing. Your client should take immediate steps to ensure that these provisions are complied with in the future.

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

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner
by MPM

BY: Lois G. Lerner
Associate General Counsel

25044164257 4

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 21, 1991

Kenneth J. Fishman, Esq.
Bailey, Fishman & Leonard
66 Long Warf
Boston, MA 02110-3680

RE: MUR 2903
F. Lee Bailey

Dear Mr. Fishman:

On April 13, 1990, your client was notified that the Federal Election Commission found reason to believe that he violated 2 U.S.C. § 441a(a)(1)(A). On April 26, 1990, you submitted a response to the Commission's reason to believe finding, and on July 10, 1991, you submitted a supplemental response in reply to a request for additional information.

After considering the circumstances of the matter, the Commission determined on August 13, 1991, to take no further action against F. Lee Bailey, and closed the file as it pertains to your client. The file will be made part of the public record within 30 days after this matter has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within ten days of your receipt of this letter. Such materials should be sent to the Office of the General Counsel.

The confidentiality provisions of 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) remain in effect until the entire matter is closed. The Commission will notify you when the entire file has been closed. In the event you wish to waive confidentiality under 2 U.S.C. § 437g(a)(12)(A), written notice of the waiver must be submitted to the Commission. Receipt of the waiver will be acknowledged in writing by the Commission.

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25043642576

include the signature of each contributor on the check, money order, or other negotiable instrument or in a separate writing. Your client should take immediate steps to ensure that these provisions are complied with in the future.

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

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner by BR

BY: Lois G. Lerner
Associate General Counsel

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OGC 9363

STATEMENT OF DESIGNATION OF COUNSEL

JUL 6

MUR 3367/2717/2903

NAME OF COUNSEL: E. Mark Braden

ADDRESS: Baker & Hostetler
Washington Square
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036

TELEPHONE: (202) 861-1500

93 JUL -6 PM 3:46

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

6/29/93
Date

Alexander M. Haig Jr.
Signature

RESPONDENT'S NAME: Haig For President

ADDRESS: 1155 15th Street, N.W., Suite 800
Washington, D.C. 20005

TELEPHONE: HOME(703) 734-1742
BUSINESS(202) 429-9788

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MAHONEY, HAWKES & GOLDINGS

ATTORNEYS AND COUNSELLORS AT LAW

Charles Francis Mahoney
Morris M. Goldings
William S. Hawkes
Marie Fetters
Frances Allou Gershwin
Bruce Winthrop Edmands
John E. Bradley
James B. Coe
Ellen S. Shapiro
John W. Pius, III
C. Francis Sargent III
Daniel W. Doherty
Alice Z. Moore

THE HERITAGE ON THE GARDEN
75 PARK PLAZA
BOSTON, MASSACHUSETTS 02116
TELEPHONE (617) 457-0100
TELECOPIER (617) 457-0125

NORTH SHORE OFFICE
EIGHTEEN DALE AVENUE
GLOUCESTER, MASSACHUSETTS 01930

Richard S. Jacobs
David R. Kiernan
Amy J. Akerlod
Jeremy A. Gillooly
John F. Aylmer, Jr.
R. David Brok
Amy Bennett Nee
Sally A. Morris

January 24, 1995

JAN 27 12 09 PM '95

VIA FACSIMILE TRANSFER
FAX TRANSFER NO. (202) 219-3923 AND REGULAR MAIL

Lois Lerner, Esquire
General Counsel's Office
Federal Election Commission
999 E. Street, N.W.
Washington, D.C. 20463

Re: United States v. Dominic J. Saraceno, et al.
Criminal No. 93-10334-EFH
MURs 2717, 2903 and 3367

Dear Ms. Lerner:

Attached please find Respondent, Dominic J. Saraceno's Designation of Counsel in MURs 2717, 2903 and 3367 for your review and filing.

Please contact me upon receipt of this Designation to discuss a disposition of the matters referenced above.

Very truly yours,

John Aylmer, Jr.

John F. Aylmer, Jr.

JFA/mff
Attachment
JFA:2236

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 2903, 2717, 3367

JAN 27 12 44 PM '95

NAME OF COUNSEL: Morris M. Goldings, Esquire and John F. Aylmer, Jr., Esquire

ADDRESS: Mahoney, Hawkes & Goldings
75 Park Plaza
Boston, MA 02116

TELEPHONE: (617) 457-3100

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

1-23-95
Date

Signature

RESPONDENT'S NAME: Dominic J. Saraceno

ADDRESS: 15 Surrey Road
Newton, MA

BUSINESS PHONE: (617) 965-8030

S:2930

95043642579

MAHONEY, HAWKES & GOLDINGS
ATTORNEYS AND COUNSELLORS AT LAW

THE HERITAGE ON THE GARDEN
75 PARK PLAZA
BOSTON, MASSACHUSETTS 02116
TELEPHONE (617) 457-9100
TELECOPIER (617) 457-9155

NORTH SHORE OFFICE
EIGHTEEN DALE AVENUE
GLOUCESTER, MASSACHUSETTS 01930

CHARLES FRANCIS MAHONEY
MORRIS M. GOLDINGS
WILLIAM E. HAWKES
MARK PERRIN
FRANCIS ALLEN GREENWOOD
BRUCE WINTHROP EDMANDS
JOHN E. BRADLEY
JAMES B. COX
ELLIOT S. SHAPIRO
JOHN W. PEW, III
C. FOSTER SARGENT III
DANIEL W. DOHERTY
ALICE E. MOORE

RICHARD S. JACOBS
DAVID E. KIERNAN
AMY J. ANDERSON
JEFFREY A. CHILDOCK
JOHN F. ANTHES, JR.
E. DAVID BECK
AMY BRESLER NEE
SALLY A. MORRIS

January 30, 1995

JAN 31 12 36 PM '95

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VIA FEDERAL EXPRESS

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

Re: Dominic J. Saraceno
MURS 2717, 2903 and 3367

Dear Mr. Noble:

The enclosed executed Agreement of our client Dominic Saraceno is forwarded based upon the understanding that the three (3) specified matters under review referenced above, are the only such matters presently pending before the Commission.

Thank you for your attention in this matter.

Very truly yours,

Morris M. Goldings

MMG:lmj
Enclosures

cc: Lois Lerner, Esquire

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	MURs 2717, 2903 and 3367
	)	
	)	

The Federal Election Commission has been asked whether it would be willing to waive all civil remedies and actions it presently has against Dominic J. Saraceno if Mr. Saraceno enters a guilty plea in the matter of United States v. Dominic J. Saraceno, (Crime. No. 93-10334-EFH).

According to the terms of a proposed plea agreement between Mr. Saraceno and the United States Attorney's Office, Mr. Saraceno will enter a plea to one felony count while reserving the right to argue for a lesser sentence, fine and other terms of disposition than that recommended by the United States Attorney's Office. The United States Attorney's Office will recommend the following to the sentencing court:

1. a fine of $100,000;
2. a jail sentence of one year and one day;
3. a $50.00 special assessment; and
4. two years supervised release.

With the understanding that Mr. Saraceno enters a plea to one felony count and the plea is accepted by the court, the Commission will agree to waive further civil prosecution against Mr. Saraceno in MURs 2717, 2903 and 3367. This Agreement shall apply regardless of the sentence; if any; fine, if any; or other terms of disposition imposed by the Court.

Dominic J. Saraceno — Date: Jan 30, 1995

Lawrence M. Noble
General Counsel
Federal Election Commission — Date: 1/31/95

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U.S. Department of Justice

United States Attorney
District of Massachusetts

1003 J.W. McCormack Post Office and Courthouse
Boston, Massachusetts 02109

MURS
2717
2903
3967

February 16, 1995

Ms. Lois G. Lerner
Associate General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: United States v. Dominic Saraceno, et al.
Cr. No. 93-10334-EFH

Dear Ms. Lerner:

On Monday, January 30, 1995, Dominic Saraceno and Donald Cooke, Jr., each pleaded guilty in federal court to making false statements to the Federal Election Commission, in violation of Title 18, United States Code, Section 1001. At sentencing, the government will be requesting that the court sentence Saraceno to one year imprisonment and a $100,000 fine, and order Cooke to pay a fine in the amount of $8500. The sentencing for both defendants is set for April 24, 1995.

I would like to extend our deepest appreciation to you and your office for the cooperation provided in this case. The efforts extended by Mary Ann Bumgarner were absolutely essential to our investigation and trial preparation. Likewise, Ken Kellner's eagerness to provide testimony at trial, and his work in anticipation of that testimony, were necessary for a successful resolution of the matter.

We hope that the result reached will have a favorable impact on your office's investigations. Thank you again for all of your help and assistance.

Sincerely,

DONALD K. STERN
United States Attorney

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RECEIVED
FEDERAL ELECTION
COMMISSION
SECRETARIAT

APR 26 4 31 PM '95

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
Haig for President and	)	MUR 3367
Dominic Saraceno, as treasurer	)	
Committee for America and	)	
Sherwood D. Goldberg, as treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On January 24, 1995, the Commission found probable cause to believe that: (1) Haig for President ("Haig Committee") and Dominic Saraceno, as treasurer, violated 2 U.S.C. §§ 441a(f) and 441b(a), 26 U.S.C. § 9042(c) and 11 C.F.R. § 9034.8(c); and (2) the Committee for America and Sherwood D. Goldberg, as treasurer ("CFA") violated 2 U.S.C. § 441a(a)(2)(A). These violations were in connection with impermissible in-kind contributions made to the Haig Committee by CFA and the alteration of contributor checks by the Haig Committee.

The Commission also agreed to waive further civil prosecution against Haig for President in MURs 2717, 2903 and the remaining portion of MUR 3367 that is not the subject of the attached conciliation agreement.[1]

---

1. On January 31, 1995, the General Counsel, on behalf of the Commission, signed an agreement with the treasurer of the Haig Committee, Dominic Saraceno, agreeing to waive all civil remedies and actions the Commission had against Mr. Saraceno if he entered a guilty plea in the matter of United States v. Dominic J. Saraceno, (Crime. No. 93-10334-EFH). Mr. Saraceno entered a plea to one felony

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II. ANALYSIS

(Footnote 1 continued from previous page)
count, which was accepted by the court. According to the terms of the agreement, the Commission waived further civil prosecution against Mr. Saraceno in MURs 2717, 2903 and 3367.

Based on the foregoing, this Office recommends that the Commission approve the attached conciliation agreement and close the file in this matter and MURs 2717 and 2903.

III. **RECOMMENDATIONS**

1. Approve the attached conciliation agreement with Haig for President and Dominic Saraceno, as treasurer, and the Committee for America and Sherwood D. Goldberg, as treasurer.

2. Close the files in MURs 2717, 2903 and 3367.

3. Approve the appropriate letter.

4/26/95
Date

Lawrence M. Noble
General Counsel

Attachment
Conciliation agreement

Staff Assigned: Mary Ann Bumgarner

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Haig for President and	)	MUR 3367
Dominic Saraceno, as treasurer;	)	
Committee for America and	)	
Sherwood D. Goldberg, as treasurer.	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on May 2, 1995, the Commission decided by a vote of 4-0 to take the following actions in MUR 3367:

1. Approve the conciliation agreement with Haig for President and Dominic Saraceno, as treasurer, and the Committee for America and Sherwood D. Goldberg, as treasurer, as recommended in the General Counsel's Report dated April 26, 1995.

2. Close the files in MURs 2717, 2903, and 3367.

3. Approve the appropriate letter, as recommended in the General Counsel's Report dated April 26, 1995.

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

Attest:

5/2/95
Date

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

Received in the Secretariat: Wed., April 26, 1995 4:31 p.m.
Circulated to the Commission: Thurs., April 27, 1995 11:00 a.m.
Deadline for Vote: Tues., May 02, 1995 4:00 p.m.

mwd

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 9, 1995

Ms. Laurie Cook
FDIC
303 Congress St.
Boston, MA 02210

RE: MURs 2717/2903
Olympic International
Bank and Trust Co.

Dear Ms. Cook:

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) 219-3690.

Sincerely,

Richard M. Denholm II
Attorney

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

95043642587

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 9, 1995

Nathan Schwartz, Vice Pres.
Micro Computer Software, Inc.
90 John Street
New York, NY 10038

RE: MUR 2903
Micro Computer
Software, Inc

Dear Mr. Schwartz:

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) 219-3690.

Sincerely,

Richard M. Denholm II
Attorney

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 9, 1995

Susan M. Goldfisher, Esq.
Vena, Truelove, Lahey & Domestico
253 Summer Street
Boston, MA 02210

RE: MUR 2903
Romeo D'Agostino

Dear Ms. Goldfisher:

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) 219-3690.

Sincerely,

Richard M. Denholm II
Attorney

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 9, 1995

John F. Hunt, Esq.
Cravath, Swaine & Moore
825 Eighth Avenue
New York, NY 10019

RE: MUR 2903
James J. Maguire

Dear Mr. Hunt:

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) 219-3690.

Sincerely,

Richard M. Denholm II
Attorney

Celebrating the Commission's 20th Anniversary

YESTERDAY TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 9, 1995

Kenneth J. Fishman, Esq.
Bailey, Fishman & Leonard
66 Long Warf
Boston, MA 02110-3680

RE: MUR 2903
F. Lee Bailey

Dear Mr. Fishman:

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) 219-3690.

Sincerely,

Richard M. Denholm II
Attorney

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 9, 1995

Mr. E. Mark Braden, Esq.
Baker & Hostetler
Washington Square, Suite 1100
1050 Connecticut Avenue, N.W.
Washington, D.C. 20036-5304

RE: MURs 2717/2903/3367
Haig For President
and Dominic Saraceno, as
treasurer; and Committee for
America and Sherwood D.
Goldberg, as treasurer

Dear Mr. Braden:

On May 2, 1995, the Federal Election Commission accepted the signed conciliation agreement submitted on your clients' behalf in settlement of violations of 2 U.S.C. §§ 441a(a)(2)(A), 441a(f), and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"); 11 C.F.R. § 9034.8(c) of the Commission's regulations; and 26 U.S.C. § 9042(c) of the Presidential Election Campaign Fund 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 respondents 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.

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

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Enclosed you will find a copy of the fully executed conciliation agreement for your files. Please note that the civil penalty is due within 30 days of the conciliation agreement's effective date. If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Richard M. Denholm II
Attorney

Enclosure
Conciliation Agreement

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 9, 1995

Morris M. Goldings, Esq.
John F. Aylmer, Jr.
Mahoney, Hawkes & Goldings
75 Park Plaza
Boston, MA 02116

RE: MURs 2717/2903/3367
Dominic J. Saraceno

Dear Messrs. Goldings and Aylmer:

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) 219-3690.

Sincerely,

Richard M. Denholm II
Attorney

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

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RECEIVED
FEDERAL ELECTION COMMISSION

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

In the Matter of:)
)
OLYMPIC INTERNATIONAL) MUR 2903
BANK & TRUST COMPANY)
)

THE ORAL DEPOSITION OF VICTOR A. NICOLAZZO, JR., taken pursuant to Federal Election Commission subpoena, before Marilyn F. Sandberg, a Court Reporter and Notary Public, within and for the Commonwealth of Massachusetts, at the Office of the United States Attorney, 1003 J.W. McCormack Post Office & Courthouse, Boston, Massachusetts, on Thursday, February 28, 1991, commencing at 9:00 o'clock a.m.

PRESENT:

MARY P. MASTROBATTISTA, Atty.
JONATHAN BERNSTEIN, Esq.
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

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PRESENT: Continued

JOHN D. HUGHES, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA. 02110
For the Deponent.

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I N D E X

WITNESS	PAGE
Victor A. Nicolazzo, Jr.	3

EXHIBITS	DESCRIPTION	PAGE
1-15	Documents	OTR

MS. MASTROBATTISTA: This deposition is being taken pursuant to a Federal Election Commission subpoena issued in connection with an investigation under Section 737(g) of Title 2 of the United States Code.

V I C T O R A. N I C O L A Z Z O, Jr., 37 Holden Road, West Newton, Massachusetts, having been duly sworn by the Notary Public to tell the truth, the whole truth, and nothing but the truth, testified upon his oath as follows:

MS. MASTROBATTISTA: The statute provides that the confidentiality of this investigation must be maintained until the Commission closes its file.

The Commission has civil jurisdiction over the Federal Election Campaign Act of 1971 as amended.

This investigation is designated Matter Under Review 2903.

My name is Mary Mastrobattista and I am representing the Federal Election Commission here today, along with Jonathan Bernstein.

EXAMINATION BY MS. MASTROBATTISTA:

Q Would you please state your full name?

A Victor A. Nicolazzo, Jr.

Q Mr. Nicolazzo, are you represented by counsel today?

A Yes, I am.

Q By whom?

A John Hughes.

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Q Are you being represented in your capacity as chairman of the board of directors of Olympic Bank?

MR. HUGHES: Yes, he is.

Q BY MS. MASTROBATTISTA: Are you testifying on behalf of Olympic International Bank today?

A Yes, I am.

Q Have you ever had your deposition taken before?

A Have I ever been to a deposition?

Q Yes.

A Yes, I have.

Q Well, even though you have, I'll explain a little bit about what will take place here today.

We are going to ask you a series of questions designed to elicit information in connection with this investigation.

The questions will not be limited to your involvement only. It will also include questions for information involving other persons, as well.

You should treat this as if you were testifying in a court of law and remember that you are under oath.

The Court Reporter will be recording everything you say and will be typing up a transcript.

Since the Court Reporter will not be able to record any gestures or any response which is not spoken,

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it is important that you answer each question in words.

If you don't understand or don't hear a question, let me know and I will rephrase or repeat it.

If you want to qualify an answer you can do so. If during the deposition you realize you gave an inaccurate or incomplete answer, let me know and we can go back and correct it.

Finally, if you need to take a break for any reason, let me know and we can take a break.

Q Mr. Nicolazzo, what documents did you review in preparation for this deposition?

A I just looked over the documents that counsel showed me yesterday that he thought was pertinent to this deposition.

Q Was that limited to the documents which you submitted to the Federal Election Commission in response to the subpoena?

MR. HUGHES: I can answer that it was.

MS. MASTROBATTISTA: Thank you.

Q BY MS. MASTROBATTISTA: Mr. Nicolazzo, please state your home address.

A It's 37 Holden Road, West Newton, Massachusetts.

Q How long have you lived at that address?

A I'm in my eighteenth year there.

Q Where are you currently employed?

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A I'm chairman of the board of Olympic Bank in Boston.

Q How long have you held this position?

A Since the bank opened in 1985.

Q What are your responsibilities as chairman of the board of directors?

A I run the board of directors' meetings on a monthly basis. I sit on the executive committee. And, basically, my job at the bank is to solicit deposits for the bank.

Q So you solicit business for the bank?

A Business deposits, yes.

Q How often does the executive committee meet?

A It meets twice a month.

Q When was Olympic Bank founded?

A The bank opened in May of 1985.

Q And were you one of the original founders of Olympic Bank?

A Yes, I was.

Q Can you please tell us a little bit more about Olympic Bank's beginnings?

MR. HUGHES: In what sense, ma'am?

Q BY MS. MASTROBATTISTA: The purpose of the bank, some of the original founders?

A The bank -- a group of businessmen got together and wanted to open a bank specifically for businessmen, to

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take care of small to medium size businesses.

Q So most of your depositors are then commercial depositors?

A Yes, they are.

Q How many employees does Olympic Bank currently have?

A Right now, I think we're at 35.

Q Do you know how many employees Olympic Bank had in November of 1987? How many employees did Olympic Bank have when it first opened?

A This is just a guess. I would say ---

MR. HUGHES: Wait a second, now. It better be a reasonable guess and not a wild guess.

A I would guess in that 30 range.

Q BY MS. MASTROBATTISTA: Are there any other branches of Olympic Bank, other than the one in Boston?

A No.

Q So Olympic Bank is a relatively small bank?

A Yes, it is.

MR. HUGHES: I'll let that stand. It's kind of a broad question. Small in comparison to what? There's one office, if that's what you mean.

Q BY MS. MASTROBATTISTA: How many different departments does Olympic Bank have?

A There's a loan department, an operations department, a customer service department.

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Q Are commerical loans a large part of Olympic Bank's loan business?

A Yes, they are.

Q What percentage, would you say?

MR. HUGHES: If you know.

A I don't know.

Q BY MS. MASTROBATTISTA: What other types of loans does Olympic Bank make besides commercial loans?

A We do make some consumer type loans. Automobiles. Basically, consumer loans. We're not in the house mortgage business, but we do do a lot of -- not a lot, but some consumer loans.

Q Okay.

You mentioned earlier that Olympic Bank has a loan department?

A Yes.

Q Do they have a loan committee?

A Yes, they do.

Q And what is the function of the loan committee?

A The loan committee would look at loan requests, present them to the executive committee and the board and to monitor loans.

Q Does the loan committee review all loans?

A Yes, they do.

Q Does the loan committee then forward all loans for

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review by the executive committee?

A It would depend on the size of the loan. I mean, there area lot of different reasons that they would or they wouldn't.

Q Mm-hm.

MR. HUGHES: Do you understand the question?

A Maybe you ought to repeat it.

Q Okay.

Do all loans go from the loan committee then to the executive committee?

A Depending on the size of a loan.

Q Do you know the dollar ---

A The nature of the loan.

Q Do you know the dollar amount, if there is one?

A No, I don't think there's any particular dollar amount.

Q So it could depend on the dollar amount or the nature of the loan?

A That's correct.

Q Are all loans reviewed by the board of directors?

A When you say reviewed, what do you mean by reviewed?

Q Are all loans brought before the board of directors for a vote?

A No, they're not.

Q What loans are brought before the board of directors for vote?

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A It would depend on the dollar amount, again. If any directors that might be involved in loans.

MR. HUGHES: Can I ask? Maybe you should clarify. When you say were all loans brought before the board, do you mean for original approval or for ratification?

MS. MASTROBATTISTA: For either.

MR. HUGHES: Oh, okay.

MS. MASTROBATTISTA: For original approval or ratification.

A All loans are brought to the board of directors for ratification.

Q BY MS. MASTROBATTISTA: All loans are?

A Yes, they are.

Q Thank you.

What is the customary procedure employed by Olympic Bank for processing a loan from the time the loan first comes in the door, the request for the loan?

A You're talking -- I want to clarify that a little bit. Are you talking a commercial loan? What type of loan are you talking about?

Q A commercial loan.

A Let's try the question again.

Q What is the customary procedure employed by Olympic Bank for processing a commercial loan?

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A A borrower would come in and request a loan. Depending on the size, it would determine as to where the loan would go next to be either approved or rejected, et cetera, that type of thing.

You know, the president of the bank has lending authority up to certain dollar amounts and if the loan was within his parameters as president, within his lending authority as president, it would be approved by him, you know, in conjunction with the loan committee. Other than that, it would come to the board.

Is that answering your question?

Q I think so.

Does every commercial loan go before the loan committee?

MR. HUGHES: No matter what size?

Q BY MS. MASTROBATTISTA: No matter what size?

A Well, I wouldn't say it would go before the loan committee, per se. It would end in the loan department to be processed.

Q Is each commercial loan request assigned to an individual in the loan department?

A As far as doing the paperwork, you're talking about?

Q Right.

A Yes. Somebody would be responsible for doing that.

Q And how is that assignment made?

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A The president would probably assign it to somebody in the loan department.

Q How many employees are currently in the loan department?

A I think there are nine right now.

Q Does Olympic Bank have a written loan application form?

A Yes, we do.

Q How many different written loan application forms does Olympic Bank have?

A Well, when you say a written loan -- for what type of loan?

Q For a commercial loan?

A No, not necessarily. I mean, there are application papers that are filled out, but an application can be done verbally, it could be done on paper, as well.

Q Could an application for a commercial loan be done verbally?

A Yes, it could.

Q What types of written loan application forms does Olympic Bank have?

A I don't understand the question. What do you mean, what types?

Q You stated earlier that Olympic Bank has a written loan application form?

A Mm-hm.

Q What would that form be used for? What types of loans?

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A The form that we have could be used for consumer type loans and commercial loans, depending on the type of commercial loan.

Q What type of commercial loan could the form be used for?

A It could be used for a real estate loan. It could be used for a business line of credit. It could be used for a credit card.

It's kind of a multipurpose application.

Q What documents usually comprise a loan application package in addition to the loan application form?

A There would be a write-up from either the president or somebody from the loan department that would accompany a form, an application form, write-up about the specific loan.

Q Does that write-up take a certain form?

A Not necessarily.

Q What would you call that write-up?

A I would say it would be a description of the loan.

Q Would a written memo be prepared?

A Could be. Yes.

Q What would a loan officer review in connection with a loan application? What documents would be reviewed?

A Depending on the type of application. Do a credit check, you know, on the applicant.

Q Mm-hm.

0 5 0 4 3 6 4 2 6 0 8

A Financial statements. Maybe tax returns on a commercial loan.

Q The financial statements ---.

MR. HUGHES: Could we go off the record for a second? Or we can do it on the record. It's your preference.

I have a question about the scope of your examination.

MS. MASTROBATTISTA: Off the record.

[Off the record.]

MR. HUGHES: At this point I'd just like to state for the record that Mr. Nicolazzo has been produced in response to a subpoena which, to my reading, specifically concerns the documentation submitted by the Haig For President Committee to Olympic International Bank & Trust Company, the approval the request for a line of credit by Olympic Bank on November 12th of 1987, the monitoring and the servicing of the line of credit from November 13, 1987, to the present, and the renewal of the line of credit in October of '88.

Mr. Nicolazzo, as chairman of the board of the bank, is not completely familiar with the day-to-day operations of every aspect of the bank's business from May of 1985 to the present.

And for that reason, some of his prior

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1 responses to questions beyond the specific areas I just
2 described, may or may or may not be completely accurate.
3 MS. MASTROBATTISTA:. Thank you.
4 Q BY MS. MASTROBATTISTA: Mr. Nicolazzo, what is the
5 typical time frame it would take for a commercial loan
6 to be processed from the time the individual makes the
7 initial request for the loan until the time the loan is
8 approved by Olympic Bank?
9 A That varies. I mean, it could be anywhere from a couple
10 of days -- a day or two, to, you know, weeks, I guess,
11 depending on what's involved in the loan.
12 Q What factors would the executive committee of Olympic
13 Bank consider when deciding whether to approve a loan
14 request?
15 A It would be the character of the borrower. The person
16 bringing the loan to the bank. The financial strength,
17 I guess, of the borrower. Those types of things.
18 Q How would the executive committee determine the
19 financial strength of the borrower?
20 A I guess it would depend on how the presentation was made
21 to the executive committee.
22 Q Would the executive committee rely on documents
23 submitted through the loan committee?
24 A When you say documents, what are you referring to? What
25 type of documents?

Q The application form, financial statements, documents you mentioned earlier.

A Well, there might not necessarily be an application form. I said that earlier, too.

Q Right.

If the loan request was a verbal request, what would the executive committee consider then to determine whether or not to grant the request for the loan?

A It would depend on how the loan was presented to the executive committee.

Q What do you mean?

A The person presenting it would usually -- a loan would either be presented by the president of the bank at the executive committee or a director who brought the loan to the bank who knew that specific loan.

Q Mm-hm.

You mentioned earlier that Olympic Bank would verify the credit history, at times, of an individual who requested a loan. How did Olympic Bank verify credit history?

A They would do a credit check what they -- I think it would be more into a service called TRW, which does, you know, credit reports on people.

Q When did you first learn that Alexander Haig was running for President?

A I don't remember.

Q How did you first learn that Alexander Haig was running for President?

A I probably heard it on television.

Q What was your involvement with the line of credit extended to the Haig For President Committee?

A I was at the meeting that it was presented to the executive committee.

Q How did the request for a line of credit to the Haig Committee originate?

A Through one of our directors, Dominic Saraceno.

Q Did the Haig Committee ever submit a written loan application to Olympic Bank?

A Not to my knowledge.

Q Did Alexander Haig personally come to Olympic Bank to request a line of credit for the Haig Committee?

A Not to my knowledge.

Q Has

Q Alexander Haig ever been on the premises of Olympic Bank?

A I can't answer that. I don't know.

MR. HUGHES: To your knowledge, has he?

THE WITNESS: I, physically, have never seen him at the bank. I don't know whether he's been there or he hasn't.

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Q BY MS. MASTROBATTISTA: Have you ever heard that he had been at the bank when you were not there?

A No, I haven't heard that either. No.

Q What written documentation was submitted to Olympic Bank by the Haig Committee in support of the request for a line of credit?

A I think there was a letter sent to the bank, a copy of a letter sent to the bank that was sent to the Federal Election Commission.

Q A letter from the Haig Committee to the Federal Election Commission?

A Yes. We were to be named the depository for the committee.

Q Naming Olympic Bank as the depository?

A Yes.

Q Anything else?

A There's been correspondence, I think, back and forth. And I can't be specific as to which -- what correspondence.

Q Was that correspondence part of the original documentation submitted in support of the request for a line of credit?

A Not to my knowledge.

Q Were you in attendance at the meeting of the executive committee on November 12th, 1987?

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A Yes, I was.

Q Mr. Nicolazzo, I have a two-page document which is marked Olympic Bank Exhibit 1. Have you seen this document before?

[Pause.]

A Yes, I have.

Q Would you please describe it?

A The first page is an attendance sheet, signed by the people who were at the meeting.

And the second page is an agenda of what we were to discuss that day at the meeting.

Q Who prepared the agenda for the November 12th, 1987, executive committee meeting?

A Do you want to know who actually typed it or do you want to know who would lay out the agenda? The agenda is pretty much the same for every meeting, except we put in what's going to be discussed specifically at that meeting.

Q Who would determine what would be discussed specifically at that meeting?

A Either the president or myself.

Q Did you prepare this agenda?

A No I do not.

Q Do you know who did prepare this agenda?

A I would assume the president of the bank did.

2 5 0 4 3 6 2 6 1 4

Q And that is?

A William O'Brien.

Q Who typed the agenda?

A I would -- I assume it was Susan Fraser.

Q And what was her position at the bank at the time?

A She was administrative vice-president of the bank.

Q And is she still employed at Olympic Bank?

A Yes, she is.

Q And what is her position now?

A She has the same title, administrative vice-president of the bank.

Q Is the agenda prepared prior to the meeting of the executive committee?

A Yes, it is.

Q And does each member of the executive committee have a copy of the agenda?

A No, they don't.

Q Who has a copy of the agenda?

A It's kept in a book for that specific committee.

Q Is there only one book for the executive committee or does each member of the executive committee have a book?

A No. One book.

Q What written documentation was reviewed by the executive committee during the November 12, 1987, meeting in connection with the Haig request for a line of credit?

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A I don't remember any written documentation. This was a verbal presentation.

Q Who made the presentation for the loan department?

A That would have been Dominic Saraceno.

Q What discussion took place concerning the Haig Committee's request for the line of credit?

A When you say discussion, can you be a little more specific, please?

Q Did the members of the executive committee discuss the request for the line of credit of the Haig Committee?

A Yes.

Q And what was the substance of that discussion?

A A presentation was made about the request of the line. We considered who was making the presentation, who the borrower was. And I can't remember exact words that transpired during the conversation about the request, but it was voted to approve the request of the line.

Q Did members of the executive committee have any questions concerning the request for the line of credit?

A I'm sure they did. You know, we asked questions about everything. I just don't remember what questions were asked about this. I mean, you're talking quite a while ago.

Q Do you remember asking any questions yourself?

A Not that I -- I just don't remember.

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Q Do you remember how long that meeting lasted?

A No. I wouldn't remember that, either.

Q Do you remember which members of the executive committee took part in the discussion?

A No, I wouldn't remember that, either.

Q Would it help you if you reviewed the attendance?

A Well, I think what you're asking me is what the discussion was, and I can't remember the words that were -- I mean, you're talking 1987.

Q Do you remember the nature of the discussion?

Were there any specific areas of concern that the members of the executive committee had?

A Well, they wanted to know how the -- naturally, they wanted to know how the loan was going to be paid back. And the loan was going to be paid back through the matching funds that he was receiving from the government.

Q Did any members of the executive committee keep notes during the meeting?

A No.

Q Does anyone at Olympic Bank keep notes during executive committee meetings?

A No, not necessarily.

Q Was the Haig Committee's request for a line of credit ever reviewed by a loan committee?

0 5 0 4 3 6 2 6 1 7

A Not to my knowledge. It was approved right at the executive committee.

Q So prior to the November 12, 1987, meeting of the executive committee, the request for the line of credit had not been approved by Olympic Bank?

A Not to my knowledge.

Q Item 3 of the November 12, 1987, agenda states, quote: Discuss and approve the request of Haig For President for a line of credit in the amount of $175,000, end quote.

Why does Item 3 of the agenda state that the request for the line of credit will be approved?

A That's a good question. I don't know why it was worded that way. I don't know the answer.

Q Mr. Nicolazzo, I have a one-page document which has been marked Olympic Bank Exhibit 2.

Have you seen this document before?

A Yes.

Q Can you please describe this document?

A I don't know who wrote it, but it shows a line of credit for $375,000 and an interest rate of 12 percent.

My eyes are going.

THE WITNESS: Can you read what that says?

MR. HUGHES: No, I can't.

A I can't read it.

Q BY MS. MASTROBATTISTA: Do you recognize the handwriting?

A No, I'm not sure whose handwriting this would be.

Q Do you recognize the handwriting at the bottom of the page?

A No, I don't.

Q Have you seen this document before?

A Yes, I have.

Q When have you seen this document?

A I saw it yesterday.

Q Have you seen this document before yesterday?

A No.

Q Did the executive committee review this document during the meeting of November 12, 1987?

A Not to my knowledge.

Q Who would be in a position to make these notes?

MR. HUGHES: If you know.

A I would guess ---

MR. HUGHES: No.

THE WITNESS: You don't want me to guess. Okay.

MR. HUGHES: She asked you a question. If you can answer the question, answer it.

A I can't answer it.

Q BY MS. MASTROBATTISTA: Was this document in an Olympic

0 5 0 4 3 6 2 6 1 9

Bank loan file?

A I don't know the answer to that.

Q Was this document submitted to the Federal Election Commission in response to the subpoena issued to investigation?

A Yes, it was.

Q Did Olympic Bank provide, in response to the Federal Election Commission's subpoena, all documents which were contained in the loan file for the Haig Committee loan?

A To my knowledge, we did.

Q What files were searched by Olympic Bank to respond to the Commission's subpoena?

A In files pertaining to the Haig loan.

Q Is that more than one file?

A I'm not sure of that.

Q Who did the search for the documents?

A I'm not sure who did that, either.

Q Did the executive committee review any financial statements from the Haig Committee prior to approving the line of credit on November 12, 1987?

A No.

Q Did the executive committee review any financial reports which the Haig Committee had filed with the Federal Election Commission prior to approving the request for the line of credit?

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A No.

Q Did Olympic Bank inquire of the Haig Committee as to whether any such reports existed?

A I wouldn't know the answer to that.

Q What was the basis of the executive committee's decision to grant the request for the line of credit?

A Well, first of all, the person that brought the loan to the bank, Dominic Saraceno, was a large stockholder of the bank, on the executive committee, one of our best citizens. And then the character of the person borrowing the money, the Haig -- I mean, General Haig, Secretary of State. I think he was ---

THE WITNESS: Wasn't he Chairman of the Joint Chiefs of Staff at one time?

MR. HUGHES: I think so.

A You know, advisor to Presidents and a presidential candidate. I mean, you're talking some pretty strong reasons to grant a loan.

Q BY MS. MASTROBATTISTA: Was the vote of the executive committee to approve the loan unanimous?

A I would assume it was, yes.

Q Did Dominic Saraceno vote to approve the loan request?

A I don't remember.

Q Were you present at the meeting of Olympic Bank's board of directors on December 17th, 1987?

A Yes.

MS. MASTROBATTISTA: Off the record.

[Off the record.]

Q BY MS. MASTROBATTISTA: Going back to the executive committee meeting of November 12, 1987, was there a formal vote to approve the loan request of the Haig Committee for a line of credit?

A I'm sure there was.

Q Would a motion have been made to make that vote?

A Yes, there would have been.

Q Does the executive committee typically vote in response to a motion?

A Yes.

Q Do you recall who made that motion?

A No, I do not.

Q Is a motion typically seconded?

A Yes.

Q Do you recall who seconded the motion?

A No, I don't.

Q Would there be any records kept of the vote of the executive committee?

A No.

Q Is there customarily any records kept of executive committee votes during executive committee meetings by Olympic Bank?

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A Not to my knowledge.

Q Mr. Nicolazzo, I'd like to show you a document which has been marked Olympic Bank Exhibit 3, a four-page document.

[Pause.]

A Okay.

Q Have you seen this document before?

A Yes, I have.

Q Would you please describe the document marked Olympic Bank Exhibit 3?

A The first page is a sign-in sheet. And the next three pages are minutes from the meeting of the board of directors on December 17th, 1987.

Q Who was responsible for preparing the minutes of the meetings for the board of directors?

A Susan Fraser.

Q Did Susan Fraser prepare the minutes for the meeting on December 17th, 1987?

A Yes, she did.

Q Do you review the minutes which are prepared subsequent to the meetings for accuracy?

A Did I personally? No.

Q Does anyone?

A I don't know the answer to that.

Q On Page 4 of Exhibit 3, there's a line at the bottom,

attached -- and that line is left blank. Why is that line blank?

A I wouldn't know.

Q Is it customarily left blank?

A I don't know.

Q Who would usually sign that line?

A I don't know that, either. I don't prepare these.

Q How does Susan Fraser prepare the minutes for the meeting for the board of directors?

A She would come to the meeting and physically take the minutes of the meeting.

Q And then after the meeting, does she type up her notes?

A Yes, she does.

Q What does the term ratify mean?

A Ratify would mean to vote on a loan that had already been previously approved. In other words, what you're saying is the board of directors is made aware of the fact that the loan was made.

Q What loans do the board of directors ratify?

MR. HUGHES: I think we covered that already. All of them.

A All loans.

Q BY MS. MASTROBATTISTA: All loans that have been previously approved by the executive committee?

A Yes.

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Q Also all loans that have been previously by the loan committee?

A Yes.

Q The loans that are brought before the board of directors have been previously approved by some committee; is that correct?

A Not in all cases. Sometimes the board itself will vote on a loan.

Q And that will be the initial approval for a loan?

A Correct.

Q Was the Haig Committee loan request brought to the board's ratification?

A Yes, it was.

Q Did the board of directors meet in November of 1987?

A Yes. They meet monthly.

Q Do they meet on the same day very month?

A Yes. We meet on the third Thursday of every month. There have been a couple of exceptions, but as a general rule the board meets the third Thursday of every month.

Q Do you know if the board met on the third Thursday of November 1987?

A I wouldn't know for sure. It could have been one of those dates.

Q I can show you a calendar, 1987 calendar.

The third Thursday would have been

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November 19th?

A 19th.

Q The Thursday before Thanksgiving.

A Okay.

Q Does that help?

A No.

Q Would the board have met on the fourth Thursday of November 1987?

A No, it wouldn't have met on Thanksgiving. That, I can tell you.

Q Thank you.

A Okay.

Q Do you know why the board waited until the December 1987 meeting to vote to ratify the loan request from the Haig Committee?

A No, I don't.

Q Does each director have a notebook at the meeting of the board of directors?

A When you -- when -- not a notebook. You mean to take notes?

Q Right.

A No.

Q Does each director have an agenda in front of him at the meeting of the board of directors?

A Yes.

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Q And what happens to that agenda after the meeting?

A It stays in the directors' book. But it's not a notebook. It's just a book of what transpires at the meeting. This, this type -- you know, this would be in there for the previous month, as an example.

Q How far back do you keep records for each director?

A In their specific books?

Q Mm-hm.

A I think they're cleaned out, you know, periodically, because it gets too thick.

Q If a director were to take notes on his copy of the minutes, would that be retained in the book?

A Not necessarily.

Q Do these minutes of the December 17th, 1987, meeting reflect that the board of directors voted to ratify the request of the Haig For President Committee for a loan which had been previously approved by the executive committee?

I'm looking at Page 3 of Exhibit 3.

A It doesn't say, specifically say the executive committee on there. Is that what you mean?

Q Do these minutes reflect that on December 17th, 1987, the board of directors voted, quote: To ratify the previously approved request of Haig For President, Inc., Dominic J. Saraceno, Treasurer, for a loan in the amount

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of $175,000, end quote?

A Yes.

Q Were there any discussions of the Haig Committee's request by the board of directors prior to the vote to ratify the approval?

A I wouldn't remember.

Q Do you remember if Dominic Saraceno participated in the vote on December 17th, 1987, to ratify the request for the line of credit?

A I don't remember.

Q Did Dominic Saraceno abstain from voting on other matters during this meeting of the board of directors on December 17th, 1987?

MR. HUGHES: You're asking for his memory now?

MS. MASTROBATTISTA: No. I'm asking him to read from Page 3 of ---

MR. HUGHES: Well, I object to that.

This document is an exhibit. Are you asking what this document says when it's an exhibit?

MS. MASTROBATTISTA: I'm asking him to note what the exhibit reflects.

MR. HUGHES: I object.

Does that say that he abstained on other votes or not? This exhibit, No. 3?

THE WITNESS: Yes, it says so.

MR. HUGHES: Okay.

Q BY MS. MASTROBATTISTA: Do you remember whether Dominic Saraceno abstained from voting on other matters during the meeting of the executive committee on December 17th, 1987?

A Now, you're talking strictly from memory?

Q Correct.

A No, I don't.

Q Do you know why Dominic Saraceno would abstain from voting on matters during the December 17th, 1987, meeting?

MR. HUGHES: She's asking for your personal knowledge, now. Do you know why he would either abstain or not?

Can you answer the question?

A I want the question asked again, please.

Q BY MS. MASTROBATTISTA: Do you know why Dominic Saraceno would abstain from voting on two matters during the December 17th, 1987, meeting of the board of directors?

MR. HUGHES: That's a separate -- that's a new question. That's not the question you asked him before.

A Now, what question am I supposed to answer?

Q BY MS. MASTROBATTISTA: Do you know why Dominic Saraceno abstained from two matters during the December 17th, 1987, meeting of the board of directors?

MR. HUGHES: Nothing to do with this.

A Nothing to do with that.

MR. HUGHES: Do you know why he abstained from voting from two matters?

THE WITNESS: No.

Q BY MS. MASTROBATTISTA: Why does a member of the board of directors abstain from voting on matters that are brought before the board of directors?

MR. HUGHES: Are you asking why he does or why everyone else would?

MS. MASTROBATTISTA: A director.

MR. HUGHES: Okay.

Can you answer that for everybody or just for yourself?

THE WITNESS: No, I can answer that for everybody.

MR. HUGHES: Okay.

A They abstain if they are directly involved in any benefit from that loan.

Q BY MS. MASTROBATTISTA: Mr. Nicolazzo, I have a one-page document which has been Olympic Bank Exhibit 4.

A Okay.

Q Have you seen this document before?

A Yes.

Q Would you please describe the document marked Olympic

Bank Exhibit 4?

A It's a note, Olympic Bank note in the mount of $375,000 written for 11 months.

Q And who was the note signed by?

A Dominic Saraceno.

Q Is Dominic Saraceno also a director of Olympic Bank?

A Yes.

Q Is Dominic Saraceno also a member of the Olympic Bank executive committee?

A Yes.

Q What is the date of Exhibit 4?

A November 13th.

Q Is it customary or policy of Olympic Bank to have a borrower execute a note prior to the board of directors voting?

MR. HUGHES: To ratify the loan?

Q BY MS. MASTROBATTISTA: To ratify the loan?

A Yes.

Q So it would be possible for a note to be executed by the borrower prior to the time of the board of directors vote to ratify the loan?

A Yes.

Q What is the amount of the loan that's stated in the note?

A 375,000.

Q The minutes of the board of directors meeting on December 17, 1987, reflected that the directors voted on the following item, quote: To ratify the previously approved request of Haig For President, Inc., Dominic J. Saraceno, Treasurer, for a loan in the amount of $175,000. Note, set at to receive matching funds when allotted, end quote.

Does this figure of $175,000, as stated in the minutes of the meeting, reflect a true amount of the loan?

A This had to have been a typo.

Q Can you explain the discrepancy between the board of directors minutes and the note?

MR. HUGHES: He just did. He said it was a typo.

A It had to be.

Q BY MS. MASTROBATTISTA: Mr. Nicolazzo, the agenda of the executive committee meeting of November 12, 1987, reflects that one item on the executive committee agenda was to, quote: Discuss and approve the request of Haig For President for a line of credit in the amount of $175,000, end quote.

Does the agenda of the executive committee meeting of November 12, 1987, reflect the true amount of the loan?

A No.

Q Can you explain the discrepancy between the amount of the loan from Olympic Bank to the Haig Committee as stated in the agenda of the executive committee meeting on November 12, 1987, and the note dated November 13, 1987?

A Same reason. It would have been a typo.

Q Would you classify the loan from Olympic Bank to the Haig Committee as a secured loan?

A No.

Q Why is the note to the Haig Committee on Exhibit 4 entitled Secured Note?

A I don't know.

Q Do you have a form that's entitled Unsecured Note?

A I wouldn't know.

Q As of November 13th, 1987, the date of the note, had any matching funds from the Federal Election Commission been deposited with Olympic Bank?

A I wouldn't know that.

Q Who would know that?

A Julie Aurilio would know.

Q Was the Haig Committee eligible to receive presidential matching funds as of November 13th, 1987, the date of the note?

A I wouldn't know that, either.

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Q Who would know that?

A I don't know.

Q Would Julie know that?

A I don't know.

Q Was the Haig Committee ultimately eligible to receive presidential matching funds?

A To my knowledge, they were.

MS. MASTROBATTISTA: This would be a good point to take a break.

Off the record.

MR. HUGHES: For how long?

MS. MASTROBATTISTA: Take a ten-minute break.

[Recess.]

MS. MASTROBATTISTA: On the record.

Q BY MS. MASTROBATTISTA: Prior to the break, Mr. Nicolazzo, we were talking about presidential matching funds.

A Mm-hm.

Q Do you know on what date was the Haig Committee determined to be eligible to receive presidential matching funds?

A No.

Q Had Olympic Bank ever made a loan to a political candidate before?

A No, not to my knowledge.

Q Has Olympic Bank, prior to he Haig Committee loan, ever dealt with presidential matching funds before?

A No.

Q Mr. Nicolazzo, I'd like to show you a one-page document which has been marked Olympic Bank Exhibit 5.

[Pause.]

A Okay.

Q Have you seen this document before?

A Yes.

Q Would you please describe the document marked Olympic Bank Exhibit 5?

A This is a certification letter from the Federal Election -- it refers to a certification letter from the Federal Election Commission qualifying Haig For President.

Q Who is Julie Aurilio?

A Julie is a vice-president of Olympic Bank.

Q And what was her involvement with the Haig Committee loan?

A She handled the transactions relating to the loan.

Q Starting from what date?

A I think since its inception.

Q Was she involved with the loan request process?

A No.

Q What was the major source of repayment of the loan to

the Haig Committee?

A Ask that again, please.

Q What was the major source of repayment of the loan to the Haig Committee?

A To what bank?

Q Right.

A Would have been the matching funds.

Q How did Olympic Bank ensure that presidential matching funds were paid directly to the bank?

A I don't know.

Q Who would know?

MR. HUGHES: Well, I object to that question. First of all, you have to establish the predicate that Olympic Bank, in fact, did something to ensure that federal matching funds would be paid to the bank. And then go on to say, what was it?

Q BY MS. MASTROBATTISTA: Did Olympic Bank set up a deposit account with the Haig Committee?

A Yes, we did.

Q And into that deposit account were presidential matching funds deposited?

A Yes, they were.

Q How were presidential matching funds deposited into the Haig account?

A The physical deposit? I don't know.

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Q Was the account with the Haig Committee a saving account?

A I wouldn't know.

Q Were presidential matching funds which were received by Olympic Bank applied directly to the outstanding balance on the loan?

A To my knowledge they were, yes.

Q Mr. Nicolazzo, I have a one-page document which has been marked Olympic Bank Exhibit 6.

[Pause.]

Q Have you seen this document before?

A Yes, I have.

Q Would you please the describe the document marked Olympic Bank Exhibit 6?

A It's a credit review written by the president of the bank pertaining to the Alexander Haig For President loan.

Q What is the purpose of a credit review?

A Are you talking about this particular document?

Q A credit review, in general?

A To check somebody's credit.

Q What is the purpose of this credit review?

A This would be a write-up by -- this was a write-up by the president of the bank discussing that particular loan.

Q Is this the president of the bank's handwriting?

A To my knowledge, it is.

Q Why would the amount of the loan request change from 150,000 to $375,000 on Exhibit 6?

A I wouldn't know the answer to that.

Q Do you know who made this change?

A I assume the person that wrote it up.

Q And that person is?

A The president, William O'Brien.

Q Do you know if this change was made in response to a request from the Haig Committee?

A I wouldn't think so.

Q Who would request that the amount be changed from $150,000 to $375,000?

A I wouldn't know.

Q The rate on the loan has been changed from P plus 2 to 12. What does the phrase P plus 2 signify?

A Prime plus 2.

Q The prime lending rate?

A Yes.

MR. HUGHES: For Olympic?

THE WITNESS: Olympic's prime lending rate.

MR. HUGHES: Yes.

THE WITNESS: I'm sorry.

Q BY MS. MASTROBATTISTA: Do you have any idea what

the prime lending rate for Olympic Bank was on November 17th, 1987?

A The way this is written, I would assume it would be 10 percent plus 2 points to get to the 12.

Q Why was the term changed from 90 days to demand on Exhibit 6?

A I wouldn't know the answer.

MR. HUGHES: Can I ask a question?

MS. MASTROBATTISTA: Yes.

MR. HUGHES: Are lines of credit, are lines of credit typically demand rather than 90 days; do you know?

THE WITNESS: Yes, they are.

MR. HUGHES: Okay.

And this was a line of credit and not a loan?

THE WITNESS: That's correct.

Q BY MS. MASTROBATTISTA: Mr. Nicolazzo, I have a one-page document which has been marked Olympic Bank Exhibit 7.

[Pause.]

A Okay.

Q Have you seen this document before?

A Yes, I have.

Q Was Olympic Bank Exhibit 7 in the Haig For President Committee loan file?

A I assume it was.

Q Would you please describe the document marked Olympic Bank Exhibit 7?

A Credit review.

Q And what is the date of Exhibit 7?

A November 17th, 1987.

Q Why was the credit review prepared after the executive committee had already approved the line of credit?

A This is a write-up about the loan as it was discussed at the executive committee.

Q So this would reflect the discussion at the executive committee meeting on November 12, 1987?

A I would assume so.

MR. HUGHES: You mean, reflect what the executive committee approved or reflect a discussion?

Q By MS. MASTROBATTISTA: Discussion and ultimate approval?

A Well, I don't remember the discussion, so I can't answer.

Q Are credit reviews typically prepared prior to the executive committee voting to approve the loan?

A No, not necessarily.

Q Are credit reviews at times prepared after the executive committee has already voted to approve the loan?

A Yes.

Q Then the purpose of the credit review would be to

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reflect the executive committee's actions?

MR. HUGHES: Solely?

MS. MASTROBATTISTA: Solely.

MR. HUGHES: Okay.

Do you understand that?

THE WITNESS: Yeah.

A No. In this case, it would, though, the way this was written.

Q BY MS. MASTROBATTISTA: Who is Thomas A. McLaughin III?

A He works in the loan department at Olympic Bank. He's a vice-president of the bank.

Q What was his involvement with the Haig Committee loan?

A I don't -- specifically, I don't know.

Q Would William J. O'Brien be in a position to discuss the purpose of this document?

MR. HUGHES: In addition to Mr. Nicolazzo?

MS. MASTROBATTISTA: In addition to Mr. Nicolazzo.

A I'm sure he would just say the same thing I just said.

Q BY MS. MASTROBATTISTA: Would he be the person who is best in the position to discuss the purpose of this document?

A Well, he signed it, you know. It's his document.

Q Would he be the person who might be able to discuss why the amount, term and rate have been changed on

Exhibit 6?

MR. HUGHES: If you know.

A I don't know.

Q BY MS. MASTROBATTISTA: What was the collateral for the line of credit extended from Olympic Bank to the Haig Committee as stated in Exhibit 7?

MR. HUGHES: Objection. The document speaks for itself. Okay?

And I'll state for the record that the document says the collateral -- under collateral, it was unsecured.

MS. MASTROBATTISTA: Thank you.

MR. HUGHES: I don't know if you're trying to mislead this witness, ma'am, or not, but I object to these kinds of questions.

Q BY MS. MASTROBATTISTA: What documents did Olympic Bank review prior to November 17th, 1987, the date of the credit review, to determine the financial strength of Haig For President?

A I have no idea.

Q Who would know?

A I don't know.

Q Why does Olympic Bank Exhibit 7, the credit review, reflect that the amount of the loan request was $375,000 when the minutes of the executive committee meeting on

November 12, 1987, and the board of directors meeting on December 17th, 1987, reflect that the amount approved by Olympic Bank was $175,000?

A Again, I think it was a typographical error on the other two pieces of paper that you showed me.

Q Does anyone from Olympic Bank review the minutes of the board of directors meetings for accuracy?

A I don't know.

Q Is there any written record that Olympic Bank ever approved a loan to the Haig Committee in the amount of $375,000?

MR. HUGHES: You mean in addition to Exhibit 7?

A Not to my knowledge.

Q BY MS. MASTROBATTISTA: Mr. Nicolazzo, I have a one-page document which has been marked Olympic Bank Exhibit 8.

[Pause.]

Q Have you seen this document before?

A Yes.

Q Would you please describe it?

A It's a memorandum to the loan file, dated November 13th, 1987, from Thomas McLaughlin regarding the application.

Q Can you explain why the application for the Haig Committee was waived?

A It was done verbally.

Q Can you explain why the application was waived? What was the basis for the decision to waive the application?

A I don't know the reason.

Q Who would know?

A I don't know.

Q Would Mr. McLaughlin have authority to waive a written loan application?

A I don't know that, either.

Q Who would know that?

A I don't know.

Q Does Mr. McLaughlin work in the loan department of Olympic Bank?

A Yes, he does.

Q And who is his supervisor?

A Can you rephrase the question? Supervisor?

Q His supervisor?

MR. HUGHES: Can you answer that?

A He works for the loan department.

Q BY MS. MASTROBATTISTA: Who is the head of the loan department at Olympic Bank?

A At that time?

Q At that time.

A You know, I don't remember.

Q Who ---

A I really don't.

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Q Who is the head of the loan department at Olympic Bank presently?

A Right now we have a fellow by the name of Jack -- John O'Neil.

Q And how long has he been employed at Olympic Bank?

A He just came on board two weeks ago.

Q Who was the head of the loan department prior to Mr. O'Neil?

A A fellow by the name of John Sennott.

Q Can you spell the last name?

A S-e-n-n-o-t-t.

Q Thank you.

And how long was Mr. Sennott in the position of head of the loan department at Olympic Bank?

A Approximately 14 or 15 months.

Q Do you recall who was head of the loan department of Olympic Bank prior to Mr. Sennott?

A No, I don't.

Q When Olympic Bank first stared in 1985, do you recall who was head of the loan department?

A No.

Q Do you know why this memo would be written to reflect that the conventional loan application was waived on November 13th of 1987, when the loan had already been approved by the executive committee on November 12th,

1987?

A No, I don't.

Q Did Mr. McLaughlin consult with anyone prior to making the decision to waive the conventional loan application?

A I have no idea.

Q The noted dated from Olympic Bank to the Haig Committee is dated November 13th, 1987. Do you know when the first ---

THE WITNESS: Have we got that?

MR. HUGHES: It's earlier.

MS. MASTROBATTISTA: It's Exhibit 4.

THE WITNESS: Okay.

Q BY MS. MASTROBATTISTA: Do you know when the first advance under the line of credit was made?

A No, I don't.

Q Mr. Nicolazzo, I have a two-page document which has been marked Olympic Bank Exhibit 9.

[Pause.]

A Okay.

Q Would you please describe the document marked Olympic Bank Exhibit 9?

A It's a detailed loan history on the Haig For President loan.

Q Have you seen this document before?

A Yes.

Q In what connection?

A I saw it yesterday.

Q Have you seen it before yesterday?

A No.

Q Do you know who prepared this document?

A No, I don't.

Q Was this document prepared by Olympic Bank?

A I would assume so.

Q Was this document submitted to the Federal Election Commission in response to the subpoena issued to Olympic Bank?

A I would assume so.

Q Does this document accurately reflect the loan history of the Haig For President loan?

A I wouldn't have knowledge of that.

Q Who would?

A I would say Julie Aurilio.

Q Does this document reflect that on November 13th, 1987, an advance in the amount of $175,000 was made to the Haig Committee?

A Yes, it does.

Q Do you have personal knowledge $175,000 was advanced to the Haig Committee on November 13th, 1987?

A No, I do not.

Q The executive committee approved the request for the

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line of credit on November 12th, 1987. Is it unusual for an advance to be made the following day after the executive committee approves the request for a loan?

A No.

Q Is it customary and policy for Olympic Bank to advance loans under a line of credit prior to the board of directors ratifying the loan?

A Yes.

Q Is there any time period within which the board of directors must vote to ratify a loan after the executive committee has approved a loan?

A No.

Q Has the board of directors ever voted not to ratify a loan which has been approved by the executive committee?

A Not to my knowledge.

Q What would happen in the event that the board of directors voted not to ratify a loan which had been approved by the executive committee?

MR. HUGHES: Objection. She's asking for speculation.

Go ahead and speculate.

THE WITNESS: I don't know, because it's never happened.

MR. HUGHES: I know. That's just the point.

A I mean, I don't know.

Q BY MS. MASTROBATTISTA: Since Olympic Bank was founded in 1985, the board of directors has always voted to ratify loans which have been approved by the executive committee?

A That's correct.

Q You stated earlier that your involvement with the Haig For President loan was mostly limited to the loan request; is that correct?

A That's correct.

Q Do you have any involvement of the actual monitoring or servicing of the loan to the Haig Committee?

A No.

Q Who is the person from Olympic Bank who best has knowledge of the involvement regarding the monitoring and servicing of the loan?

A It would be Julie Aurilio.

Q Was the loan to the Haig Committee ultimately paid in full?

A There's still an outstanding balance.

Q Was the loan to the Haig Committee moved to a nonperforming status?

A I think it was.

Q What does it mean when a loan is moved to a nonperforming status?

A You'd have to move a loan to a nonperforming status when

it becomes 90 days late.

Is that -- is that what you're asking?

Q Is that bank policy?

A I think that's banking regulation.

Q I'd like to refer again to Olympic Bank Exhibit 9. The note at the bottom of Olympic Bank Exhibit 9 reflects that advances made after March 1st, 1988, were made by Olympic Bank to cover monthly interest payments.

Is this a customary practice?

MR. HUGHES: Do you know?

A I don't know.

Q BY MS. MASTROBATTISTA: Who made the decision to advance funds under the line of credit to cover interest payments?

A I don't know.

Q Who would know?

A Julie might be able to tell you. I don't know.

Q Have you ever -- excuse me?

A Go ahead. I'm sorry.

Q Have you ever seen a situation at Olympic Bank where funds were advanced under a line of credit to cover interest payments?

A I wouldn't know.

Q Would you say that a loan is being timely paid if Olympic Bank has to advance funds under a line of credit

to cover interest payments?

A I wouldn't know.

Q What factors would Olympic Bank consider in making the decision to advance funds under a line of credit to make interest payments?

A I wouldn't know.

Q If this practice continued over a long period of time, would this put Olympic Bank in a stronger financial position with regard to the particular loan?

MR. HUGHES: I object.

What do you mean by that? I don't understand the question.

A I don't either.

Q BY MS. MASTROBATTISTA: I'm trying -- you stated earlier that loans must be placed in a nonperforming status after a 90-day period. When ---

MR. HUGHES: No, I object. It's not what he said. That is not what he said.

If you want to ask him over, again, what is the criteria for placing a loan in a nonperforming status, please do so. But that is not my memory of what he said.

Q BY MS. MASTROBATTISTA: Would you please state, again, for the record, when loans are placed in a nonperforming status?

A When they become 90 days delinquent.

Q How do you determine the point at which a loan is 90 days delinquent?

A I don't know.

Q Who makes the decision to put a loan in a nonperforming status?

A It's done through the loan department.

Q Is it voted on by the board of directors?

A No.

To put it into -- you said put it into?

Q To put into ---

A No.

Q --- a nonperforming status?

A No.

Q Does the board of directors vote to approve the action of the loan committee to place the loan in a nonperforming status?

MR. HUGHES: Loan department. He said loan department.

Q BY MS. MASTROBATTISTA: Does the board of directors vote to approve the action of a loan department ---

A Yes.

Q --- to place a loan in a nonperforming status?

A Yes.

Q And what is the basis of the board of directors decision

to vote to approve the action of the loan department to place the loan in a nonperforming status?

A Because the loan department has determined that the loan is in a nonperforming status.

Q Does the board of directors review any documents prior to approving the action of the loan department?

A No.

Q I'd like to show you an exhibit which is a 10-page document marked Olympic Bank Exhibit 12.

[Pause.]

MR. HUGHES: Do we have 10 and 11?

MS. MASTROBATTISTA: Off the record.

[Off the record.]

Q BY MS. MASTROBATTISTA: Have you reviewed the document marked Olympic Bank Exhibit 11?

A Okay.

MR. HUGHES: 12.

MS. MASTROBATTISTA: 12? Excuse me.

THE WITNESS: 12?

MR. HUGHES: Yes. That's the right one.

THE WITNESS: Okay.

Q BY MS. MASTROBATTISTA: Have you seen this document before?

A Yes.

Q Would you please describe it?

A It's the loan policy of Olympic Bank.

Q Was the loan policy of Olympic Bank in existence in November of 1987 when the loan to the Haig Committee was approved?

A I don't know.

Q Who would know?

A I don't know who would know. It's not dated.

Q Who prepared this loan policy for Olympic Bank?

A I don't remember.

Q Does this loan policy accurately reflect the policy of Olympic Bank today?

A No. The loan policy has been changed. In the last couple of weeks, in fact, it was just changed.

Q Exhibit 12 would reflect the loan policy of Olympic Bank as of what date?

MR. HUGHES: The date of the subpoena.

A I would -- yeah, okay, that's -- because that's what was in existence then.

Q BY MS. MASTROBATTISTA: Page 7 of Exhibit 12 states that, quote: All loans require a completed and signed loan application and/or financial statement supported by credit investigation, end quote.

Does this statement reflect the current policy of Olympic Bank?

A I assume it does.

MR. HUGHES: Do you know or not?

THE WITNESS: I don't.

MR. HUGHES: All right.

THE WITNESS: I mean, I don't know what the new loan policy says.

MR. HUGHES: Okay. Then, you don't know.

THE WITNESS: Okay.

Q BY MS. MASTROBATTISTA: Does this statement reflect the loan policy of Olympic Bank which was in existence in November of 1987?

A Yes.

Q Page 7 of Olympic Bank Exhibit 12 also states that no funds are to be dispersed without the loan officer first approving the documentation in writing. This includes an inspection and appraisal of the collateral, if any.

Does this statement ---

A Excuse me. Where are you talking?

Q Paragraph 1.

A Okay.

Q Paragraph 1 of Exhibit 12 states, quote: No funds are to be dispersed without the loan officer first approving the documentation in writing. This includes an inspection and appraisal of the collateral, if any, end quote.

A Okay.

Q Does this accurately reflect the policy of Olympic Bank which was in existence in November of 1987?

A Yes.

Q Did Olympic Bank monitor the flow of contributions, political contributions, to the Haig Committee?

A I wouldn't know.

Q Who would know?

A I don't know.

Q Who would be responsible for monitoring the collateral of a loan?

A We didn't have collateral on this loan. I mean, this was an unsecured loan.

Q Who would be responsible on behalf of Olympic Bank to monitor collateral of any loan?

A That would be the loan department.

Q Is there one individual who is assigned to each loan who would be responsible for monitoring collateral?

MR. HUGHES: Wait a second, now.

I don't think we've established that there's a responsibility to monitor collateral after the loan was made.

Q BY MS. MASTROBATTISTA: Mr. Nicolazzo, let me read, again, from Exhibit 12: No funds are to be dispersed without the loan officer first approving the documentation in writing. This includes an inspection

and appraisal of the collateral, if any.

A Yeah.

Q What individual on behalf of Olympic Bank would be responsible to inspect and appraise the collateral, if any, on a loan?

A It would be ---

MR. HUGHES: Prior to the dispersements? You mean, reading from the -- prior to the dispersement of the loan?

Q BY MS. MASTROBATTISTA: What individual on behalf of Olympic Bank would be responsible for inspecting and appraising the collateral, if any, on a loan?

MR. HUGHES: Under the loan policy, as it's before you.

Can you answer that question?

THE WITNESS: I still don't understand the question, because it says here: No funds are to be -- are you asking me before or after? That's what I don't understand.

Q BY MS. MASTROBATTISTA: Who inspects, ever, who inspects and appraises the collateral on a loan?

A After -- you mean, who monitors the loan? Is that what you're asking? I'm not -- I don't understand it. I'm sorry.

Q Who inspects and appraises collateral which is offered

on a loan for Olympic Bank?

A Who inspects and appraises collateral?

Q Whose job is that?

A It would be the loan officer.

Q Thank you.

Once a loan officer does inspect collateral on a loan, does the loan officer then customarily check, prior to dispersing any funds on the loan, whether the status of the collateral has changed?

A I wouldn't know.

Q And who would know?

A The loan officer.

Q Is there one loan officer who is assigned to a loan from its beginning to end for each loan?

A Not necessarily.

Q Could there be more than one loan officer who is assigned to a loan?

A There could be.

Q How is the assignment typically made?

A Depending on who would be available, who would have the time to take that next loan coming up for assignment.

Q Do different loan officers have different levels of authority?

A What type of authority?

Q Dollar amount?

A You're talking about when? Now? Then? When?

Q Now.

A Now? There's only one person that has lending authority now. Dollar -- you're talking lending authority?

Q And who is that person?

A Other than the loan committee, is the president of the bank.

Q Okay.

Within the loan committee ---

A Mm-hm.

Q --- do the individuals have different dollar authority?

A No.

Q Is the authority of individuals on the loan committee unlimited?

MR. HUGHES: Wait a second.

What was that question?

A I think we're getting mixed up here between -- you're asking me now and then -- I want to get it clarified. What are you talking about?

Q BY MS. MASTROBATTISTA: Now. Presently. Do individuals who are on the loan committee have a limit as to their lending authority?

MR. HUGHES: I don't think we've established that the individual members of the loan committee have any authority, except as a member of the committee,

acting as a committee.

THE WITNESS: That's correct.

Q BY MS. MASTROBATTISTA: Do individuals on the loan committee have limits as to the dollar amount of the loan that they would work on? In other words, if the loan was in excess of $500,000, would it be assigned to one particular member of the committee?

A We're still confused here.

The loan committee does not monitor loans.

Q Who monitors loans?

A The loan department.

Q Is the loan department a separate entity from the loan committee?

A Yes, it is.

Q How many members are on the loan committee?

A Today?

Q Today.

A Okay. There are seven.

Q And who are they?

A They are myself, as chairman. The president of the bank. Three directors.

Do you want to know their names?

Q Yes.

A David Spiegel, Dominic Saraceno and Peter Donadio.

The executive vice-president in charge of the

loan department is on the committee. His name is John O'Neil.

THE WITNESS: What is that six?

MR. HUGHES: Yeah, I think so.

A It's six, not seven. I'm sorry.

Q BY MS. MASTROBATTISTA: Okay.

How many people work for the loan department, presently?

A Presently? I think I answered that. I think there are nine.

Q Nine.

And how is the loan department structured? Is there one individual who is in charge of the loan department?

A Yes.

Q And who is that individual?

A John O'Neil.

Q Is there an assistant?

MR. HUGHES: To who, Mr. O'Neil? Is there somebody under him who is next in line?

THE WITNESS: Not necessarily. I mean, there are people who have different jobs to do, but not necessarily an assistant.

Q BY MS. MASTROBATTISTA: What are the different jobs within the loan department?

A Some people work on the loan files on a daily basis to make sure they're current and so forth, you know, the documentation et cetera. We have one fellow that does both international and national letters of credit. We have people doing loan review all the time.

Q Is the function of the loan department then to become involved with the loan after it has already been approved or is the loan department at times involved with the loan request?

A They could be involved with the request, also.

Q They could be involved with the request and the monitoring and servicing of the loan?

A Correct.

Q Would any other department within Olympic Bank be involved with the monitoring and servicing the loan other than the loan department?

A Yes.

Q And what department would that be?

A That would be customer service, which would be Julie.

Q Can you explain how the functions during monitoring and servicing of the loan are split between the customer service and the loan department?

A No. Julie could explain that. I don't know.

Q Mr. Nicolazzo, I'd like to show you a four-page document which has been marked Olympic Bank Exhibit 13.

A Okay.

Q Have you seen this document before?

A Yes.

Q Can you please describe it?

A It's -- the first page is a signature page for the board of directors meeting, October 20th, 1988. And the next three pages are the minutes of that meeting.

MR. HUGHES: October 20, 1988?

THE WITNESS: 20, yeah.

Q BY MS. MASTROBATTISTA: Does Page 3 of Exhibit 13 reflect that the board of directors voted on October 20th, 1988, to, quote: To approve the request of Haig For President, Inc., Dominic Saraceno, Treasurer, to extend an existing loan in the amount of $55,000 for a term of six months, end quote?

A Yes, that's what it says.

Q Was this vote unanimous?

A I would assume so.

Q Did Dominic Saraceno participate in this vote?

A According to this, he didn't.

Q Do you recall that Dominic Saraceno abstained from voting on this matter during the meeting on October 20th, 1988?

A No.

Q Do you recall whether there was any discussion at the

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board of directors during the meeting on October 20th, 1988, concerning the request that Haig For President, Inc., to extend the loan?

A I'm sure there was. We talked about every one of these as they come up to a meeting.

Q What questions typically arise as matters come up for a vote before the board?

MR. HUGHES: Are there typical questions?

THE WITNESS: No. Not typical.

Q BY MS. MASTROBATTISTA: Do you recall, was there a lengthy discussion concerning the vote to request -- to approve -- the vote to approve the request of the Haig Committee to extend the loan?

A I don't remember.

Q Do you recall who presented this matter for vote?

A It would have been Dominic Saraceno.

Q Do you know who from the Haig Committee requested that the loan be extended for six months?

A No, I don't.

Q Do you know whether this request was in writing?

A I don't.

MR. HUGHES: I want to make one note.

You're asking him questions when there's a document in front of us. This document says -- Exhibit No. 13 says: On motion by M. Tierney, seconded by

F. Cardullo, it was voted to approve the request of Haig For President, Inc., Dominic Saraceno, Treasurer, to extend an existing loan, the amount $55,000 for a term of six months.

Now, that's what the minutes say as to who brought this particular issue forward.

Q BY MS. MASTROBATTISTA: Did the directors review any written documentation in support of the request to extend the loan for six months prior to approving the request?

A Not to my knowledge.

Q Is it customary for Olympic Bank to approve a request to renew a loan for $55,000 without written documentation?

A Yes.

Q What was the basis of the board's decision to renew the loan?

A I'm not following the question. What do you mean, the basis?

Q The basis of the decision of the board to renew the loan for six months?

A Because it expired.

THE WITNESS: Is that what she means?

A I mean, is that what you mean? I shouldn't be asking him. I'm asking you.

Q BY MS. MASTROBATTISTA: Did the board make any

1 determination as to the financial stability of Haig For
2 President, Inc., prior to voting to renew the loan for
3 six months?
4 A We were told at that board meeting that Mr. Haig was
5 going to be having fund raisers around the country to
6 retire this debt by Mr. Saraceno.
7 Q Mm-hm.
8 A That's what we were told.
9 Q Was there any more discussion concerning that point?
10 A Not that I remember.
11 Q Were specific fund raising events brought up by
12 Mr. Saraceno?
13 A He had talked about one that was supposed to have taken
14 place in California. I don't know if it ever did or
15 not. He said at the meeting that Senator Dole and
16 President Bush were going to help Mr. Haig retire this
17 debt through fund raisers.
18 Q Was the Haig Committee's request to renew the loan
19 approved by Olympic Bank prior to the board of directors
20 meeting on October 20th, 1988?
21 A Not to my knowledge.
22 Q I have a one-page document marked Olympic Bank
23 Exhibit 14.
24 A I don't know if I can even read it.
25 [Pause.]

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A Okay.

Q Have you seen this document before?

A Yes.

Q Would you please describe it?

A It's a memorandum to the loan file.

Q Who is Philip Downey?

A Philip works in the loan department.

Q What is his position?

A He does -- follows up on insurance policies, checks documentation. He's really a documentation person.

Q What is the purpose of this memorandum?

A I don't know. I can't even read it, so...

Q What was the basis for his decision to rewrite the Haig Committee loan for six months?

MR. HUGHES: Objection. That's not what the document says. You haven't established that Mr. Downey made the decision to rewrite the loan.

Q BY MS. MASTROBATTISTA: What was the basis for the memorandum which states that the original balance -- that the outstanding balance and the original transaction was rewritten for six months?

A I don't know.

Q What discussions took place concerning this document?

A I don't know.

Q Mr. Nicolazzo, I have a one-page document which has been

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marked Olympic Bank Exhibit 15. Have you seen this document before?

A Yes.

Q Would you please describe it?

A It's a note to Haig For President in the amount of $55,000 for six months.

Q The date of Exhibit 15 is October 13th, 1988?

A Mm-hm.

Q Why was the note renewing the loan to the Haig Committee executed by Dominic Saraceno prior to approval of the board of directors?

A I don't know.

Q Is that customary or policy?

A Could be.

Q Who would know?

MR. HUGHES: Who would know what?

Q BY MS. MASTROBATTISTA: Who would know if it's customary or policy of Olympic Bank to have a borrower execute a note prior to approval by the board of directors?

MR. HUGHES: Well, he just said it could happened.

A That's my answer.

Q BY MS. MASTROBATTISTA: Who would be in the best position of Olympic Bank to testify whether this is a customary policy?

A I don't know.

MR. HUGHES: I want to state an objection for the record. This witness has answered your question. You asked him if it was customary or policy for the note to be signed prior to the board's approval, and he told you it can happen.

Now, that's a response to your question, ma'am.

MS. MASTROBATTISTA: The objection is noted for the record.

Q BY MS. MASTROBATTISTA: Has it happened often in your experience that a customer executes a note prior to approval by the board of directors?

A I wouldn't -- I wouldn't know.

Q Do you recall any other instance in which a customer has executed a note prior to approval by the board of directors?

A I wouldn't know.

Q Was Olympic Bank's loan committee involved in the process for renewing the note for six months in the amount of $50,000 -- $55,000?

A I don't -- the loan committee?

Q Mm-hm.

A I wouldn't know.

Q Was the executive committee involved in the request to

renew the loan for six months in the amount of $55,000?

A I don't remember.

MS. MASTROBATTISTA: Take a break.

THE WITNESS: Okay.

[Recess.]

MS. MASTROBATTISTA: Back on the record.

Q BY MS. MASTROBATTISTA: Mr. Nicolazzo, I'd like to go back for a moment to the executive committee meeting.

A Mm-hm.

Q And I want to try to clarify just a couple of points.

Are minutes kept at the executive committee meeting?

A No.

Q Does anyone attend the executive committee meeting other than the members of the executive committee?

A No.

Q Does Susan Fraser attend the meetings of the executive committee?

A No.

Q Does Susan Fraser prepare the agenda for the executive committee meetings?

A Yes, she does.

Q Is the agenda the only written documentation in connection with executive committee meetings?

A Yes.

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Q A couple of points on the board of directors meetings.

Is the written agenda prepared in advance of the board meetings?

A Yes.

Q And who prepares that?

A Susan Fraser.

Q And what is set forth in the agenda?

A What is to be discussed that day at the meeting.

Q Is the agenda a separate document from the minutes of the board of directors meeting?

A Yes, it is.

Q And Susan Fraser also prepares the minutes of the meeting?

A Not any longer. She did -- you're talking now?

Q In 1987.

A She did in 1987.

Q Thank you.

Did each director receive a copy of the agenda of the directors meeting prior to the meeting?

A No.

Q Does each director have a copy of the agenda at his place at the table at the meeting?

A Yes, he does.

Q And what happens to each director's copy of the agenda? Is it placed in a notebook -- a book?

A It's placed in a book.

Q Each director has a book?

A Yes.

Q And are those books retained by Olympic Bank?

A Yes, they are.

Q What goes in those books?

A Anything that's pertaining to the board meeting that particular day. Any reports back that -- you know, it could be anything.

Q So in addition to the agenda, there could also be other reports included in the director's book?

A That's correct.

Q Do minutes of the meetings make it into the director's book?

A Previous meetings?

Q Right.

A Yes, they do.

Q Who is responsible for maintaining the director's book?

A As far as putting the information into the books?

Q Yes.

A Susan Fraser would do that.

Q And where are the books maintained? Where are they held?

A At the bank, in the board room.

Q How far back are those records kept?

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A Now you're talking about what? What records?

Q In the book.

A The board of directors in the books?

They're -- like I said earlier, they're cleaned out periodically. There's no specific date. When they get to a point where you can't operate them any longer, then the information is taken out and disposed of. But there is -- do you know what I mean?

Q But they're not notebooks?

A They're not notebooks. They're a -- they're a -- what would you call them? A three-ring ---

MR. HUGHES: Are they three-ring binders?

THE WITNESS: Binder ---

MR. HUGHES: Yeah.

THE WITNESS: --- type book.

A Okay?

Q BY MS. MASTROBATTISTA: Are they cleaned out once a year?

A Yeah, approximately. I mean, there's no specific date to clean them out.

MR. HUGHES: Depends on how thick the reports were.

THE WITNESS: That's right.

Q BY MS. MASTROBATTISTA: At the time that you responded to the Federal Election Commission subpoena, were there

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any notes in the directors' books pertaining to the December 17th, 1987, meeting of the board of directors?

A I wouldn't know.

Q Who would know?

A The director.

Q Who is responsible for cleaning out the notebooks?

A When you say re -- we were in a small bank. We all worked together. I mean, I helped Sue put the papers into the book. And when the book gets to thick, we throw the papers out.

It's not -- do you know what I'm saying?

Q Does each director clean out his notebook?

A No. The directors don't touch the books, other than, you know, it's kept for them.

Q What happens to the records that are in the notebook after they're cleaned out.

A In the director's notebook?

Q Yeah.

A They are shredded and thrown away.

Q Is there a copy of the agenda which is maintained by Olympic Bank for each board of directors meeting?

A I'm not sure there's a copy of the agenda. I don't know the answer to that.

Q Who would know?

A Probably Susan.

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Q Susan Fraser?

A Yes.

Q Thank you.

Mr. Nicolazzo, do you have any -- strike that. What was the purpose of the loan to the Haig Committee?

MR. HUGHES: Whose purpose? The bank's purpose of lending it or the Haig Committee asking for it?

MS. MASTROBATTISTA: The Haig Committee's purpose in asking for the loan.

MR. HUGHES: Do you know the answer to that?

THE WITNESS: I don't know.

Q BY MS. MASTROBATTISTA: Do you know what the Haig Committee planned to use the funds for?

A I don't know that, either.

Q Do you know why advances were made on the line of credit after Alexander Haig withdrew from the race?

A The only way they would be made is if we were told that we were going to receive money back.

Q And what was the source of funds to repay the loans?

A Matching funds.

Q Are matching funds tied to political contributions?

A Say that again.

Q Are matching funds tied to political contributions?

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A Yeah, don't -- doesn't the government match them with political contributions?

Q Would you expect the Haig Committee to receive diminished political contributions after Alexander Haig withdrew from the race?

A I don't know.

MR. HUGHES: Do you know?

THE WITNESS: I don't know. I've never been involved in a presidential campaign. I don't know what they do.

Q BY MS. MASTROBATTISTA: And was this the only loan that Olympic Bank has ever made to a political committee?

A To my knowledge.

MS. MASTROBATTISTA: Mr. Nicolazzo, I'd like to thank you for coming here today to answer questions in connection with this investigation.

You will be receiving a check for a witness fee, plus mileage, for coming here today.

How many miles did you travel?

MR. HUGHES: From your house?

THE WITNESS: From my house?

MR. HUGHES: From your house to here, approximately how far?

THE WITNESS: From my house to here is approximately 12 miles.

MS. MASTROBATTISTA: Thank you.

You will be given the right to review the transcript for accuracy and to sign it before a Notary Public and return it to the Commission.

THE WITNESS: Okay.

MS. MASTROBATTISTA: You are reminded that this matter must remain confidential until the Commission has closed its files in this matter.

Do you understand that this matter must remain confidential?

THE WITNESS: Yes, I do.

MS. MASTROBATTISTA: Thank you, once again, for coming here today.

We'll take a break before we get to the next witness.

MR. HUGHES: Okay.

How long? I mean, can we get her in here fairly quickly?

MS. MASTROBATTISTA: Off the record.

[Whereupon, at 11:07 a.m., February 28th, 1991, the above matter was adjourned.]

2504362677

C E R T I F I C A T E

COMMONWEALTH OF MASSACHUSETTS)
) SS.
COUNTY OF SUFFOLK)

I, Marilyn F. Sandberg, a Court Reporter and Notary Public, within and for the Commonwealth of Massachusetts, do hereby certify that there came before me on this 28th day of February, 1991, the person hereinbefore named, who was by me duly sworn to tell the truth, the whole truth, and nothing but the truth, concerning and touching the matter in controversy in this cause; that he was thereupon examined upon his oath, and his examination reduced to typewriting, under my direction, and that this deposition transcript is a true and accurate record of the testimony given by the witness.

I further certify that I am not related to any of the parties hereto or their counsel, and that I am in no way interested in the outcome of said cause.

Dated at Boston, Massachusetts, this 7th day of March, 1991.

Marilyn F. Sandberg
NOTARY PUBLIC
My Commission Expires:
October 3, 1997

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1 CORRECTION SHEET

2 DEPOSITION OF VICTOR A. NICOLAZZO, JR:

3 PAGE NO. LINE NO. SUGGESTED CORRECTION

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SIGNATURE OF WITNESS:

I have read the foregoing transcript and the same contains a true and accurate recording of my answers to the questions therein set forth, subject to the change and/or correction sheet(s) attached.

Deponent

SUBSCRIBED AND SWORN TO BEFORE ME THIS _____DAY OF

_____, 1991

Notary Public

My Commission Expires: _____

OGC 0330

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

91 MAR 13 AM 12:09
RECEIVED

In the Matter of:)
)
OLYMPIC INTERNATIONAL) MUR 2903
BANK & TRUST COMPANY)
)

THE ORAL DEPOSITION OF JULIE AURILIO,

taken pursuant to Federal Election Commission subpoena, before Marilyn F. Sandberg, a Court Reporter and Notary Public, within and for the Commonwealth of Massachusetts, at the Office of the United States Attorney, 1003 J.W. McCormack Post Office & Courthouse, Boston, Massachusetts, on Thursday, February 28, 1991, commencing at 11:08 o'clock a.m.

PRESENT:

MARY P. MASTROBATTISTA, Atty.
JONATHAN BERNSTEIN, Esq.
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

95043602601

PRESENT: Continued

JOHN D. HUGHES, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA. 02110
For the Deponent.

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1 MS. MASTROBATTISTA: This deposition is being
2 taken pursuant to a Federal Election Commission subpoena
3 issued in connection with an investigation under Section
4 437(g) of Title 2 of the United States Code.
5 J U L I E A U R I L I O, 99 Highland Road, Somerville,
6 Massachusetts, having been duly sworn by the Notary
7 Public to tell the truth, the whole truth, and nothing
8 but the truth, testified upon her oath as follows:
9 MS. MASTROBATTISTA: The statute provides that
10 the confidentiality of this investigation must be
11 maintained until the Commission closes its file.
12 The Commission has civil jurisdiction over the
13 Federal Election Campaign Act of 1971 as amended.
14 This investigation is designated Matter and
15 Review 2903.
16 My name is Mary Mastrobattista and I am
17 representing the Commission here today, along with
18 Jonathan Bernstein.
19 EXAMINATION BY MS. MASTROBATTISTA:
20 Q Please state your full name.
21 A Julie Aurilio.
22 Q Are you represented by counsel today?
23 A Yes.
24 Q By whom?
25 A John Hughes.

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Q Are you being represented in your capacity as an employee of Olympic Bank?

MR. HUGHES: Yes.

A Yes.

Q BY MS. MASTROBATTISTA: Have you ever had your deposition taken before?

A No.

Q Well, let me explain a little bit about what will take place here today.

We are going to be asking you a series of questions designed to elicit information in connection with the investigation. The questions will not be limited to your involvement, only, but will also include requests for information involving other persons, as well.

You should treat this as if you were testifying in a court of law and remember that you are under oath.

The Court Reporter will be recording everything you say and will be typing up a transcript. Since the Court Reporter will not record any gestures or any response which is not spoken, it is important that you answer each question in words.

If you don't understand or don't hear a question, let me know and I will rephrase it or repeat

it. If you want to qualify an answer, you can do so.

If, during the course of the deposition, you realize that an answer is inaccurate or incomplete, let me know and we can go back and correct it.

If you need to take a break for any reason, let me know and we can take a break.

What documents did you review in preparation for this deposition?

MR. HUGHES: Did you look at anything?

THE WITNESS: The schedule of ---

MR. HUGHES: Payments?

THE WITNESS: --- payments.

Q BY MS. MASTROBATTISTA: Please state your full address.

A My home address?

Q Your home address.

A 99 Highland Road, Somerville, Mass.

Q How long have you lived at that address?

A A little under four months.

Q And what was your previous address?

A 36 Rogers Ave., in Somerville.

Q And how long had you lived at that address?

A Seven years.

Q Where are you currently employed?

A Yes. Olympic International Bank & Trust Company.

Q And what is your current position at Olympic

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1 International Bank?
2 A Vice-president in charge of customer service.
3 Q How long have you held this position?
4 A Five years?
5 Q When were you first hired at Olympic International Bank?
6 A May of '85.
7 Q What was you position when you were hired?
8 A Manager of customer service.
9 Q When did your position change?
10 A Approximately three years ago.
11 Q What was your position in November of 1987?
12 A Manager.
13 Q Of?
14 A Olympic International Bank & Trust.
15 Q Any specific department?
16 A Customer service.
17 Q How many employees are in the customer service
18 department?
19 A There are four.
20 Q And what are their positions?
21 A There are three that are customer service
22 representatives and one that is the operator, telephone
23 operator.
24 Q Who is their supervisor?
25 A William O'Brien and Victor Nicolazzo.

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Q Do you supervise any employees at Olympic Bank?

A Yes.

Q How many?

A Four.

Q Do you supervise all four employees in the customer service?

A Yes.

Q Can you describe your involvement with a loan which was made from Olympic Bank to the Haig For President Committee in November of 1987?

A I handled the telephone advances and payments.

Q Anything else?

A No.

Q Were you involved with the application process for the loan?

A No.

Q Do you remember what date you first became involved with the Haig For President Committee loan?

A No, I don't.

Q Ms. Aurilio, I'd like to show you a document which has been marked Olympic Bank Exhibit 5.

MR. HUGHES: I'm sorry.

MS. MASTROBATTISTA: That's all right.

MR. HUGHES: While she's doing that, let's go off the record.

Are you sending copies of all the exhibits with the stickers on them?

[Off the record.]

MS. MASTROBATTISTA: Back on the record.

Q BY MS. MASTROBATTISTA: Ms. Aurilio, have you looked at Olympic Bank Exhibit 5?

A Yes.

Q Can you please describe it?

A It's a letter from the Haig Committee stating that they qualify for matching funds.

Q Who is the letter addressed to?

A Myself.

Q Have you seen this document before?

A Yes.

Q When?

A Back in January of '88.

Q How do you recall that you've seen this document in January of '88?

A It was sent to me, which I in turn sent all these papers to our loan department.

Q Would you have seen this document in December of 1987?

A I don't recall.

MR. HUGHES: Do you understand her question?

She's wondering why you don't -- you think you saw it in January of '88, even though it's dated

1 December 17th and it's, you know, it would be like two
2 weeks more left in December.
3 THE WITNESS: Mm-hm.
4 MR. HUGHES: Were you out of the bank the last
5 part of December in '87 or ---
6 THE WITNESS: No.
7 MR. HUGHES: Okay.
8 Was it -- your memory is you saw it shortly
9 after it was written?
10 THE WITNESS: Right.
11 MR. HUGHES: Okay.
12 Q BY MS. MASTROBATTISTA: What is the purpose of the
13 letter?
14 MR. HUGHES: I object.
15 Go ahead and answer it, if you can.
16 A I don't really understand the question.
17 Q BY MS. MASTROBATTISTA: Did you request that this letter
18 be sent to you?
19 A I don't recall.
20 Q Do you recall having any conversations with a Russell
21 Primavera from the Haig Committee?
22 A No.
23 Q Have you ever met Russell Primavera?
24 A No.
25 Q Do you recall any telephone conversations with anyone

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1 from the Haig Committee?
2 A Yes.
3 Q Who?
4 A Dominic Saraceno and Kathleen McKenzie.
5 Q Have you ever spoke with Alexander Haig?
6 A Yes.
7 MR. HUGHES: There's two of them. There's two
8 of them.
9 Which one do you mean? M. Haig, Jr., or P.
10 Haig?
11 Q BY MS. MASTROBATTISTA: Have you ever spoke with
12 Alexander M. Haig?
13 A No.
14 MR. HUGHES: Jr.?
15 A Jr.
16 Q BY MS. MASTROBATTISTA: Have you ever spoken with
17 Alexander Haig, Jr.?
18 A Yes.
19 Q Have you ever seen ---
20 MR. HUGHES: Wait. For the record. I think
21 the candidate's name ---
22 MS. MASTROBATTISTA: Off the record.
23 MR. HUGHES: Well, I'd like this on.
24 [Off the record.]
25 MS. MASTROBATTISTA: While we were off the

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record we discussed that in the future we will refer to Alexander M. Haig, the father, or Alexander P. Haig, the son.

MR. HUGHES: Fine.

Q BY MS. MASTROBATTISTA: Have you ever spoke with Alexander M. Haig?

A No.

Q Have you ever seen Alexander M. Haig on the premises of Olympic Bank?

A No.

Q Have you ever spoke with Alexander P. Haig?

A Yes.

Q In what context?

A In reviewing history of the loan.

Q Have you ever spoken with anyone else from the Haig Committee?

A Dominic Saraceno and Kathleen McKenzie.

Q Getting back to Olympic Bank Exhibit 5. Do you recall when the Haig Committee was certified to be eligible to receive presidential matching funds?

A No, I don't know the date.

Q Did you request verification from the Haig Committee as to their eligibility to receive presidential matching funds?

A I myself?

Q Yes.

A No.

Q Did anyone from Olympic Bank request verification from the Haig Committee as to their eligibility to receive presidential matching funds?

A I don't know.

Q Tell me a little bit more about your involvement with the Haig For President Committee loan.

A I took all the telephone advances and also the preparing of any histories on the loans and the payment ---

Q What do you mean by ---

A --- payment requests.

Q What do you mean by histories on the loan?

A From time to time I was requested by either Dominic Saraceno or Kathy McKenzie to send out histories on the loan payments and advances to date.

Q How many of these loan histories did you prepare?

A I don't recall offhand.

Q 25?

A No. No. Maybe six.

MR. HUGHES: Is that a guess?

THE WITNESS: That's a guess.

Q BY MS. MASTROBATTISTA: And who did you send these loan histories to?

A To the committee in Washington in care of Kathy

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1 McKenzie.
2 Q And this was throughout the period of the loan?
3 A Yes.
4 Q I'd like to show you a document which has been marked
5 Olympic Bank Exhibit 2. This is a one-page document.
6 Have you seen this document before?
7 A I don't recall it.
8 Q Do you recognize the handwriting at the top of the page?
9 A I'd be guessing.
10 Q Do you recognize the handwriting at the bottom of the
11 page?
12 A Mm-hm.
13 Q Whose handwriting is that?
14 A That's mine.
15 MR. HUGHES: What handwriting is yours? 175
16 to checking account and the number?
17 THE WITNESS: Yes.
18 MR. HUGHES: Okay.
19 Q BY MS. MASTROBATTISTA: What was the purpose of the
20 documentation that you made on this exhibit?
21 MR. HUGHES: The documentation, the
22 handwriting?
23 Q BY MS. MASTROBATTISTA: The purpose of the note?
24 A This was the original advance to open up the checking
25 account ---

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Q You were involved ---

A --- requested.

Q You were involved with the original advance of $175,000 under a line of credit?

A I was involved in setting up the actual checking account.

Q The account which was set up to receive funds from Olympic Bank, that was a checking account?

A Yes.

Q Did the Haig Committee have any other accounts at Olympic Bank?

A No.

Q Do you know who was authorized to write checks on the account?

MR. HUGHES: You mean from memory or from the resolution?

THE WITNESS: From memory, Dominic Saraceno and Alexander P. Haig.

MR. HUGHES: Anybody else?

THE WITNESS: I don't recall.

Q BY MS. MASTROBATTISTA: I'd like to show you a three-page document which was marked Olympic Bank Exhibit 10. Take a look at that, please.

[Pause.]

Q BY MS. MASTROBATTISTA: Would you please describe

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1 Olympic Bank Exhibit 10?
2 A They're resolutions for opening and maintaining checking
3 accounts.
4 Q Is this an Olympic Bank form?
5 A Yes, it is.
6 Q And what is the purpose of the form?
7 A For signatory authorization and the opening and the
8 maintaining of the account and who is authorized.
9 Q Does this form indicate those individuals who have
10 authority to write checks on the account which was
11 opened up in the Haig For President Committee's name?
12 A Yes.
13 Q And who are those individuals?
14 A Alexander M. Haig, Dominic J. Saraceno, Wendy W. Haig
15 and Alexander P. Haig.
16 Q What is the purpose of Page 3 of Exhibit 10,
17 Certification of Officers?
18 A The actual listing on record who the officers on the
19 account are.
20 Q Is this an Olympic Bank form?
21 A Yes, it is.
22 Q I'd like to show you at this point a document which has
23 been marked Olympic Bank Exhibit 9. This is a two-page
24 document.
25 [Pause.]

9 5 0 4 3 6 2 6 9 6

Q Do you recognize this document?

A Yes.

Q Would you please describe it?

A It's a detailed loan history.

Q Have you seen this document before?

A Yes.

Q Do you know who prepared this document?

A No.

Q When have you seen this document before?

A This one I saw yesterday.

Q Had you seen it before yesterday?

A Yes. I don't know the date.

Q In what context?

A I don't understand what you mean.

Q When did you see the document before, approximately?

A A month ago.

Q Where were you when you saw this document?

A In the bank.

Q All right.

What was the purpose for review of this document?

A I was asked just about the payment history and the advances in the payments.

Q You were asked by whom?

A By William O'Brien and Victor Nicolazzo.

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Q And this was about a month ago?

A Approximately.

Q Do you know why they were asking about this document?

MR. HUGHES: Wait. We're getting in the area of attorney/client work product privilege. Those requests were made at my direction. So...

MS. MASTROBATTISTA: Objection is noted.

Q BY MS. MASTROBATTISTA: You stated earlier that you prepared some loan histories?

A Mm-hm.

Q Is this the type of document that you were talking about?

A No. No.

Q What did the loan histories that you prepared look like?

A They were directly from our computer system.

Q So they were computer printouts?

A Yes.

Q Who would have the information to prepare this document from Olympic Bank?

A Our loan department.

Q I'd like to note that the first transaction amounts on Exhibit 9 is dated 11/13 1987. It shows an advance in the amount of $175,000. Do you recall this advance?

A Yes.

Q Can you please describe the circumstances surrounding

1 the request for the advance?
2 A The request was from Dominic Saraceno.
3 Q Was this a verbal request or written request?
4 A Verbal.
5 Q And can you please describe the circumstances
6 surrounding Mr. Saraceno's request for the advance?
7 A He called, asked for the advance, stating that he'd have
8 the matching funds to coincide for the advance.
9 Q So this was said over the telephone?
10 A Yes.
11 Q Were all the advances made under the line of credit in
12 response to verbal requests?
13 A Yes.
14 Q Were there ever any written requests?
15 A No, not to my knowledge.
16 Q I'd like you to note at the bottom of Exhibit 9, one
17 sentence reads, quote: These four advances remain
18 pursuant to telephone requests from the Haig Committee
19 to Julie Aurilio, end quote.
20 Were all advances made pursuant to telephone
21 requests?
22 A Yes.
23 MR. HUGHES: Interest and principal?
24 THE WITNESS: Yes.
25 Q BY MS. MASTROBATTISTA: Do you recall who made the

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1 telephone requests for advances under the line of
2 credit?
3 A They were made by two people, Kathy McKenzie and Dominic
4 Saraceno. And Kathy Mckenzie's calls were verified
5 through Dominic Saraceno.
6 Q Did anyone else in the Haig Committee ever request funds
7 under the line of credit?
8 A No.
9 MR. HUGHES: And when you say request
10 funds ---
11 A Not to myself.
12 MR. HUGHES: --- you mean advances into the
13 checking account?
14 MS. MASTROBATTISTA: Right.
15 MR. HUGHES: Okay.
16 Q BY MS. MASTROBATTISTA: If a request would have been
17 made in writing under the line of credit, what form
18 would that written request have taken?
19 MR. HUGHES: Objection.
20 Go ahead and answer, if you can. If it had
21 happened, what would it have been?
22 THE WITNESS: It would have been directed
23 directly to our loan department.
24 Q BY MS. MASTROBATTISTA: Is there an Olympic Bank form
25 for requests ---

9 5 0 4 3 6 0 2 7 0 0

A No.

Q --- for advances under a line of credit?

A No.

Q I believe you stated earlier that this account was a checking account?

A Yes.

Q Were checks written on this account by the Haig Committee?

A I believe they were.

Q You stated earlier that Olympic Bank Exhibit 10 showed those individuals who have signature authority on the account; is that correct?

A Yes.

Q Is Kathy McKenzie's name on Olympic Bank Exhibit 10?

A No.

Q Did she have signature authority on the account?

A No.

Q Was she authorized to request advances of funds on the line of credit?

A No.

Q Why did you advance funds on the line of credit in response to telephone requests from Ms. McKenzie?

A They were verified through Dominic Saraceno.

Q In each instance when Ms. McKenzie requested by telephone advances on the line of credit?

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A Yes.

Q Did you make any documentation to note the verification by Mr. Saraceno?

A No, I did not.

Q Then how would you verify the request through Mr. Saraceno?

A Through a telephone call.

Q What if you couldn't reach Mr. Saraceno?

A I never had that instance.

Q How do you know that Ms. McKenzie worked for the Haig Committee?

A Through Mr. Saraceno.

Q Do you know what her position was at the Haig Committee?

A No, I don't.

Q Looking again at Olympic Bank Exhibit 9. There is a note at the bottom that, quote: All other advances after March 1st, 1988, were made by Olympic Bank to cover monthly interest payments, end quote.

Do you know who made the decision to make advances under the line of credit to cover monthly interest payments?

A No, I don't.

Q Who make the request to make advances under the line of credit to cover the interest payments?

A Mr. Saraceno.

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1 Q In each instance?
2 A Yes.
3 Q And how did Mr. Saraceno know that an interest payment
4 was due?
5 A There was a bill generated.
6 Q Were advances made under the line of credit to cover
7 interest payments due before the interest payment became
8 due?
9 A I don't recall.
10 Q Do you recall receiving payments under the line of
11 credit for principal?
12 A No.
13 Q Do you know what the source of repayment under the line
14 of credit was, the source of funds?
15 A I don't really understand.
16 MR. HUGHES: She's asking you where did the
17 money come from.
18 A Do you mean like direct payment or...
19 Q BY MS. MASTROBATTISTA: Where did the money come from to
20 repay the line of credit?
21 A Through the account which was credited for matching
22 funds ---
23 Q Presidential ---
24 A --- on wire transfers.
25 Q Presidential matching funds?

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1 A Yes.
2 Q Was that money wired directly to Olympic Bank?
3 A Yes, it was.
4 Q And where was that money wired from?
5 A I don't recall the bank that it was wired from.
6 Q What was the process by which the Haig Committee
7 received presidential matching funds?
8 A Wire transfer.
9 Q Were presidential matching funds related in any way to
10 political contributions received by the Haig Committee?
11 A I don't know.
12 Q Had Olympic Bank ever made a loan for a political
13 committee before?
14 A I don't know.
15 MR. HUGHES: Are you aware of any?
16 THE WITNESS: Not to my knowledge, no.
17 Q BY MS. MASTROBATTISTA: Do you recall when Alexander M.
18 Haig withdrew from the race for presidency?
19 A No, I don't.
20 Q Do you know that Alexander M. Haig withdrew from the
21 race for presidency in February of 1988?
22 A No.
23 Q Was Alexander M. Haig a candidate for presidency in the
24 November 1988 election?
25 A Yes.

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1 MR. HUGHES: Do you remember if he went all
2 the way to the election?
3 THE WITNESS: No, I don't.
4 MR. HUGHES: Okay.
5 Q BY MS. MASTROBATTISTA: Do you know why Olympic Bank
6 would continue to advance funds under the line of credit
7 after Alexander Haig withdrew from the race?
8 A No.
9 Q Did you make any determination prior to advancing funds
10 under the line of credit as to the financial status of
11 the Haig Committee?
12 A I don't understand what you mean.
13 Q Prior to each time when you advanced funds under the
14 line of credit, did you make any determination as to the
15 current financial status of the Haig Committee?
16 A I was advised by Dominic Saraceno of the amount of
17 matching funds that were to come in to the bank.
18 Q Prior to each advance?
19 A Yes.
20 Q Were you advised by Mr. Saraceno in writing?
21 A No. It was verbal.
22 Q Did Mr. Saraceno tell you a dollar amount.
23 A Yes.
24 Q Would you have any written record of that dollar amount?
25 A No.

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Q Did you ensure, prior to each time you advanced funds under the line of credit, that the Haig Committee was entitled to receive a sufficient amount of the presidential matching funds to cover that advance?

A No.

Q Why did you ask Mr. Saraceno about the amount of presidential matching funds to which the committee was entitled?

MR. HUGHES: Before you made each advance.

THE WITNESS: To the amount of the loan that was out, opposed to what we were getting in on matching funds.

MR. HUGHES: To make sure that the advance would be covered by the ---

THE WITNESS: Matching funds.

MR. HUGHES: --- matching funds?

Q BY MS. MASTROBATTISTA: What is your experience at Olympic Bank with lines of credit?

A I took in the requests for advances and I do the maintenance on the lines of credit that's handled in our loan department.

Q Are you ever involved with the loan application process?

A No.

Q Have you ever been ---

A No.

9504362706

Q --- at Olympic Bank?

A No.

Q With any loan?

A No.

Q How many lines of credit have you dealt with personally at Olympic Bank as opposed to straight lines?

A I don't know what you mean, involved. You mean, taking customer inquiries as far as advances or...

Q Involved at any point as an employee of Olympic Bank?

A I usually direct the calls to our loan department where -- I mean, as I said, I take customer inquiries which if there are advances and I'm known to the customer, I know the customer. I mean, I'd have to guess at maybe 20.

Q Was this the first time you had been involved with a line of credit at Olympic Bank?

A No.

Q On how many other occasions have you been involved with a line of credit at Olympic Bank?

A Again, I'd have to guess. 20.

Q Can you explain a little bit about the division of responsibility between the customer service department and the loan department?

A We handle -- well, we know the customers. And if they call for an advance, we take the request and submit it to our loan department to actually pass the entry.

9504362707

1 Q You take the request for the loan?
2 A Mm-hm. For the advance or the payment or we direct the
3 calls to our loan department on any inquiries or...
4 MR. HUGHES: This is on lines of credit?
5 THE WITNESS: Right.
6 MR. HUGHES: Okay.
7 Q BY MS. MASTROBATTISTA: So what is the involvement,
8 again, of the loan department on lines of credit?
9 A They actually pass the entries to the actual lines of
10 credit.
11 Q What do you mean, entries?
12 A To make the advances or the payments.
13 Q So basically you receive the request and then you pass
14 the request along to the loan department?
15 A Yes.
16 Q Is your function then limited mostly to telephone
17 conversations?
18 A Yes.
19 Q Do you keep records as to the outstanding balance on
20 lines of credit?
21 A No.
22 Q Who does that?
23 A Our loan department.
24 Q Do you ever -- do you ever inspect collateral which is
25 offered under a line of credit?

9504362/08

1 A No.
2 Q And who would do that?
3 A Our loan department.
4 Q Was the loan to Alexander -- the Haig For President
5 Committee ultimately repaid?
6 A Not in full.
7 Q Was the loan placed in a nonperforming status?
8 A Yes.
9 Q What does that mean?
10 MR. HUGHES: Do you know?
11 THE WITNESS: No.
12 Q BY MS. MASTROBATTISTA: What efforts were made to
13 collect on the loans to the Haig For President
14 Committee?
15 A I don't know.
16 Q Who would know?
17 A Our loan department or William O'Brien and Victor
18 Nicolazzo.
19 Q Did you work with specific individuals from the loan
20 department on the Haig For President Committee line of
21 credit?
22 A No.
23 Q Who else at Olympic Bank was responsible for the Haig
24 For President Committee line of credit on a day-to-day
25 basis?

9504362/09

A I don't know.

Q Anyone from the customer service department?

A No.

Q Would anyone in the loan department have been responsible on a day-to-day basis?

A It was assigned. I have no idea which individual it was assigned to.

Q Was the Haig For President Committee line of credit assigned to you?

A No.

Q Then how did you become involved with it?

A The maintenance of taking the advances and the payments and the actual checking account, opening of the checking account.

Q You were not involved at all with efforts to collect moneys owed under the line of credit?

A No.

Q Was that a function of the customer service department?

A No.

Q What department is that a function of?

A Loan department.

Q Is there one specific individual in the loan department who is responsible to collect outstanding moneys owed?

A No.

Q How many individuals are responsible for that function?

2504362/10

A That, I don't know.

Q Presently, how many people are employed in the loan department?

A I'd have to guess at ten.

Q In November of 1987, do you recall how many employees were employed in the loan department?

A Again, it would be a guess of seven.

Q Who was in charge of the loan department in November of 1987?

A Thomas McLaughlin and William Dickerson.

MR. HUGHES: Are you sure of that or are you guessing?

A Well, in charge of the maintenance ---

Q BY MS. MASTROBATTISTA: The head of the loan department.

A Yes, that would be Thomas McLaughlin and William Dickerson.

Q Do you recall any conversations with Mr. McLaughlin regarding the Haig For President Committee line of credit?

A He took some of the phone calls as far as the advances and the payments.

Q So Mr. McLaughin also took phone calls, requesting advances under the line of credit?

A From myself, yes.

Q He took phone calls from you?

9504362/11

A Mm-hm.

Q Did anyone else at Olympic Bank take phone calls from the Haig Committee?

A Not to my knowledge.

Q And then you would pass on the requests for advances to Mr. McLaughlin?

A He was one of the people who took them. It wasn't exclusively Mr. McLaughin.

Q Who else in the loan department took requests from you?

A For advances? It would be Michael Sullivan, Bill Dickerson.

Q Anyone else?

A No.

Q I'd like to show you a one-page document which was marked Olympic Bank Exhibit 6. Would you look at that? Have you seen this document before?

A I don't recall.

Q Do you recognize the handwriting?

A Yes.

Q Whose handwriting is that?

A William J. O'Brien's.

Q Is this a form, an Olympic Bank form?

A Yes.

Q What is the purpose of the form?

A It's a credit review for loans.

9 5 0 4 3 6 2 7 1 2

1 Q What is the purpose of a credit review for loans?
2 A It's -- it's not my area.
3 Q Have you ever seen a credit review for loans before at
4 Olympic Bank?
5 A Yes.
6 Q In connection with the Haig loan?
7 A No.
8 Q I'd like to show you another exhibit which was marked
9 Olympic Bank Exhibit 7, a one-page document.
10 Have you seen this document before?
11 A No.
12 Q Who is responsible for maintaining the Haig For
13 President Committee loan file?
14 A I don't know.
15 Q Would that be someone in the loan department?
16 A Yes.
17 Q Did you also maintain a file on the Haig For President
18 Committee?
19 A Yes.
20 Q And what is the title of that file?
21 A Just Haig Committee. Dominic Saraceno.
22 Q And that would be a file of the customer service
23 department?
24 A Mm-hm.
25 Q Do you recall what was in that file?

9504362713

A The actual printouts of the loan that we submitted to the committee.

Q Are you talking about a computer printout?

A Yes.

Q Anything else?

A The corporate resolutions and signature cards, a copy of signature cards.

Q Anything else?

A No.

Q Any memos to the file?

A No.

Q Any telephone messages?

A No.

Q Were you the only person who was responsible for that file in the customer service department?

A Yes.

Q And what happened to that file?

A It was submitted to Hutchins & Wheeler.

Q I'd like to show you a one-page document which was marked Olympic Bank Exhibit 4.

Do you recognize this document?

A Yes.

Q Please describe it.

A It's a secured note form for a loan.

Q Was this in your file?

9504362114

A No.

Q Who signed the note?

A Dominic Saraceno.

Q I'd like to show you another one-page document which was marked Olympic Bank Exhibit 8.

Have you seen this document before?

A No, I haven't.

Q Was this document part of your Haig For President Committee file?

A No.

Q Do you know whether it is the customary practice for Olympic Bank to waive written loan applications?

A No.

MR. HUGHES: No, you don't know?

THE WITNESS: I don't -- I don't know.

Q BY MS. MASTROBATTISTA: I'd like to show you another one-page document which is marked Olympic Bank Exhibit 14.

Have you seen this document before?

A No, I haven't.

Q Who is Philip Downey?

A He's -- he works in our loan department.

Q Who is his supervisor?

A That, I don't know.

Q Do you know what his job is at Olympic Bank?

9504362715

A I know he works in our loan department with documentation and customer requests.

Q Does he have the authority to rewrite a loan?

A Not to my knowledge.

Q I show you one more exhibit which was marked Olympic Bank Exhibit 16, a one-page document.

Have you seen this document before?

A No.

Q Was this document part of your file?

A No.

Q Do you know what the original term of the Haig For President Committee loan was?

A I don't recall.

Q Was the original Haig For President Committee loan paid in full?

A No. But -- what do you mean?

Q The original note?

A I don't know.

Q Was the noted renewed?

A That, I don't know.

Q Who would know?

A Our loan department or Mr. O'Brien or Mr. Nicolazzo.

Q Do you know what efforts were made by Olympic Bank to collect on the outstanding balance of the loan?

A No, I don't.

9504362/16

1 Q Was your involvement with the loan to the Haig For
2 President Committee limited exclusively to receiving
3 requests for advances on the line of credit?
4 A Yes.
5 Q Do you know whether this loan was a secured loan?
6 MR. HUGHES: This is from your memory, not
7 from what these documents say.
8 A My understanding, it was from matching funds from the
9 campaign.
10 Q BY MS. MASTROBATTISTA: Do you have idea how matching
11 funds work?
12 A No.
13 Q Do you know what the Haig For President Committee
14 planned to do with the money from Olympic Bank?
15 A No.
16 Q Did you ever receive any written documentation from the
17 Haig For President Committee concerning fund raising
18 events which the committee planned to hold?
19 A No.
20 Q Did you ever request any such documentation?
21 A No, I didn't.
22 MS. MASTROBATTISTA: Off the record. We'll
23 take a short break.
24 [Recess.]
25 MS. MASTROBATTISTA: Back on the record.

9504362/17

1 Q BY MS. MASTROBATTISTA: You stated earlier, I believe,
2 that you had a copy of the corporate resolutions in your
3 file at Olympic Bank; is that correct?
4 A Yes.
5 Q Do you recall when you received the corporation
6 resolutions from the Haig Committee?
7 A No.
8 Q Do you recall, did you receive the corporate resolutions
9 by mail?
10 A Yes.
11 Q Were they faxed in or mailed in?
12 A I believe they were mailed in.
13 Q Getting back to the matching funds for a moment. Were
14 the matching funds direct deposit to Olympic Bank?
15 A Yes.
16 Q Did you set that up?
17 A The committee set it up.
18 Q And who, on behalf Olympic Bank, filled out the
19 documentation necessary to have direct deposit to the
20 account?
21 MR. HUGHES: Wait a second.
22 Is there documentation that has to be filled
23 out by a depository bank for direct deposit?
24 THE WITNESS: No.
25 MR. HUGHES: Okay.

9504362718

1 THE WITNESS: No, not on a wire transfer.
2 Q BY MS. MASTROBATTISTA: Who receives the wire transfers?
3 A Customer service department.
4 Q Did you receive all wire transfers for the Haig For
5 President Committee account?
6 A Yes.
7 Q What is your understanding about the transfer of
8 matching funds from the government to Olympic Bank?
9 A The amount of funds that Mr. Saraceno told us were
10 coming in on matching, that they were coming directly
11 into our bank against the line of credit.
12 Q Did he give you a specific dollar amount in each
13 instance when he told you that matching funds were
14 coming in?
15 A A rounded figure.
16 Q An approximate figure?
17 A Mm-hm.
18 Q And did he give you a date when the bank could expect to
19 receive the presidential matching funds?
20 A On some instances.
21 Q But not on all instances?
22 A No.
23 Q Is there a time lag from the time the committee applied
24 for presidential matching funds to the time the
25 committee received the presidential matching funds?

9504362719

A I don't know that.

Q When Mr. Saraceno was giving you figures about the amount of presidential matching funds, was that the figure that the committee had applied for?

A He would tell me that he was submitting a certain amount of dollars and that X amount of dollars, round figures, were expected to be sent through matching funds.

Q So he would tell you the amount that he was submitting to the government?

A Mm-hm. But then he'd also tell me what he expected in matching funds.

Q Prior to each advance which was issued under the line of credit, did you ensure that matching funds would be received to cover that particular advance?

A What do you mean by ensure?

Q Did you make sure in your own mind that there would be a level of presidential matching funds come in to cover the amount of that advance?

A Verbally from Mr. Saraceno.

Q In each instance?

A Mm-hm.

Q Did you also consider whether the total outstanding balance on the line of credit was covered at that point prior to making additional advances?

A Yes.

9 5 0 4 3 6 0 2 / 2 0

1 Q Did you have discussions with anyone other than
2 Mr. Saraceno from the Haig Committee relating to the
3 amount of presidential matching funds which would cover
4 the advances?
5 A I talked to Kathleen McKenzie about it. But then in
6 verifying any advances that she called in, she would
7 tell me what they were submitting and what they were
8 expecting. But then in verifying with Mr. Saraceno, he
9 would also corroborate what...
10 Q Did you talk to Alexander P. Haig concerning
11 presidential matching funds?
12 A No.
13 Q What were your discussions with Alexander P. Haig?
14 A To send copies of the history on the loan, computer
15 generated.
16 Q Anything else?
17 A Not to my knowledge.
18 Q Whose job was it to approve the requests for advances on
19 a line of credit?
20 A I -- to actually make out the entries and...
21 Q To make the determination that the bank would issue the
22 funds?
23 A Our loan department.
24 Q Who in the loan department?
25 A I don't know.

9 5 0 4 3 6 2 / 2 1

Q Now, in each instance when the committee requested an advance, someone in the loan department was responsible for making the determination that that request would be honored?

A Mm-hm.

Q And that was not your responsibility?

A No.

Q Do you have any idea whose responsibility that was in the loan department?

A No, I don't.

Q Do you know who made the decision to advance funds under the line of credit to make the interest payment?

A No, I don't.

Q Did Mr. Saraceno request each advance under the line of credit for interest payments?

A The ones that he requested through me, yes. The other ones, I don't know.

Q Were advances on the line of credit requested through anyone else at Olympic Bank other than yourself?

A I don't know.

Q If you could take a look at Exhibit 9, would you recall if you were the person who was contacted by the Haig Committee on each one of these advances?

A I don't recall.

Q Is it possible that there may have been someone else at

9504562/22

1 Olympic Bank who responded to the request for each
2 advance?
3 MR. HUGHES: Anything is possible. Is it
4 probable that anyone else was contacted?
5 THE WITNESS: Probably not.
6 MR. HUGHES: Do you know of anyone else who
7 was contacted besides yourself?
8 THE WITNESS: No.
9 Q BY MS. MASTROBATTISTA: In your absence, who assumes
10 your responsibilities at Olympic Bank?
11 A One of the girls in the customer service area. If it
12 comes down to a supervisor decision, it would be Nancy
13 Burke.
14 Q In November of 1987, who would assume your
15 responsibilities at Olympic Bank if you were absent for
16 the day?
17 A Nancy Burke.
18 Q From the time period of November 1987 to March of 1990,
19 were you absent for any extended period of time from
20 Olympic Bank?
21 A No.
22 Q Any illnesses?
23 A No.
24 Q Any vacation?
25 A No. Not during that period?

95043602/23

Q No vacation from November of 1987 to March of 1990?

A No. A day here and here, but no -- not like a week off.

Q You didn't take a week off in all of 1988 or all of 1989?

A Oh, I thought you meant in December of '87 to March of '88. Isn't that what you said?

Q To March of 1990.

A Oh, I'm sorry. Yes.

Q Okay.

Were you absent from Olympic Bank for an extended period of time in 1988?

MR. HUGHES: Wait a second. What's extended?

Q BY MS. MASTROBATTISTA: Five days?

A Yes.

Q When was that?

A I don't recall the dates.

Q What was the purpose of your absence?

A Vacation.

Q And how many days was that?

A Two weeks. Ten days from work.

Q And what was the time period?

A I don't recall.

Q Was it summer?

A Summer.

Q Was it early summer?

9 5 0 4 3 6 2 7 2 4

1 MR. HUGHES: Do you know ---
2 A I believe it was August. Yes.
3 Q BY MS. MASTROBATTISTA: And that was August of 1988.
4 In 1989, were you absent from Olympic Bank for
5 a period of five days or more?
6 A Yes.
7 Q When?
8 A Vacation. In August.
9 Q And how long were you out?
10 A Ten days.
11 Q Would someone from the loan department have to approve
12 each advance under the line of credit?
13 A Yes.
14 Q Did individuals in the loan department have unlimited
15 authority to approve advances under a line of credit?
16 A I don't know.
17 Q Did individuals have limited authority?
18 A I don't know.
19 Q Who would know?
20 A Mr. O'Brien and Mr. Nicolazzo.
21 Q Do you have any knowledge of the process by which the
22 loan to the Haig For President Committee was renewed?
23 A No.
24 Q Did you have any involvement with the renewal process?
25 A No, I didn't.

9 5 0 4 3 6 2 / 2 5

1 Q Did you have any involvement with the application
2 process for the original line of credit?
3 A No.
4 Q Is there anything else you could tell us about the Haig
5 For President Committee line of credit?
6 A No.
7 Q Did you discuss the level of matching funds in person
8 with anyone from the loan department prior to forwarding
9 a request to the loan department?
10 MR. HUGHES: You mean in person or by
11 telephone?
12 MS. MASTROBATTISTA: In person.
13 MR. HUGHES: Okay.
14 A You mean discuss what I discussed on the phone?
15 Q BY MS. MASTROBATTISTA: Right.
16 A Yes.
17 Q With who?
18 A It would be Tom McLaughlin.
19 Q Was the person who you were in contact with from the
20 loan department on most occasions Mr. McLaughlin
21 concerning the Haig For President Committee line of
22 credit?
23 A To my knowledge. In his absence, I might have spoke
24 with someone else.
25 Q In his absence, who would you have spoken with?

9504362/26

A I don't recall.

MS. MASTROBATTISTA: Ms. Aurilio, I would like to thank you for being here today to answer questions in connection with this investigation.

THE WITNESS: Thank you.

MS. MASTROBATTISTA: You will be receiving a check for a witness fee for appearing here today and a check for mileage. How many miles did you travel to come here today?

MR. HUGHES: From your home.

THE WITNESS: From my home?

MS. MASTROBATTISTA: Did you come from home or did you come from the office?

THE WITNESS: I came from the office, which is two miles.

MS. MASTROBATTISTA: Two miles?

THE WITNESS: Maybe.

MS. MASTROBATTISTA: You will be given the right to review the transcript for accuracy and to sign it before a Notary Public and to return it to the Commission.

You are reminded that this investigation must remain confidential until the Commission closes its files in this matter.

Do you understand that this matter must remain

9504362/27

confidential?

THE WITNESS: Yes, I do.

MS. MASTROBATTISTA: Thank you for being here today.

THE WITNESS: Thank you.

MS. MASTROBATTISTA: Off the record.

[Whereupon, at 12:14 p.m., February 28th, 1991, the deposition was concluded.]

1 C E R T I F I C A T E

2 COMMONWEALTH OF MASSACHUSETTS)
) SS.
3 COUNTY OF SUFFOLK)

4 I, Marilyn F. Sandberg, a Court Reporter and
5 Notary Public, within and for the Commonwealth of
6 Massachusetts, do hereby certify that there came before me on
7 this 28th day of February, 1991, the person hereinbefore
8 named, who was by me duly sworn to tell the truth, the whole
9 truth, and nothing but the truth, concerning and touching the
10 matter in controversy in this cause; that she was thereupon
11 examined upon her oath, and her examination reduced to
12 typewriting, under my direction, and that this deposition
13 transcript is a true and accurate record of the testimony
14 given by the witness.

15 I further certify that I am not related to any of
16 the parties hereto or their counsel, and that I am in no way
17 interested in the outcome of said cause.

18 Dated at Boston, Massachusetts, this 7th day of
19 March, 1991.

20

21 Marilyn F. Sandberg
22 Marilyn F. Sandberg
NOTARY PUBLIC
23 My Commission Expires:
October 3, 1997

24

25

9 5 0 4 3 6 0 2 / 2 2

1 CORRECTION SHEET

2 DEPOSITION OF JULIE AURILIO:

3 PAGE NO. LINE NO. SUGGESTED CORRECTION

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9504362/30

SIGNATURE OF WITNESS:

I have read the foregoing transcript and the same contains a true and accurate recording of my answers to the questions therein set forth, subject to the change and/or correction sheet(s) attached.

_____

Deponent

SUBSCRIBED AND SWORN TO BEFORE ME THIS _____DAY OF

_____, 1991

_____

Notary Public

My Commission Expires: _____

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1-156

UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

In the Matter of:)
)
OLYMPIC INTERNATIONAL) MUR 2903
BANK & TRUST COMPANY)
)

91 APR -1 PM 3:59
RECEIVED
FEDERAL ELECTION COMMISSION

THE ORAL DEPOSITION OF WILLIAM J. O'BRIEN taken pursuant to Federal Election Commission subpoena, before Eric S. Pedersen a Court Reporter and Notary Public, within and for the Commonwealth of Massachusetts, at the Office of the United States Attorney, 1003 J.W. McCormack Post Office & Courthouse, Boston, Massachusetts, on Thursday, March 21, 1991, commencing at 1:12 o'clock p.m.

PRESENT:

JONATHAN BERNSTEIN, Esq.
MARY P. MASTROBATTISTA, Atty.
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

2 5 0 4 3 6 2 7 3 2

1 PRESENT: Continued

2 JOHN D. HUGHES, Esq.
Hutchins & Wheeler
3 101 Federal Street
Boston, MA. 02110
4 For the Deponent.

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1 PROCEEDINGS

2 COMMENCED (1:12 p.m.)

3 WILLIAM J. O'BRIEN, 242 Adams Street, Quincy, Massachusetts,
4 having been duly sworn by the Notary Public to tell the
5 truth, the whole truth, and nothing but the truth, testified
6 upon his oath as follows:

7 MR. BERNSTEIN: We are on the record here this
8 afternoon for a deposition being taken in connection with the
9 Federal Elections Commission investigation under Section
10 437 G of Title 2 of the United States Code. The Commission
11 has civil jurisdiction of the Federal Elections Campaign Act
12 of 1971 as amended. This investigation is designated matter
13 under review 2903.

14 My name is Jonathan Bernstein. I'm here
15 representing the Commission here today and with me is Mary
16 Mastrobattista.

17 EXAMINATION

18 BY MR. BERNSTEIN:

19 Q Would you please state your full name?

20 A William J. O'Brien.

21 Q And are you represented by counsel here today?

22 A Yes.

23 Q Could you identify him?

24 A John Hughes.

25 Q Thank you.

9504362735

1 Mr. O'Brien, the court reporter, before we went
2 on the record, has put under oath and I wanted to ask, have
3 you had your deposition taken before?
4 A Regarding this matter?
5 Q Have you ever had a deposition taken?
6 A On anything?
7 Q On anything.
8 A Yes.
9 MR. BERNSTEIN: In that case let me just go over
10 briefly that I'm going to be asking you a series of questions
11 designed to elicit information in connection with the
12 investigation. My colleague, Miss Mastrobattista, may ask
13 you questions from time to time as well and you are under
14 oath and should treat this as if you were testifying in a
15 court of law. The court reporter will be recording your
16 statements and because the court reporter cannot record
17 gestures or any responses that aren't spoken it's important
18 that you answer each questions in words.
19 Off the record for a moment.
20 (Off the record.)
21 MR. BERNSTEIN: Back on the record.
22 If you don't understand a question or don't hear
23 a question clearly please let me know and I'll try to clarify
24 it. I'll try to speak louder or maybe softer and if at any
25 point during the course of the deposition you would like to

9 5 0 4 3 6 2 7 3 6

clarify any earlier statement that you made please feel free to do that.

Q Can you please tell me, Mr. O'Brien, what documents, if any, you reviewed in preparation for this deposition?

A I looked over, I believe, most of the documents that you have.

Q Are you referring to documents that Olympic Bank has produced to the Commission in response to a subpoena?

A That's correct.

Q Did you review any other documents?

A No.

Q Could you please state your home address and phone number?

A 242 Adams Street, Quincy, Mass. 328-1408.

Q And how long have you lived at that address?

A Four years I believe.

Q And where are you currently employed?

A Olympic International Bank and Trust.

Q And what is your current position?

A President.

Q And how long have you held this position?

A Five years.

Q So, it was 1985 or 1986 when you---

A Yeah, it will be six years old in may.

9 5 0 4 3 6 2 7 3 7

Q Did you come to the bank upon its inception?

A Yes.

Q And where were you employed prior to that?

A U.S. -- United States Trust Company.

Q And---

A In Boston.

Q In what capacity?

A I was the Executive Vice President of the Middlesex operation.

Q And for how long were you employed there?

A About a year and a half. We had merged. I was with the bank before that.

Q What was the name of the bank?

A Charles Bank Trust. Cambridge.

Q And your capacity there?

A I was the Executive Vice President, CEO.

Q And how long had you served in that position?

A Approximately ten years.

Q Were you in the banking business prior to that?

A Prior to that -- before I went with the Charles Bank I was a bank examiner.

Q Oh, for what agency?

A State.

Q You were state bank examiner; is that right?

A Yes.

9504362738

MR. HUGHES: A -- a state bank examiner.

THE WITNESS: A.

MR. BERNSTEIN: Yes.

Q Could you tell me something about your educational background please?

A Associates degree from Bentley College. It was in Boston in those days; it's Waltham now. And that's the extent of my education. Oh, I went to Williams for a banking certificate. Williams College.

Q After the Associates degree?

A Yeah.

Q Mr. O'Brien, I think we've already touched on this subject. I gather you were aware that the Commission issued a subpoena to Olympic Bank in April of last year requiring the production of certain documents and answers to questions. Is that right?

A Yes.

MR. HUGHES: The date isn't important, is it?

MR. BERNSTEIN: The date is not important.

MR. HUGHES: Okay

Q Can you tell me what involvement, if any, you had in the bank's response to -- responses to that subpoena?

A I don't think I had any. I don't recall but I don't think I -- I don't recall the -- I mean, I knew it came into the bank but I don't think I had any response to it.

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Q So, were you consulted at all in -- as to any of the matters that were -- that were raised?

MR. HUGHES: Now, let me make a point of clarification. Are you talking about the subpoena that asked for production of documents or the interrogatories?

MR. BERNSTEIN: The two of them.

MR. HUGHES: Okay.

Do you understand that?

THE WITNESS: I guess I don't recall. I mean, I don't know -- I know there was a subpoena and I know that you were questioning the Haig situation but I don't think there was anything that involved me.

Q So you don't remember being asked questions that may have been for the purpose of responding to those?

MR. HUGHES: Well, now, you're not going to ask him about questions that I might have asked him in connection with preparing responses to that, are you?

MR. BERNSTEIN: I don't think we've gotten there yet.

MR. HUGHES: Oh, Okay.

THE WITNESS: I don't remember -- I don't think I -- that was anything to do with me at the time.

Q Do you know who was primarily responsible for answering that subpoena?

A I think Nick did. Mr. Nicolazzo, the Chairman.

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Q And anyone else?

A I assume the different departments that were involved. Have you got it? Maybe I could---

Q Who would that be?

A I don't know. My -- again, I assume Julie Oreleo and maybe Susan Fraser.

Q Mm-hmm. Do you know who was responsible for collecting the documents that were produced?

A I don't know.

Q Or what particular files were searched to collect the documents?

A Well, I believe all the files were searched from either Loan Department or Bookkeeping or Deposit. We got different sections in the bank.

Q Well, could you describe what sorts of files are kept in those sections?

A Well, in the loan file would be anything that's pertaining to the loan.

Q Mm-hmm.

A And in the Customer Service area would be anything that was pertaining to the account opening and those documentations.

Q And any other areas?

A And then you'd have Bookkeeping that would handle the statements. If there was a checking account or savings

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1 account or something like that.

2 Q Mm-hmm. You said that you had come to Olympic

3 International Bank at its inception; is that right?

4 A Yes.

5 Q And Olympic International Bank is a state

6 chartered bank; is that right?

7 A Yes, it is. Yeah.

8 Q Can you tell me something, please, about your

9 duties as president of the bank?

10 A I'm in charge of the granting of loans and I

11 guess the overall operation of the bank. I'm on the

12 Investment Committee and Executive Loan Committee.

13 Q Can you estimate what proportion of your time is

14 connected with dealing with the loans? Either decisions or

15 approvals or consideration?

16 A I never gave it much thought.

17 MR. HUGHES: If you can.

18 THE WITNESS: Yeah. I don't know. A percentage

19 of my time is --

20 Q Is it a big part of your job?

21 MR. HUGHES: Objection. Go ahead and answer if

22 you can.

23 A It's -- in my capacity there's a lot of things

24 that happen during the day. They've come in to see what's in

25 their accounts, what's their, you know, general expenses,

9 5 0 4 3 6 2 7 4 2

1 investments, and so forth and so on. But it's -- it's a good
2 portion of my job, sure.
3 Q Mm-hmm. Can you estimate what proportion of the
4 -- the bank's loan portfolio is in what would be loosely
5 called commercial loans?
6 MR. HUGHES: Today?
7 MR. BERNSTEIN: Yes, today.
8 A What percentage? Eighty-fiver percent? I'm
9 guessing, don't hold me to that.
10 Q So the other -- the other lending areas, real
11 estate, consumer loans---
12 A Well, real estate can be commercial, too.
13 Q Mm-hmm.
14 A So --
15 Q Does Olympic International Bank make loans for
16 residential mortgages?
17 A Very few. We're not set up for that.
18 Q Mm-hmm. Well, perhaps we can move on and talk
19 about the process by which commercial loans come to Olympic
20 International Bank.
21 A Mm-hmm.
22 Q Could you tell me about that?
23 A Sure. Somebody will come in and make a
24 presentation to the bank or to myself or to somebody else and
25 after they make the presentation if I need any -- if I think

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1 I need any more material or anything I just ask them for it
2 if they haven't brought it with them and -- and I'll okay the
3 loan and send it to the loan department for the paperwork.
4 Q Well, what sort of information is conveyed to you
5 if someone is coming in to see you to -- to get a loan?
6 A Well, there's no real set pattern. You know,
7 people just come in and tel you what they're looking for. If
8 there's, you know -- if we'd be interested in making that
9 kind of a -- a credit decision. Everybody's different.
10 Every loan. There's no set pattern. I mean, everybody has
11 different ideas of what they need and what they want.
12 Q Are there any crucial elements as far as
13 information that you would need to have to judge such a
14 request?
15 A No. I don't have anything that -- that -- I feel
16 that's prejudging somebody and I wouldn't do that.
17 Q I guess I meant categories of information that
18 you would need to have in -- in nearly every case.
19 A Not until after the presentation. You don't --
20 you don't need --
21 Q Well, is there an application form that Olympic
22 International Bank uses?
23 A Not -- there's all kinds of applications. It can
24 be verbal, it can be written, it can be faxed in. There's no
25 real set pattern. We do have applications and sometimes we

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1 have applications written, sometimes verbal and sometimes
2 formed.
3 Q Is there an application form that the bank would
4 give a borrower to complete for commercial loans?
5 A In some instances, yes.
6 Q And what information would be elicited? Is
7 elicited on that form?
8 A Mostly just name and address and the amount.
9 Q Also the -- what the loan proceeds will be used
10 for? Is that something that's elicited?
11 A Yes. Yeah.
12 Q Is there anything else?
13 A On a commercial there's room for financial
14 information but it's very seldom ever used.
15 Q Why do you say that?
16 A Well, because it really doesn't tie in to
17 anything. If you need financial information you'd want to
18 get financial statements, you know, not something that's
19 filled in on a -- on an application.
20 Q You would rely on a more thorough inquiry than
21 what's allowed on the---
22 A Not necessarily, it would just be that -- you
23 know, it all depends on what the individual is looking for.
24 I mean, it could be used in the back it's just that, you
25 know --

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1 Q Is there any additional documentation that people
2 would bring you in requesting a loan? Commercial loan?
3 A Other than what I just stated?
4 Q Yes.
5 A As I said, each one be handled individually but
6 that would go to the Loan Department and they would put it
7 together with -- you know, I'd do a little write-up on it
8 probably.
9 Q Would you assign a loan if someone came in to a
10 particular loan officer?
11 A No.
12 Q Well, what would happen next? What am I
13 asking---
14 A Well, it's up to the Loan Department and---
15 MR. HUGHES: This is after you approve.
16 THE WITNESS: After I've approved it, yeah.
17 That's what you mean; right? After I---
18 Q Well, what I'm interested in finding out is -- is
19 what do you do and then what -- and what happens next?
20 A Oh, I'll do a write-up sheet and send it up to
21 the Loan Department.
22 Q Mm-hmm.
23 A They take it from there and draw up the notes.
24 Q Mm-hmm.
25 A And there's no one person assigned to that.

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1 Q Well, is there someone in the Loan Department who
2 -- who assigns -- assigns it?
3 A You'll have to forgive because we're changing
4 things around, okay? So, I'm trying -- are you talking about
5 now or are you talking about during this question period?
6 Q I'm primarily interested in the period from late
7 1987 to the present.
8 A Okay.
9 Q And if there are any crucial respects in which
10 some -- something has changed very recently then please let
11 me know.
12 A Okay. Well, we do have somebody in charge of the
13 whole Loan Department up there. Something that we didn't
14 have then. We did have somebody in Commercial and
15 Instalment. So -- and that would go up to the Commercial
16 Section and whoever got that would -- would write it up and
17 send it down.
18 Q Well, who was in charge of the Commercial Section
19 in the period of 1987 and 1988?
20 A I believe Tom McLaughlin.
21 Q Now, you had said that you would do a write-up if
22 someone would come in to talk to yo?
23 A Just to -- yeah.
24 Q And what would that involve?
25 A Usually just the name of the account, the amount,

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1 type of loan, purpose and that's all. And if there was
2 collateral or not.
3 Q Well, are you suggesting at that point when
4 you've written that have you already made a credit decision?
5 A It all depends on the situation. It might have t
6 go to the Credit Department for a credit, you know, to take
7 the credit check.
8 Q Mm-hmm.
9 A But I'd say most of the times my decision was
10 made by that time. When I sent it to the Loan Department.
11 Q And would that be reflected on the -- on the
12 write-up? That you had a decision or that you hadn't?
13 A Usually it would say something otherwise -- or
14 they'd get it and they'd call me and they'd ask me if I've
15 approved it.
16 Q So, it wouldn't necessarily be apparent from the
17 write up whether you had approved the loan already or not?
18 A Well, it would because usually I don't send a --
19 if I was going to put a reject on it I'd put an R on it.
20 Q Fair enough. What would the Loan Department in
21 an instance where they -- they get a write-up from you?
22 What's -- what would do they do?
23 A Then they'd prepare the notes and the customer
24 would come in and sign with them.
25 Q Is there any other work that they -- Loan

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1 Department would do?

2 A If I requested a credit check they'd do a credit

3 check on it. Otherwise they -- they probably wouldn't. I'm

4 just trying to think if there's any instance where -- let's

5 see. If it was a -- if it was a secured loan they'd send it

6 to an attorney.

7 Q You mean an attorney in the bank or---

8 A Anyone. You know, it would depend.

9 MR. HUGHES: Do you have an attorney in the bank?

10 THE WITNESS: Oh, no.

11 MR. HUGHES: Okay. Okay. But, I mean, you have

12 your choice of the person as long as they have insurance.

13 And that would go out to an attorney and then if -- say it

14 was a mortgage or something they'd do all the documentation,

15 send it back to the Loan Department and --

16 Q Well, you had earlier said that the application

17 would have had some information, financial information, but

18 that if you wanted to follow that up you would ask for

19 financial statements. Is that something the Loan Department

20 would do?

21 MR. HUGHES: Wait a second. I don't think that's

22 exactly what he said but as long as he's not adopting your

23 question I'll let him answer.

24 THE WITNESS: I'm sorry.

25 Q Is something else the Loan Department after

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1 getting the write-up from you to request financial statements
2 from the borrower?
3 A If I wrote on there to request financial
4 statements they would. They would ask for them.
5 Q And in what instances would you write on there to
6 request financial statements?
7 A After I got through on the interview if I thought
8 I needed more information I needed financial statement.
9 Q Do I gather, then, that in instances where you
10 were dealing with someone that you were familiar with you
11 would be less likely to -- to ask for financial statements?
12 MR. HUGHES: Objection. Go ahead and answer if
13 you can.
14 A It would -- the circumstances are all different
15 for every person that comes into the bank.
16 Q Mm-hmm. In an instance of an unsecured loan
17 where it would not be sent out to an attorney, whose job
18 would it be to prepare a note?
19 A The Loan Department.
20 Q A particular loan officer in the Loan Department
21 or not?
22 A No. We've got a small number of people. I mean,
23 we don't have an awful lot of people so who's available at
24 that time would make the presen -- the preparation.
25 Q How many employees were there in the Loan

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1 Department in '87-'88?

2 A It's a guess; six or seven.

3 Q Are you suggesting then that -- that there was no

4 -- that there isn't a formal assignment of a particular loan

5 to a particular loan officer?

6 A Initially, when I send it upstairs?

7 Q Correct.

8 A No.

9 Q Does Olympic International Bank have a loan

10 committee?

11 A We're talking presently; yes, we do. We always

12 have a loan committee, yes.

13 Q And what does the Loan Committee do?

14 A Well, if it's needed -- if there's a loan that

15 should come before the committee then they discuss the loan

16 or we meet on the Loan Committee or we talk about the overdue

17 or the status of the loans in the bank.

18 Q So, what loans would need to come to the Loan

19 Committee?

20 A Well, our policy has changed that -- today, so

21 that's why I say there's -- we have a -- but at that time

22 actually no loans had to go to the Loan Committee because I

23 had the authority to make loans.

24 Q What if you weren't there?

25 A Oh, if I wasn't there then they could -- the Loan

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1 Committee unanimously could vote on a credit. If they all
2 agreed they could pass the credit.
3 Q But if you were in the bank there would be no
4 instances where the Loan Committee would convene for the
5 purpose of approving a particular loan?
6 A We wouldn't have to. I mean, we may have but we
7 wouldn't have to.
8 Q Well, in what instances would you?
9 A Back in '87 and '88?
10 MR. HUGHES: Do you understand his question?
11 THE WITNESS: I understand, yeah.
12 MR. HUGHES: Okay.
13 THE WITNESS: I was just trying to think of an
14 instance that would have to have a vote. Maybe if I wanted
15 somebody for informational purposes for whatever reason.
16 Maybe if I needed some more information on the character of
17 the individual or something. If I wanted to if anybody -- I
18 mean, we still met. We had the meeting because we -- we, as
19 I said, reviewed the loans and reviewed the status of the
20 loans and I mean there's still a lot of things a Loan
21 Committee does besides make loans.
22 Q How often did the Loan Committee meet?
23 A I believe we were meeting weekly then. I'd have
24 to check that, I'm not sure. I think we met weekly, though,
25 you know, and mostly it was, as I said, the overdue status

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1 and status of renewal loans and things of that nature.
2 Q And who was on the Loan Committee in 1987 and
3 '88?
4 A I don't remember who was on the committee. Well,
5 let's see. I'll give you as many as I can think of, okay?
6 Q Yes.
7 A Mr. McLaughlin.
8 Q And you said that he was in charge of the
9 Commercial Loan Department?
10 A Yeah, it's -- again, I think he was in charge.
11 When I say in charge, we had two fellows up there that were
12 kind of running things and he was more on the commercial
13 side, okay? And the other fellow would be Dickerson, myself.
14 I'm really not sure of -- of---
15 Q Were any other directors on the Loan Committee?
16 A No.
17 Q Nick?
18 A Nick could have been on it but, you know, I don't
19 know. Nick could have very well have been on. He had the
20 right to be on it.
21 Q Anybody else?
22 A In '87 and '88. Tom Collins I think was on that.
23 I'm --
24 MR. HUGHES: Is that a guess or do you know?
25 THE WITNESS: I'm not sure and the reason I'm not

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1 sure is I try to include everybody in the Loan Department,
2 okay? It wasn't -- so that everybody got to hear the names
3 and so that if the person needed to be serviced they would be
4 serviced, you know.
5 Q Mm-hmm.
6 A So, I don't remember who else.
7 Q Were formal votes taken at -- when the Loan
8 Committee met?
9 A No.
10 Q It was rather a discussion about loans and
11 issues?
12 A Whatever the operations was or what have you.
13 Q Did anybody attend the meetings other than the
14 members of the Loan Committee?
15 A They could have, I don't recall.
16 Q Did Susan Fraser attend the meetings?
17 A I don't believe so.
18 Q Were agendas prepared for the Loan Committee at
19 meetings?
20 A No. I have to qualify that a little bit. We
21 still -- if we had an overdue, we had a maturity list that I
22 considered that operational. That would all be ready.
23 MR. HUGHES: For substantive matters you would
24 have -- you might documentation in front of you. Is that
25 what you are saying?

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THE WITNESS: No. What do you mean?

MR. HUGHES: Well, you're saying if you had to talk about something you might have the loan file there.

THE WITNESS: Oh, if I -- yes.

Q But there would not be formal printed agendas.

A No.

Q Prepared agendas for what was going to take place at the meetings.

A But the overdue was all printed. Overdue loans were all printed and the -- you know, for maturities are all printed. That's all done by the Loan Department. So then we sit down, we go over those lists.

Q I understand. Does the Loan Committee have a different role as far as the initial approval of loans today than it did back then?

A Yes.

Q In what respect?

A There's limits. I have a limit that I can loan. Up to that point, till it changed, I had any limit. I could make any loan I wanted to, now I have a limit. And we meet weekly and it's a Loan Executive Committee now it's called.

Q Mm-hmm. Well, if in 1987 and '88 the Loan Committee wasn't ordinarily in the business of approving loans because at the time you would approve the loans, were there any other committees or groups of people in the bank

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1 who voted to approve loans?

2 A They could have. The authority was invested in

3 me. We could have a discussion at the Executive Committee

4 level but that wasn't necessarily the function of the

5 Executive Committee. That's Board members, now. Other than

6 employees.

7 Q It was not a function of the Executive Committee

8 to approve loans but it did from time to time? Is that what

9 you're saying?

10 A Mostly it was for discussion purposes but it

11 could. It had the authority to. The Board has the authority

12 to. They supercede me, obviously.

13 Q What kinds of loans were discussed at Executive

14 Committee meetings?

15 A Informational situations that I might feel is

16 important that they know something about -- that might be

17 discussed or somebody there wanted to discuss a loan, for

18 whatever reason, whether they didn't like the credit that I

19 gave or they didn't want -- they wanted to make a loan even

20 though I rejected it. They could do anything. I mean, it's

21 -- they're Board members.

22 Q So, you were -- you were a member of the

23 Executive Committee throughout; is that right?

24 A That's correct, yes.

25 Q And anyone -- any Executive Committee member

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1 could bring a particular loan or request before the
2 committee; is that right?
3 A Sure.
4 Q So, what kinds of loans did you bring before the
5 Committee?
6 A I usually brought a loan if I thought that it was
7 something that -- that everybody should know about. Just a
8 discussion. Or if somebody called me up and said they wanted
9 to discuss it I'd discuss it.
10 Q Would there be a vote?
11 A Didn't have to be.
12 Q So, sometimes there would and sometimes there
13 wouldn't or---
14 A Well, there just didn't have to be a vote. You
15 know, I -- I'm not sure of an instance but I'm sure there
16 could be and there could have been. I mean, say, you know, I
17 disagreed, okay? Well, they could have voted it. Not that
18 that necessarily would have, you know, but they --
19 Q So, in an instance like that would -- the
20 Executive Committee would vote, have a formal motion and
21 vote?
22 A I don't know. I mean I -- you know, I'd have to
23 see what you're talking about and look at it to see -- tell
24 you why there was a vote or if there wasn't a vote or why I
25 thought it was important to have a vote if there was such a

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1 thing. I'm just not -- I just can't think of an instance,
2 that's all.
3 Q Well, perhaps I can broaden the question and---
4 A Okay.
5 Q And make it more clear. Does the Executive
6 Committee, when it meets, ever take formal votes on matters
7 that it considers?
8 A Now it does; then it didn't.
9 Q So it didn't take any formal votes in the period
10 of 87-'88 or---
11 A Well, you know, I don't know---
12 Q Not in any systematic way.
13 A Whatever -- yeah, I'm not -- what's on the
14 records are on the records. I don't know. I mean, you know.
15 MR. HUGHES: Could I just ask a question to try
16 and clarify something? Are you saying that it didn't have to
17 vote on things but sometimes it did anyway?
18 THE WITNESS: That's right.
19 MR. HUGHES: Okay.
20 THE WITNESS: They'd like to go into a big
21 expenditure or something, maybe there was something -- I
22 mean, I can't give you an instance, I don't recall, but --
23 Q Did anyone other than members of the Executive
24 Committee attend Executive Committee meetings?
25 A They were entitled to. I mean, I don't believe

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1 any committee should be shut down so that no one can come
2 into it, especially of another Board or member to the
3 Directors is around he wants to sit in on a committee I, you
4 know -- they should be allowed to do so.
5 Q How about other officers of the bank?
6 A I don't think there was any other officers. You
7 know, that doesn't mean from time to time an officer doesn't
8 come in, okay? I just can't think of an instance right now.
9 Q How often did the Executive Committee meet?
10 A Twice a month I believe. The first -- we met the
11 first and second Thursdays of every month.
12 Q And did Susan Fraser attend Executive Committee
13 meetings?
14 A No.
15 Q Not at all?
16 MR. HUGHES: That you can remember.
17 THE WITNESS: That I can remember, thank you. I
18 mean --
19 Q Are agendas prepared for Executive Committee
20 meetings?
21 A Sometimes, it's not anything that's formal. We
22 just listed what we might, you know, want to discuss if
23 there's something.
24 Q And whose job was it to prepare the agenda?
25 A Well, Susan type it and I would give it to her if

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1 there was anything I wanted to discuss otherwise it would
2 just be a -- a normal kind of thing, attendance and
3 operations and anything that was happening in the bank. It's
4 more for an informational kind of meeting.
5 Q And if there was a specific item you would -- you
6 would ask her to put it on the -- to put it on the agenda?
7 A Usually, yeah.
8 Q And would other -- could other people ask her to
9 put something they wanted to discuss on the agenda as well?
10 A Listen, they could have. I don't know about it,
11 though, all right? I mean, they could have -- somebody else
12 could have said put something on the agenda. I mean, I --
13 it's open. It's not a closed agenda.
14 Q Is the agenda distributed to the members of the
15 Executive Committee?
16 A Just when they show up that day.
17 Q It's put in front of them?
18 A Yeah.
19 Q Does the Board of Directors of the bank ever
20 approve any loans?
21 A Usually just Board members' loans. Members of
22 the Board.
23 Q And what do you mean by that?
24 A For instance if I went, because I'm a Board
25 member, and I wanted to borrow money, then there's

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limitations, but I would have to go before the Board and then they'd have to vote on it.

Q And that would be -- the Board would be making the initial approval of the loan; is that right? In an instance like that?

A If I was on a per -- if it was personally to me.

Q Are there any other instances in which the Board would initially approve a loan?

A Now. You're talking then not now.

Q Right.

A There's a difference. Then? With the exception of a direct liability of a director I would say no.

Q You can't think of any others?

A I can't think of any. I mean, I -- you know.

Q In an instance where the Executive Committee was discussing and voting on a loan what record would be made of the decision?

A Well, I can't think of very many, if any, on the Executive Committee but there wouldn't need to be a record of their decision because it was my decision.

Q Does the -- in the instances where the Executive Committee would consider particular loans would members freely discuss questions that they had or issues that they wanted to bring up?

A Sure.

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1 Q This wasn't any kind of a summary meeting; it
2 wasn't something that was pro forma, is what I'm getting at.
3 A No.
4 Q Do you remember any instances where the
5 conclusion of an Executive Committee discussion about a loan
6 was that it ought to be considered by the Board for approval
7 or not?
8 A I can't think of any.
9 Q Well, whose decision would it be that a
10 particular loan had to go to the Board for approval? Would
11 that be your decision?
12 A Yeah, I guess it would be.
13 Q Is ratification of a loan by the Board of
14 Directors different than approval of a loan by the Board?
15 A In some instances it could be and some they may
16 be the same.
17 Q Could you elaborate?
18 A Yeah. I'm trying to think, okay, of a minute.
19 It could say on there, "To approve a loan" which has already
20 been approved. I'm not sure if it says to ratify or not. It
21 may. It may very well to approve or ratify a loan, I'm not
22 sure, I'd have to look at an instance. But, it could say to
23 approve a loan that's already been ratified -- I mean that's
24 already been made that they're really ratifying.
25 MR. HUGHES: He's not asking you what the minutes

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say.

THE WITNESS: Oh.

MR. HUGHES: Okay?

Q I guess what I'm asking is is there a difference between, assuming that it was recorded correctly what the Board actually did.

A Yeah.

Q Between "approval of a loan" and "ratification of a loan".

A I'm confused.

Q Is the Board doing the same thing when it ratifies a loan as it is when it's approving a loan?

A In some cases it could be.

Q And in others?

A Well, it shouldn't be but I'm just saying in some cases it may very well be.

Q And I'm trying to get you to explain to me the instances where it shouldn't be. What you understand the ordinary practice to be.

A Usually what we say is to approve a loan, okay?

MR. HUGHES: That's in the minutes, you mean.

THE WITNESS: I thought that's what we were talking.

MR. HUGHES: No, he didn't---

THE WITNESS: Oh, I'm sorry.

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1 MR. HUGHES: He hasn't said anything about
2 minutes.
3 MR. BERNSTEIN: I'm trying to---
4 MR. HUGHES: You're thinking about minutes; he's
5 asking you open ended questions.
6 THE WITNESS: Oh.
7 MR. BERNSTEIN: I'm trying to understand---
8 MR. HUGHES: What the Board does.
9 MR. BERNSTEIN: What the Board does with loans.
10 MR. HUGHES: Forget the minutes. Just think
11 about what the Board does.
12 THE WITNESS: They don't do anything.
13 Q The Board doesn't do anything with loans.
14 A Okay. I thought you were talking about -- when
15 you're talking about board I thought you were talking about
16 board meeting. No, but the Board doesn't, at that particular
17 time, doesn't get involved in loans.
18 Q Well, I think earlier you had -- you testified
19 that the initial approval of certain kinds of loans that were
20 connected to directors of the bank was made by the Board of
21 Directors.
22 A On directors' loans, right.
23 Q And is there a larger class of loans that the
24 Board ratifies?
25 MR. HUGHES: Do you understand his question?

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1 THE WITNESS: No, I guess I don't. I'm sorry.
2 Q Does the Board of Directors vote to ratify loans?
3 A Yes.
4 Q And what does that mean?
5 A That means the loans that I've already granted,
6 okay -- excuse me -- that I've already granted they just vote
7 for ratification of them because they're to be informed that
8 I made these loans.
9 Q So, in an instance where the Board is ratifying a
10 loan that has already been approved the Board is not making
11 the initial judgment about whether or not the loan should be
12 made.
13 A That's correct.
14 Q They're doing something less than that.
15 A That's correct.
16 Q All right.
17 Is it any more, Mr. O'Brien, than an
18 acknowledgement that in fact the loan was made?
19 A Well, they're ratifying the loan, saying that
20 they -- that they realize the loan was made and they're
21 saying they accept it, I guess.
22 Q Well, are there any instances where a loan has
23 come to the Board for ratification and the Board has declined
24 to ratify it?
25 A Not to my knowledge.

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Q We are -- the question is on ratification of a loan. Are there discussions at Board meetings about the merits of the loan?

A There could be, sure.

Q And is there formal vote by the Board of Directors on ratification of loans?

A Yes, there should be.

Q That takes place at Board of Directors meetings?

A Yes.

Q And those are held once a month; is that right?

A That's correct.

Q And does Susan Fraser attend Board of Directors meetings?

A She used to; in those days she did, now she does not.

Q And what did she do at them?

A She recorded the -- the votes.

Q How did she record the votes?

A Write beside the -- the agenda and type it in.

Q Could you describe what you just referred to as agendas at Board meetings?

A Each book, each director would have a book and in the book would be attendance, treasurer's report, loans, commercial, installment, overdue.

Q Are you talking about an agenda? One piece of

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1 paper that has different things on it?
2 (No verbal response.)
3 MR. HUGHES: Say yes for the---
4 THE WITNESS: Oh, yes. Okay.
5 Q Please go on.
6 A And we go down that and, you know, all the loans
7 would be listed that we made, whatever it was, on the loan
8 section and then review them and then vote on them.
9 Q And were you suggesting that Susan Fraser would
10 have the agenda in front of her and would record what the
11 vote was?
12 A Well, everyone would, yeah, and they'd have and
13 they'd write -- she'd write down two names -- initials.
14 MR. HUGHES: Of who made the motion, you mean?
15 THE WITNESS: Of who made the motion, yeah.
16 Q And did she also keep a record using initials of
17 any directors who abstained from voting?
18 A I believe she would have marked them. Or tried
19 to mark them.
20 Q Did she then prepare minutes of the Board
21 meetings from -- from using the agenda that she took notes
22 on?
23 A Yes.
24 Q And in 1987 and 1988 did you supervise Susan
25 Fraser?

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1 A Did I supervise her. She worked as the executive
2 secretary but she worked for me and for Mr. Nicolazzo or
3 somebody else generally. I don't think there was any defined
4 -- she did work for me but she worked -- she did other work
5 for other people.
6 Q Well, did you, as a practice, review the minutes
7 that Susan Fraser prepared for accuracy?
8 A On a number of occasions I did, sure.
9 Q Was there anyone else who reviewed the minutes
10 for accuracy?
11 A Not to my knowledge but, you know, somebody may
12 have. If I wasn't there she might have gone to Nick or
13 somebody. Mr. Nicolazzo.
14 Q Well, did she always seek the approval of
15 somebody for the minutes that she prepared?
16 A I would say most of the time, sure. You know, if
17 I said to you 100 percent of the times then, you know, I
18 would think she did.
19 Q Well, did -- did she seek someone to -- to okay
20 the minutes? To put a check on them or anything like that?
21 A She'd usually drop them off at my desk to look
22 them over.
23 Q And then you would return them to her to retain?
24 A And I'd return them.
25 Q With any changes or thoughts or---

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1 A No, I would -- there weren't very many changes
2 ever, you know. It was usually just a reflection of the --
3 the agenda.
4 Q Well, were there ever any instances where there
5 were mistakes as to who had moved on certain items or
6 anything else in those minutes?
7 A There could always be mistakes, I mean, so, was
8 there ever? I can't answer that. I don't know.
9 Q Well, do you recall any instances?
10 A You mean about somebody who voted on a -- I mean,
11 I---
12 Q Yes.
13 A If you're talking off on issues you can always
14 make a mistake. I mean, I have to go by what's given to me
15 that those are the guys or women that voted on that
16 particular issue, okay? I mean, I wouldn't remember. I
17 don't keep it in my book.
18 Q Are the minutes then put into the directors'
19 notebooks?
20 A No. We have one minute book and that is kept
21 in---
22 Q Do the -- does the Board as a whole ever see the
23 minutes that are prepared of the meetings?
24 A I don't think so. They have a right to. But I
25 don't know how many come in. They've got the -- you know,

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1 the book is -- is complete.
2 Q And just to go back to the last point briefly.
3 You don't remember any specific instances, or do you, where
4 -- where the minutes that were prepared turned out to have an
5 error as to who voted?
6 A I don't recall. I mean, I could have.
7 Q You don't---
8 A I could have said, you know, I think there's a
9 mistake here or something but I don't -- I just don't recall,
10 you know.
11 Q You don't recall any specific instances?
12 A I don't, no.
13 Q In 1987 and 1988 was there a practice that the
14 Board of Directors ratified every loan that had been made?
15 A Technically they do.
16 Q Why do you say that?
17 A Because they've got a list of all the loans.
18 Q Why do they get a list of all the loans?
19 A Because I think it's good procedure to do. You
20 know, they can give you information if -- if you made a
21 mistake somebody can say, well, I know something about that
22 person. But I think by law they have to get -- I'm not sure
23 if it's anything over $5,000 or $10- but I think they're
24 supposed to get -- we just give them all.
25 Q And it's your understanding, then, that in fact

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1 the Board votes to ratify every loan on the list they're
2 given?
3 A Mm-hmm.
4 Q Is that right?
5 A Mm-hmm.
6 Q How long after approval of loans would
7 ratification by the Board usually take place?
8 A It could be anywhere -- you mean after I've made
9 a loan?
10 Q Yes.
11 A Well, in an extreme -- well, I shouldn't say that
12 but, it could be 31 days, obviously, if it's the day after.
13 It's probably the day before. I mean, you know, the Board
14 gets it.
15 Q Well, would -- would ordinarily the Board be
16 presented with the -- you know, a decision to ratify a loan
17 at the next Board meeting after the loan had been approved?
18 Is that what you're saying?
19 A Yeah. Yes.
20 Q And when did the Board meet?
21 A It meets the third Thursday of every month.
22 Q Would there be any instances where for some
23 reason a loa would not be presented to the Board for
24 ratification at the next Board meeting?
25 A Only if there was an error in the Loan Department

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1 that someone -- that they didn't list it.

2 Q How do loans come to be listed on a Board of

3 Directors agenda for consideration by the Board?

4 A I would either give it to Sue Fraser or she might

5 see it, be one that should be on. For instance, if it's a

6 director's personal loan and if I have missed that for some

7 reason or other she might pick that up.

8 Q Well, did the Loan Department give her -- as

9 practice give her a list of all the loans that had -- as they

10 were approved?

11 A As they were booked.

12 Q And when you say booked what do you mean?

13 A Well, when they're approved they go to the Loan

14 Department and when the person signs the note is when there's

15 a loan. Until it becomes a loan obviously it doesn't. So,

16 that's what I mean booked, when they sign the paper.

17 Q And you're referring to the promissory note?

18 A Yes.

19 Q We were discussing the agendas prepared by Susan

20 Fraser for the Board of Directors meetings.

21 A Mm-hmm.

22 Q And I understand that you or counsel have brought

23 with you some documents today that you would like to give us;

24 is that right?

25 MR. HUGHES: Yes, that is right. What we have

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1 produced is documents that represent the agendas for two
2 Board meetings, one is of December 17 of '87 and the second
3 is October 20, 1988, to the extent that those agendas relate
4 to the scope of the subpoena concerning the line of credit
5 given to the Haig Committee.
6 MR. BERNSTEIN: Thank you, Mr. Hughes.
7 Q Why would a director abstain from voting on a
8 loan at a Board of Directors meeting?
9 A He should abstain if it's for his own personal
10 self. In other words he should---
11 Q Do you mean if he has a financial interest in the
12 loan? Is that what you mean?
13 A Well, it doesn't necessarily have to -- if he's
14 going to be a direct beneficiary of the loan he should
15 abstain from it.
16 Q Now, you've said that loans are sent to the Board
17 for ratification after they have already been approved and
18 you used the expressed "booked" to mean after a promissory
19 note had been signed. So, do I gather, then, that in nearly
20 every instance when the Board comes to ratify a loan the
21 proceeds had already been disbursed; is that right?
22 A With the exception of a director's loan probably.
23 Q Where the loan had not yet been approved at all.
24 A Right.
25 Q I understand.

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1 What's the customary time frame from when a
2 request for a loan would come in the door to you to it being
3 sent to the Loan Department or in some instances perhaps
4 discussed at Executive Committee meeting and ultimately a
5 note signed and proceeds disbursed? How long would it take?
6 A There's no time element.
7 MR. HUGHES: What do you mean no standard time
8 element?
9 THE WITNESS: No standard time period. Is that
10 what you mean? There's no standard time element.
11 Q Well, what's the longest it has taken, in your
12 experience?
13 A Well, if there's collateral involved it can take
14 some time. You know, by the time it gets to the attorneys
15 and they do the land court and they do all of the other
16 verifications of the collateral then that can take some time.
17 I don't know. And then if they run into some title problems
18 and they have some defects and so forth and so on, I -- a
19 guess would maybe be two or three months, I mean, that's if
20 they ran into a problem.
21 Q How about on unsecured loans?
22 A Unsecured loans can be done immediately.
23 Q Well, what's the shortest time frame? What's the
24 quickest?
25 A From the time that I approve it?

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Q Yes.

A Is that what you mean?

Q From the time that it comes in the door to you.

MR. HUGHES: He said immediately.

THE WITNESS: I could be done immediately.

Q And the way that would happen is you would send it to the -- tell me how that would happen. How would it happen immediately?

A Well, a person would come in, request financing. I approve it, send it to Loan Department, then they say John Jones is up here, are we going to approve the -- have you approved the loan? And I say yeah, and do the note.

Q And then what?

A Then the proceeds of -- and then the Loan Department gives them the proceeds of the loan. Or they put it in their account.

Q Is it fair to say that because of the added legal aspects involved in secured transactions, secured loans, that unsecured loans are processed much more quickly than---

A Oh, yes.

Q ---secured loans?

A Yeah.

Q Well, are there times when you would accommodate a pressing need by a borrower to have the proceeds right away and process a loan quickly?

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1 MR. HUGHES: Objection. Go ahead and answer it
2 if you can.
3 A If somebody had pressing needs?
4 Q Did you try to accommodate people's -- borrowers'
5 needs for immediate access to funds?
6 MR. HUGHES: Objection.
7 A I did what was practical. If you approved a loan
8 there's no reason not to give them the money.
9 Q To make sure I understand, and the reason that's
10 so is that in an unsecured loan what I think you said is that
11 if you have approved a loan there's basically nothing else to
12 do before the money can go out other than have the note
13 executed. Is that -- do I understand rightly?
14 A In most instances. You know, there's exceptions
15 to everything. I mean, you know --
16 Q What other documentation would be part of a loan
17 package?
18 A It would depend on -- on the request. It would
19 depend on what the request was.
20 Q Well, let me first ask a slightly different
21 question.
22 A Okay.
23 Q You referred to the booking of a loan and the
24 execution of a promissory note.
25 A Mm-hmm.

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1 Q What other legal documents are there that would
2 memorialize the loan?
3 MR. HUGHES: What kind of loan?
4 MR. BERNSTEIN: Commercial loans.
5 MR. HUGHES: Secured or unsecured?
6 MR. BERNSTEIN: Unsecured.
7 A Unsecured? After I did the application -- I mean
8 the write-up, it went to the Loan Department, I would be
9 satisfied at that point unless I wrote there that I needed
10 more financial information, that would be okay for them to
11 give the money.
12 Q So you're saying there are not other -- no other
13 legal documents that -- besides the promissory note that you
14 can think of in an unsecured---
15 MR. HUGHES: Do you understand his question?
16 A Yeah. You're asking what type of documents go
17 with an unsecured and I'm saying---
18 Q Right.
19 A ---to you that they can be -- it depends on the
20 circumstances and the individual.
21 MR. HUGHES: He's asking you what type of legal
22 documents are there besides---
23 THE WITNESS: Well, there's only---
24 MR. HUGHES: ---besides the notes.
25 THE WITNESS: That's it.

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1 MR. HUGHES: On an unsecured loan.

2 THE WITNESS: On an unsecured loan? That's --

3 that's all there is.

4 Q Well, would you ever seek personal guarantees,

5 for example?

6 A Sometimes.

7 Q So that would be another document that might go

8 with it?

9 A Yeah. Could be. But usually I -- we usually use

10 co-makers on unsecured and most of the time we have a co-

11 maker on an unsecured loan. I mean, if a person signs on it

12 they sign on it.

13 Q Well, did you -- did you use loan agreements?

14 And what I mean by a loan agreement is a document apart from

15 the note which would spell out the expectations of the

16 parties about how the loan was going to be repaid?

17 A Just on the note. Is that what you mean?

18 MR. HUGHES: No, he means beside the note would

19 you have like a loan agreement?

20 THE WITNESS: No. Not on unsecured. I hope, you

21 know -- and maybe there's something in the Loan Department

22 that---

23 MR. HUGHES: As far as you know.

24 THE WITNESS: As far as I know.

25 Q Let me explain more. In instances where you

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1 wanted to memorialize your expectation about how a loan was
2 going to be paid back.
3 A Mm-hmm.
4 Q How would you do that?
5 MR. HUGHES: You mean besides the note itself?
6 MR. BERNSTEIN: Besides the promissory note
7 itself.
8 MR. HUGHES: If you did it.
9 A If I did it I probably might just write something
10 on the -- on the loan write-up.
11 Q Is the loan write-up given to the borrowers?
12 A No. Oh, you're talking about what I give to
13 them? I don't give them anything.
14 Q So---
15 A If they request a copy of the note they would
16 certainly get the copy.
17 Q I'm sorry, a copy of what?
18 A The note. The terms.
19 Q Yes.
20 A Okay. So they get that.
21 Q Right. They wouldn't get the write-up that
22 you're discussing.
23 A No.
24 Q So, as far as you're concerned the -- the
25 understanding with the borrower is -- is -- would be in the

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1 note itself.
2 A That's right.
3 Q What additional legal documents would there be in
4 collateralized loans?
5 A Well, you'd have to -- how would you -- what type
6 of collateral? Liquid? Commercial real estate? Personal
7 real estate? I mean -- each one of them? Is that -- I mean,
8 tell me which kind of collateral and I'll try to---
9 Q Maybe I can help by listing it to you and then
10 you can add more.
11 A Okay.
12 Q In any instance where a secured interest had to
13 be perfected there would be the documents representing the
14 perfection of the security interest.
15 A That's correct.
16 Q Right? Did you ever use security agreements
17 which outlined what the collateral was supporting the loan?
18 A Well, you have to -- if you get any marketable
19 collateral you have to issue Board of Governor's regulation.
20 You have to issue a pledge, okay? from the individual and the
21 stock powers. Okay, so if you're talking about a
22 collateralized loan. If you're talking about a secured loan
23 by say a person's cash then they have to sign a pledge
24 agreement and say it was a CD or something like that they'd
25 have to post that to the Loan Department collateral. And if

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1 it's a real estate loan then you've got, you know, your whole
2 set of documentations as far as the deeds and the mortgages,
3 the assignments and assignments of leases and rents and so
4 forth and so on.
5 Q Mm-hmm.
6 A And insurance. That type of thing.
7 Q Okay, let me go back then to the other part of
8 the question about documentation and now what I'm talking
9 about is not the -- not the legal documents that had to be
10 signed but what added documents you would seek from
11 borrowers? What other types of documents you would seek from
12 borrowers in order to grant a loan?
13 A If I was satisfied with the information I got I
14 wouldn't seek any other documents.
15 Q Well, might you be satisfied at times with
16 nothing in writing whatsoever? No documentation?
17 A What do you mean? No notes? No---
18 Q Well, I think what -- yeah, what you had
19 described earlier was that applications could be made orally.
20 A Right.
21 Q Right?
22 A Yeah.
23 Q In the instance---
24 A Well, then no, because then I'd write it down on
25 the -- the request on the write-up sheet.

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Q And the write-up sheet is something that you would prepare?

A I would prepare, yes.

Q And in an instance where you were satisfied you would not require a borrower to submit anything in writing?

A Only if I -- only on the write-up sheet if I wrote I need the financial statements or I need appraisal or I need the stock or I need the numbers or things of that nature. If I need anything I'll put it on there before they -- you know, that they've got to get that before they release the funds.

Q Is there a form for the write-up that you've been describing?

A Yes.

Q And what information -- what information does the form contain?

A It says the name, the amount, the term, if there's collateral or not, purpose and any additional information. I think that's what --

Q Why is it important to the write-up to include the purpose of the loan?

A It's always nice to know what -- if you forget what you wrote down or what the purpose was at the time when somebody told you something it's good to have it, you know.

Q I guess what I'm trying to get at is is the

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1 purpose of the loan a part of the credit judgment that you
2 make when you decide to grant a loan? Is that something that
3 you need to know?
4 A I think it's, you know -- if you're talking about
5 a secured loan where somebody is putting up cash you don't
6 really need to know what the purpose of it is. I mean, I
7 shouldn't say that because you do, you really want to know,
8 you want to make sure they're not going out and buying
9 illegal things, okay? So, it's important to know the
10 purpose, that's not what I'm saying. But I'm saying if a
11 person puts up to borrow money for a line of credit and wants
12 to use it, say, in an equity or wants to use up their CD
13 account or whatever, but they didn't want to put a mortgage
14 on their home then, you know, they can use that
15 indiscriminately, you know, the -- for doing repairs and so
16 forth. I'm not going to sit there and see that they put a
17 wall in and a --
18 Q But you mostly want to insure that the borrower
19 is acting in good faith?
20 A Well, yeah.
21 MR. HUGHES: Objection.
22 THE WITNESS: Yeah. Want to see what the purpose
23 --
24 Q Once you prepare the write-up you would send the
25 write-up to the Loan Department.

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A Mm-hmm.

Q And it would be reviewed by the people in the Loan Department.

MR. HUGHES: Objection.

A They wouldn't have to review it.

Q Was it anybody's job to look at the write-up that you prepared?

A Not to my knowledge.

Q Do you know what happened to the write-up after it left your desk?

A It went to the Loan Department to prepare the note.

Q And then where?

A Then it went into the file and that would end it.

Q Do you mean the loan file?

A Yes.

Q Now, you would normally do this write-up --- would you normally do this write-up when the request was first made to you?

A Usually. You know, there's cases but usually when they make the request, yeah.

Q Is it a requirement in the bank that this sort of write-up be made before funds ar disbursed on a loan?

A Well, as I told you before, everything's individual, okay? Usually they'll wait up -- they'll have my

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1 write-up. I would say probably the majority of the times
2 it's there, okay? I just don't want, you know, and say okay
3 there's no write-up on this particular loan, you know. But
4 usually they'll wait till I get -- they get that up there
5 from me and then they just take it from there.
6 Q Well, in what instances would it proceed without
7 that? How would that happen?
8 A Somebody's borrowing on a secured account and
9 they've signed a note but they haven't got the write-up
10 upstairs and they have to draw some money down in a full --
11 you know, I'm giving you a case that I can't point to but
12 that could happen, you know.
13 Q The comfort level could be so high that it might
14 take place later; is that what you're saying?
15 A No, no. The write-up might not take place at
16 all. I'm just saying I don't know if -- you know, as far as
17 I know there's write-ups there with every instance but, you
18 know -- you know, I don't want you to feel that I'm saying to
19 you that there's never ever something -- I wouldn't think
20 there is but I don't know.
21 Q Right. What I'm trying to understand, I'm really
22 trying to understand what the purpose of the write-up is
23 and---
24 A Just to send some information up to the Loan
25 Department to prepare the notes.

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1 Q Is it so they can have an assurance that you have
2 made a credit judgment and decided to approve the loan? Is
3 that---
4 A Oh, yeah.
5 Q That's the purpose of it?
6 A Sure.
7 Q Can you recall any instances where you called the
8 Loan Department and said I haven't done the write-up yet but
9 go ahead and sign the note?
10 (No response.)
11 MR. HUGHES: Do you understand the question?
12 THE WITNESS: Yeah, I understand, I understand.
13 I'm -- yeah -- I don't recall but, you know, that could have
14 very well happened but I don't recall, you know. Could very
15 well have had a discussion and I said okay, prepare the notes
16 and -- but I don't recall any instance but it could have
17 happened, I mean.
18 Q Well, can you think of any other instances?
19 You've referred to the instance where -- where there was, in
20 essence, a fully secured loan.
21 A Yeah. Well, you could have the same thing with
22 an unsecured loan. I mean, if you -- you know, if you feel
23 very comfortable with the credit and you've known the credit,
24 you know.
25 Q Well, is the other side of that, then, that you

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1 would be less likely to do it in an instance where there was
2 some question in your mind about the credit or whether
3 where---
4 A If I have a question about the credit, yes, I
5 would not -- I would do a write-up.
6 Q Does anybody else in the bank ever do a write-up?
7 A Yeah. Sometimes if I send something up if it has
8 to -- spreadsheets have to be done or something like that or
9 a collateral value, and so forth and so on, I might ask
10 someone to do the write-up on that.
11 Q And by write-up there you mean a more elaborate,
12 perhaps more technical?
13 A Yeah.
14 Q This is it?
15 A Yeah, yeah.
16 Q Would that write-up include a recommendation to
17 make a loan or not to make a loan?
18 A Usually their write-up is signed by two or three
19 people. It has to come to me for my signature on it but you
20 might get two people in the Loan Department would do that
21 write-up and then it would come down to me instead of me
22 going up to them. Or if they had a request.
23 Q Well, are there any instances where the Loan
24 Department would generate the same kind of write-up that you
25 generate?

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A Sure.

Q In lieu of you doing it?

A No, they'd have to bring it down to me and I'd have to okay it.

Q I understand.

Whose job was it in the bank in '87 and '88 to monitor loans?

A Whoever was in the Loan Department. You know, let's say Tommy was in charge of commercial he'd get the commercial and Bill Dickerson was in installment and consumer. Then they'd prepare the overdue list for our meeting.

Q Well, what did people in the Loan Department do to monitor loans?

A It's usually based on exception basis. If there's a problem they get on it. They'd send out letters if they're two months, you know -- if a loan was delinquent or what have you. If we went over the matured loans we would decide if we wanted to rewrite them or not and at that point we'd make a decision to do it. You know, day in and day out jobs, you know, answering questions or collecting payments. You know, and whatever information that we felt we needed to get more information in the file and --

Q Well, was it -- was it somebody in the Loan Department's job to -- to book payments on the loan, to make

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1 sure that they were -- that they were, you know, correctly
2 attributed to payoff loans, to --
3 Q I don't think there was anybody assigned to it.
4 We have some clerical people that would take payments and
5 post them to the loans or charge accounts or whatever, you
6 know.
7 Q Mm-hmm. Well, what was the -- what were the
8 duties of the Customer Service Department as it relates to
9 monitoring of loans, after loans have been made.
10 A Well, they don't monitor loans. Customer
11 Service. They handle the deposit relationships, okay? And
12 -- and the inquiries for new accounts and letters or requests
13 or, you know. People want to buy Traveler's Checks or bonds
14 or things of that nature. Open and maintain the accounts and
15 do whatever they have to do, you know. If there's a collect
16 -- let's say a lock box or something like that and payments
17 come into the lock box they take that out and notify the Loan
18 Department. They get payments sent to them they notify the
19 Loan Department. But they don't really -- they don't monitor
20 loans, per se, they -- they can give you the information that
21 yeah, they got their payments in today or, you know, or they
22 got a request that they draw down, which is not unusual for
23 somebody who has a line to request because those are the
24 people you see all the time, you know.
25 Q Are there any other instances you can think of

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1 where the Customer Service Department would interact with the
2 people in the Loan Department?
3 A I hope they talk to each other all day but --
4 because I think interaction is important. Other than what,
5 to tell you if payments were in. If someone's got to be
6 picked up downstairs, the Loan Department's on the third
7 floor, you know -- is that you question? I'm sorry.
8 Q Yes, that's my question.
9 A Yeah, but basically that would be it.
10 Q So, it was then -- then had been the
11 responsibility of the Loan Department and not the Customer
12 Service Department to write letters if the loans were
13 delinquent or late?
14 A Either one could do it. There's no reason that a
15 person can't help out and the Customer Service can send out
16 payments. I mean send out, you know, letters on
17 delinquencies or what have you. There's no reason for them
18 not do it as there's no reason for me not to do it, you know.
19 If they asked me to do it I'd do it.
20 Q Well, I'm trying to understand whose job it was.
21 A A delinquent notice?
22 Q Yes.
23 A Most of the time it would come out of the Loan
24 Department.
25 Q Do you know what other efforts the Loan

9 5 0 4 3 6 4 2 7 9 0

Department would make in making sure that loans were kept current?

A Well, it would be, as I said, if it was delinquent we'd meet every -- we'd meet -- I'm not sure what day we met most days then. Let me say Tuesday. We'd meet and we'd go over the delinquencies and then we'd decide if it was delinquent what we were going to do about it.

Q So, it was the obligation of the loan department to bring those to your attention?

A Oh, yeah. Yes.

Q Are there instances where interest payments would be past due where the bank would extend additional advances on a loan to enable a borrower to make interest payments?

A Only if they had it in their line. If they had that kind of line.

Q Could you elaborate on that?

A Yeah. If you have a line a credit and say you haven't used your line. Let's say you have a $50,000 line of credit and you get billed at the end of the month and say you've got $10,000 out so you get the bill at the end of the month, he doesn't send that in, you could charge the line for that. He's responsible for the line.

Q Does that happen often?

A I don't know percentages. They're entitled to it because if they called you up and said charge my line you'd

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do it anyway.

Q Well, perhaps you could tell me more about lines of credit as opposed to straight loans and to start with, what would be the reason for structuring a transaction as a line of credit rather than a straight loan?

MR. HUGHES: Objection.

A Well, a straight loan, a person usually draws all the money down immediately. A line of credit, that can be out forever. I mean, you know, it's just renewed very year. Like if you have an overdraft protection with your checking accounts, let's say. I don't know if you do or not but I'm just saying, if you day that's typical of what a line is all about. Probably the easiest way to explain that. They just use that overdraft to your account and then a credit comes in and gets posted against their account.

Q Well, and what would a line of credit be used for in a commercial situation?

A A commercial -- whatever---

MR. HUGHES: What could be or what is it used for?

MR. BERNSTEIN: What is it used for?

MR. HUGHES: Is there one use for a line of credit in a commercial---

THE WITNESS: No, usually the person has the right to draw it down when they want and they usually monitor

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1 their own checks.

2 Q Are there any special credit considerations that

3 you bring to bear when what's requested of the bank is a line

4 of credit rather than a straight loan?

5 A No, I try to handle each situation individually.

6 It depends on the circumstances of the credit.

7 Q So---

8 A I don't have -- that would be prejudging a

9 credit.

10 Q Well, perhaps I can ask the question in a

11 different way. The ordinary credit judgment you make in

12 evaluating a straight loan would consider the prospect that

13 the bank would be repaid in the ordinary course; right?

14 A Yes.

15 Q When you approve a loan that is a line of credit

16 is it based on an assessment that the borrower will be able

17 to draw down the whole amount and have the capacity to pay it

18 back?

19 A Yes.

20 Q In a line of credit situation how were advances

21 on a line of credit handled?

22 A A person can do it -- most of the time it's

23 probably done by telephone, all right? I don't really see

24 them after they -- after I make a loan and approve it it goes

25 to the Loan Department. But I would think that if a

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1 corporation was drawing down they'd call up and say I need
2 $10,000 and the person would credit the account.
3 Q What person?
4 A In the Loan Department who they spoke to.
5 Q So, it would be the Loan Department's job to --
6 to have the contact with the borrower and to---
7 A No, it doesn't have to come -- I'm saying -- you
8 asked me maybe call in.
9 Q Yes.
10 A Okay? But they could call -- they could call me
11 or they could call somebody out front or they could call
12 somebody in the back. I mean---
13 MR. HUGHES: What's out front?
14 MR. BERNSTEIN: Oh, I'm sorry, Customer Service
15 Rep area. They could call somebody in Bookkeeping and say,
16 you know, I have a line, I'd like to draw it down. So
17 there's no set pattern. The people call banks to the people
18 that they know.
19 Q Well, does it all end with the Loan Department in
20 the sense that no matter who it comes to does it end with
21 them? A request for an advance on a line of credit?
22 A I would hope so.
23 MR. HUGHES: That's the way it's supposed to be.
24 THE WITNESS: Yeah.
25 MR. HUGHES: Okay.

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1 THE WITNESS: I'm not being facetious I'm just
2 saying to you, you know, I don't know if somebody called in
3 it was someone in the Loan Department because one thing
4 that's missing is we don't have an awful lot of employees,
5 so --
6 Q Well, does -- do all the employees in the Loan
7 Department have authority to order advances that are
8 requested on the line of credit?
9 A To put them in as long as there's room within the
10 line. I'm sure that's changing but yes.
11 Q So, would someone in the Loan Department actually
12 make a credit inquiry, a credit judgment in response to a
13 particular request for advances?
14 A Not a credit. What do you mean by a credit? To
15 see if there's room in the line? They put it up to see if
16 like say there was -- a person has a $25,000 line and they've
17 only used $5,000 they want $5,000, they could check that and
18 say, okay, they've got room within the line to give them what
19 -- as long as it wasn't more than the line.
20 Q But they wouldn't make any other -- any other
21 credit judgment.
22 A No.
23 Q About the capacity of the borrower to repay it.
24 A No.
25 Q And the reason that's so is because that decision

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1 was already made in granting---
2 A It's been done up front, right.
3 Q Is a demand feature a common feature in line --
4 commercial lines of credit?
5 A Yeah. I believe so. I mean, you know, it
6 depends on what you want to do.
7 Q Well, in our experience is it more likely --
8 would it be more likely for a line of credit to be structured
9 with a demand feature rather than other commercial loans,
10 straight commercial loans.
11 A Again, it depends on the case. You might put
12 something on demand if the person might want to pay it back
13 in 10-20 days or something, you know, just -- and you might
14 put something on term if a person says well, I need the money
15 but I want to use it over a three year period and, you know.
16 You make a judgment call each time you do a loan as to where
17 you think that should go. And also to try to if the customer
18 requested it.
19 Q And if you were going to go the term route then
20 it would depend on what the borrower's -- the customer's need
21 was.
22 MR. HUGHES: Objection.
23 MR. BERNSTEIN: Maybe I can ask that differently.
24 THE WITNESS: Okay. It would be basically---
25 Q What would affect your judgment about how long

9 5 0 4 3 8 4 2 7 9 6

1 the term should be on a line of credit?

2 A Say someone was building a house and you'd know

3 they'd want to get it down by, you know -- well, let's say

4 they wanted to do it within a year, get the house built, but

5 then they wanted to take it out of the line of credit and put

6 it into a permanent financing then you might do that a year

7 type of situation. Again, it would depend on -- on the

8 individual.

9 Q I'd like to move on and talk briefly about

10 renewal of loans. Does a renewal of a loan start with a

11 request from a borrower? Request from the customer who --

12 who has the loan?

13 A Usually. I mean, it might be something that we

14 may renew. There's no -- it doesn't have to come from the

15 borrower.

16 Q Well, would the bank require a written request

17 from a borrower to renew the loan?

18 A Not necessarily.

19 Q Does the bank require supporting -- any

20 supporting documentation or other documentation?

21 A No.

22 Q And who in the bank decides whether a loan should

23 be renewed or not?

24 A Then or now?

25 Q Then?

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A Me.

Q Did the Loan Department have authority to decide that?

A I would say no, okay? Without conferring with me.

Q Well, would it -- would typically someone from the Loan Department make a recommendation to you about whether or not a loan should be renewed?

A Well, as I said, usually we have the list in front of us of renewals and things of that nature and I would say go ahead, we want to renew this, especially if there's room within the line. The only time that you don't want to renew is somebody's got the line used up for two or three years, now you want to know how are we going to pay it back?

MR. BERNSTEIN: I think we'll take a ten minute break now. Off the record.

(A short recess ensued.)

Q We were talking about demand features on loans, particular on lines of credit, and can you tell me please what term means as a duration for a loan or line of credit?

A It could months, years. It's usually a specific time.

Q A specific time? And what would time mean as a duration for a loan?

A Same thing. You could use term, you could use

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1 time.

2 Q No difference in meaning as far as---

3 A As far as I'm concerned.

4 Q Mm-hmm. Can you estimate for me what proportion

5 of the commercial loans that the bank makes or demand loans?

6 A We have a lot of demand and a lot of time and

7 term.

8 Q Well, does the customer usually suggest what the

9 duration or period of loan out to be?

10 A That depends. It depends on sometimes they ask

11 you what they should apply for.

12 Q Mr. O'Brien, are you aware that Alexander Haig

13 was a Republican candidate for president in 1988?

14 A Yes.

15 MR. HUGHES: Well, that's not exactly true. He

16 was a candidate for the Republican nomination, I think.

17 THE WITNESS: Well---

18 MR. BERNSTEIN: Thank you. That's what it is.

19 THE WITNESS: Well.

20 Q When did you first become aware of his candidacy?

21 A I don't remember but I'd say the fall of that

22 year. I -- I don't know.

23 Q And how did you first become aware of that?

24 A I don't recall whether I read it in the

25 newspaper. Probably read it in the newspaper.

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1 Q Well, did a time come when you learned more about
2 Alexander Haig's candidacy?
3 A Well, Dom Saraceno spoke about it. He was going
4 to be the National Treasurer, I think that's what his term
5 was.
6 Q And what was Mr. Saraceno's position in the bank?
7 A A director of the bank.
8 Q And he was a member of the Executive Committee as
9 well; is that right?
10 A Yes. Yes.
11 Q Did Mr. Saraceno solicit you for a contribution
12 to Alexander Haig's campaign?
13 A He asked us -- he asked me to make a
14 contribution.
15 Q Did you attend a fund raising event in connection
16 with that?
17 A With my contribution?
18 Q Yes.
19 A I went to one time. I don't know if it had
20 anything to do with that or not.
21 Q Did you ever meet the candidate?
22 A At that one time, yeah. I don't recall what it
23 was right now.
24 Q Well, did there come a time that the Haig for
25 President Committee sought a loan from Olympic Bank?

9 5 0 4 3 6 4 2 8 0 0

A Through Dom, yeah.

Q And how did that happen?

A He requested, said he was National Chair Treasurer and requested a line.

Q And when was that?

A November or sometime in the fall of -- I'm not sure, '87?

Q I've just put on the table here to help you out a calendar of 1987 and 1988, of course, was the election year with the primaries taking place in the early part of the year and I wonder if that and the calendars help refresh your recollection about when this first came up.

A Sometime in the fall of '87.

Q Well, was it after you had made a contribution to the Haig campaign or before you made a contribution?

A I don't remember. I just don't remember which --

Q Was it after you attended a fund raiser or before you attended a fund raiser?

A I'm not even sure. If that was a fund raiser for -- I just don't know if that was a social event or -- it must have been a fund raiser but I don't know, I don't recall. I just don't remember the time -- the time frame. I just don't remember. I don't remember when we -- we discussed it and when I made a contribution.

Q Well, perhaps I can -- I can rephrase that. When

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1 the subject first came up about the Haig Committee's request
2 for a loan.
3 A Mm-hmm.
4 Q Was that the first that you had heard about the
5 Haig Committee from Mr. Saraceno?
6 A Yes. Oh, he may have mentioned something before.
7 You know, I'm not trying to -- I just don't know. He may
8 have said he was going to be appointed Treasurer, I mean, I
9 don't know when that all happened, and then may have later on
10 come in and---
11 Q That doesn't help job your memory?
12 A No.
13 Q Well, please tell me as precisely as you can
14 remember how the request originated.
15 A Okay, the best -- the best I can recall is that
16 we were discussing it. Dom spoke to me about it, said he was
17 going to be National Chairman, that---
18 MR. HUGHES: Chairman or Treasurer?
19 THE WITNESS: I'm sorry, the National Treasurer,
20 I believe. It may have been local; I think he said national.
21 And that probably look for a line of credit. Haig was
22 obviously recognizable and credible guy and -- and that's how
23 we left it. You know -- I don't when about that time frame
24 was other than about the fall of that year. I don't know
25 when Dom was made -- you might know when he was made

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1 treasurer.

2 Q Earlier.

3 A Oh, earlier. Okay. I mean I just don't recall,

4 okay? I'm sure he told us all before that he was -- you

5 know, he thought that was a nice thing.

6 Q Well, why did Mr. Saraceno tell you the Haig

7 Committee wanted a line of credit?

8 A Why did he tell me?

9 Q Let me rephrase that.

10 A Okay.

11 Q What reason did he give you for their need for a

12 line of credit?

13 A That they were -- that the committee was looking

14 for funds to -- for the campaign.

15 Q For any---

16 A Finance the campaign.

17 Q For any particular expenses that they---

18 A I don't know. They didn't mention any particular

19 ones. They didn't have to. But --

20 Q Well, did this discussion take place at a meeting

21 of any kind?

22 A When you say meeting what do you mean? Me and

23 Dom or somebody?

24 Q Was anybody else there?

25 A I don't remember when that discussion took place.

9 5 0 4 3 6 4 2 8 0 3

1 You know.

2 Q Was it a casual conversation?

3 A I don't recall. I mean, I just -- I don't

4 recall.

5 Q Did you write anything down? Did you take notes?

6 A No.

7 Q How often was Mr. Saraceno at the bank?

8 A Well, he was there once a week.

9 Q He was there once a week?

10 A Mm-hmm. With the exception of the fourth week.

11 He was on the Executive Committee. We met the first Mon --

12 Tuesdays unless he missed a meeting, but you know --

13 Q The Executive Committee met twice a month and the

14 Board met once a month.

15 A Once a month.

16 Q So three weeks out of the month---

17 A Three weeks out of the month---

18 Q ---he was in there in the bank.

19 A That's right, once every week, right.

20 Q And this conversation took place on an occasion

21 when he was at the bank?

22 A I believe so.

23 Q What did you understand was going to happen next?

24 MR. HUGHES: Do you understand that question?

25 THE WITNESS: Well, no. I mean, what did I

9 5 0 4 3 6 4 2 8 0 4

1 understand -- what do you mean?

2 Q As a consequence of your conversation was anybody

3 going to do anything?

4 A Well, they'd be opening an account, some things

5 of that nature with the bank. Is that what you mean?

6 Q Well, let me back up a little bit. Mr. Saraceno

7 told you that the Haig Committee wanted a line of credit.

8 A Well, I -- again, you asked me. I don't remember

9 the conversation per se but I know we were going to open the

10 accounts in the bank. I don't know whether he mentioned it

11 at the time or not. I -- you know --

12 Q I'm not sure I understand.

13 A When Dom was treasurer of the -- or named

14 treasurer of the corporation we probably talked about

15 maintaining the accounts with the bank.

16 Q Up to that point the Haig campaign had not used

17 Olympic Bank as a depository; is that right?

18 A No, I don't know where they were depositing.

19 Q So, please tell me again what you think this

20 conversation might have involved?

21 A I'm just saying that we probably talked about it

22 ad said, you know, can we get the, you know -- are you going

23 to open your accounts with us? If you're going to open

24 accounts anyway. So, maybe Dom said he was going to open the

25 accounts with us. So, this was fine.

9 5 0 4 3 6 4 2 8 0 5

1 Q Now was that the same conversation where the
2 question of a loan came up or a different conversation?
3 A I doubt it. You know, I don't -- you'd asked me
4 about a question a number of years ago and I don't recall
5 when the conversation came up. We had a conversation on it
6 and -- I just don't recall. It wasn't like something at that
7 time that was going to be immediate or anything, you know.
8 Q But you have a recollection that the two subjects
9 were related somehow?
10 A What's that?
11 Q That they were going to open accounts and that
12 they wanted a line of credit?
13 A I don't know if it was -- it was -- if I were
14 going to do a line of credit I'd want an account with the
15 bank.
16 Q Why is that?
17 A Well, I think it's good business. You know, you
18 don't want people depositing in another bank if you're going
19 to do a line of credit.
20 Q Mm-hmm.
21 So then you think the subject came up?
22 A It could have come up in the context of the whole
23 thing. I don't recall.
24 Q Did you approve the line of credit orally to
25 Mr. Saraceno in that conversation?

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A I don't remember. You're asking about a conversation -- I just don't remember the conversation on it, you know, but I'm sure we talked about it but, you know, I don't remember. I mean --

Q Well, did you have an understand that after the conversation they were going to get -- get the line of credit? That it was going to go forward?

A I don't remember.

Q Did you think that you were going to do something about it? Did you think that he was going to do something about it? Did you have an understanding that anyone was going to do something about it?

A Well, if -- you know, I'm trying to remember that conversation a number of years ago. I would probably have said---

MR. HUGHES: Wait a second now.

THE WITNESS: Okay.

MR. HUGHES: Do you remember what happened or not?

THE WITNESS: No, I don't recall. I mean, you know, I guess I shouldn't be saying I'm guess. I don't remember how that all took place, okay?

Q Well, what can you remember?

A I can remember that the Committee opened an account in the bank. I don't know what time -- time frame

9 5 0 4 3 8 4 2 8 0 7

1 that was but they opened an account in the bank and I can
2 remember granting a request for a loan.
3 Now, I don't recall the time frame it all took
4 place.
5 Q Did Mr. Saraceno or the Haig Committee ever
6 submit a written request for the line of credit?
7 A I don't believe so. I think it would be in the
8 documents there, though.
9 Q Well, do you have a -- what -- do you have a
10 memory about it one way or another?
11 A I don't.
12 Q So, as far as you can tell it they might have
13 submitted a written request. I mean you don't -- you don't
14 know; is that right?
15 A I don't know, I---
16 Q Okay.
17 A I don't.
18 MR. HUGHES: We're making a distinction between
19 not remembering and not knowing; right?
20 MR. BERNSTEIN: You're right Mr. Hughes, and
21 that's a -- that's a fair point.
22 Q You don't recall one way or another whether there
23 was written application or not.
24 A Oh, there was -- I never received a written
25 application.

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1 Q You didn't receive one.
2 (No response.)
3 Q All I'm trying to do is to probe your -- your
4 memory. And what you told me now is that you remember having
5 a conversation with Mr. Saraceno where the subject came up.
6 A Haig.
7 Q Right.
8 A Yeah. Let's see. It never had a written
9 request. It never had a written request.
10 Q Did you ever approve the line of credit in
11 writing?
12 A Writing to -- to who?
13 Q To anybody?
14 A To the Loan Department.
15 Q You have a memory of that?
16 A Yup.
17 Q What do you remember about that?
18 A I remember Dom meeting and talking about the line
19 and I notified the Loan Department.
20 Q Now, the meeting and talking about the line that
21 you just recounted, is that a different conversation than the
22 ones we've been talking about or is it all part of the same?
23 A It may be all part of the same, at the same time.
24 You know, I can't tell you with any clarity just --
25 Q Well, do you remember sitting down to write up

9 5 0 4 3 6 4 2 8 0 9

1 the loan right after talking to him? Do you remember that?
2 A I don't remember. I just don't remember.
3 Q What understanding did you have at the time you
4 approved the loan about how it would be paid back?
5 A Well, it was going to be paid back through
6 campaign contributions.
7 Q Campaign contributions from individuals? That
8 individuals made to the Haig campaign?
9 A However -- anywhere, I guess, in the country that
10 they'd get contribution and then it would be matching funds,
11 or whatever, and then they'd run parties and they'd pay back
12 the loans.
13 Q Was this the first loan to a political candidate
14 that Olympic International Bank had made, to your knowledge?
15 A I believe it was.
16 Q Had you been involved in any loans to political
17 candidates in your previous years of banking experience?
18 That is before you came to Olympic Bank?
19 A I don't believe I had -- I was. I don't believe
20 I did.
21 Q Were there any particular aspects of this loan
22 request that concerned you at all?
23 A No.
24 Q What gave you confidence that the loan would be
25 repaid?

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1 A Well, when the committee applied for the loan I
2 had a lot of confidence of the individuals. It was unsecured
3 loan so the character and I felt that Haig and the committee
4 would make sure -- and Dom, credible people, would make sure
5 that we got paid back.
6 Q Did you have an understanding at the time about
7 whether the personal wealth of Mr. Saraceno or of Alexander
8 Haig could be used to retire the loan?
9 A No.
10 Q Did you have an understanding about that
11 question?
12 MR. HUGHES: Do you understand what he's saying?
13 THE WITNESS: No, I'm sorry.
14 Q Could Mr. Saraceno have paid back this loan from
15 his personal resources?
16 MR. HUGHES: Did you know whether he could or
17 not?
18 THE WITNESS: No. I mean --
19 Q Your understanding was that he could not do that.
20 A Oh.
21 Q Is that right?
22 A I mean, he can do anything but, I mean, that --
23 but, no, it was coming from the campaign. Is that what you
24 mean? The committee was going to pay it back.
25 Q I guess what I'm trying to get at is that you

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1 were pointing to the substance of the individuals involved.
2 Mr. Haig and Mr. Saraceno. And what I was trying to probe is
3 whether you thought that their personal resources would be
4 available---
5 A Oh, no, no---
6 Q To retire the loan.
7 A They were, as far as -- one was the fellow
8 running and the other fellow was the National -- who I knew
9 very well and I felt the were both credible people, to make
10 sure that that line isn't abused and would be paid back out
11 of the committee. That's what I meant.
12 Q Well, when you grant loans do you also, in
13 addition to looking at the -- at the integrity of the
14 customers, do you also measure the capacity of them to pay
15 back loans?
16 A You always measure the capacity of anyone but if
17 you're talking about secured or unsecured, unsecured is based
18 on character, okay? And secured lines you're talking the
19 secured and you're taking the security so you apt to not
20 worry about the individuals.
21 Q Did the Executive Committee ever discuss the Haig
22 Committee's request for a line of credit?
23 A Yes.
24 Q And when was that?
25 A In -- let me say in November of '87. I think

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that's the right --

Q What took place at that meeting?

A We had discussion on the candidacy of Mr. Haig and set up a line of credit to be used for funding the campaign.

Q Well, when this Executive Committee meeting too place with the discussion that you just recounted had a decision already been made to give them the loan?

A Yes.

Q And when had the decision been made?

A Well, it might have been that time or whatever but I had made the decision. I'm -- I'm not sure about the time frame.

Q Was it at the meeting?

A I just don't recall whether it was at the meeting or not. I just don't recall.

Q Why was it discussed at Executive Committee meeting?

A Well, I thought for information purposes that the people should know. You know, that I approved a loan and I thought it was important that the Executive Committee to know that. It didn't have to be.

Q Why did you think it was important for them to know it?

A Well, I think it -- you know, you're talking

9 5 0 4 3 6 4 2 8 1 3

about somebody running for the President of the United States. That's not some everyday occurrence, you know? And, you know, I thought it was -- it was a good situation for the bank. Maybe talk about us a little bit or something, you know? I don't know, but --

Q Good publicity, maybe?

A You know, it was all kinds of things, you know, like that, you know. I didn't think necessarily about publicity but if it came it would be good.

Q Did you then initiate the discussion of this at the Executive Committee meeting?

A I really don't know who initiated it. I put it on an agenda at one time to discuss the Haig situation. I thought it would be important. I mean --

Q Was that your idea to put it on the agenda or somebody else's?

A It was probably mine. I mean, I -- my idea.

Q Well, for you to be aware of it to put it on the agenda it now seems clear that whatever discussion you had with Dom Saraceno took place before that. Is that a reasonable---

A Yeah. I would say must have talked, you know, about it but, you know, I -- I just don't recall.

Q And you're not sure if you approved it then or -- or if -- or if you approved it at the Executive Committee

9 5 0 4 3 6 4 2 8 1 4

meeting?

A Right.

Q I'm not trying to put words in your mouth, I'm just trying to---

A No, I understand, I understand, and I'm trying, you know -- I'm trying to give you the chronological -- I don't remember the -- a lot of times people ask you what do you think or something, you know, and I just don't know when that time frame was.

Q Did Dom Saraceno ask you to put it on the -- put it on an Executive Committee meeting agenda?

A I don't think so. I think I did that for, as I said, information purposes.

Q Was there any kind of vote on the issue at that meeting?

A Not to my knowledge.

MR. HUGHES: Do you remember one way or the other?

THE WITNESS: I -- no, I don't remember. I don't think we had a vote, though. I don't remember.

Q Well, do you not remember or do you not think there was a vote?

A I just don't remember. I don't remember what the -- and, I mean, everybody had their chance to say something, I mean. I don't remember.

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Q Was it a long discussion?

MR. HUGHES: Well, long is kind of relevant. Do you remember how long it took?

THE WITNESS: No, I don't. I don't remember how long it took. I know there was some discussion but I don't remember how long it took.

Q How many people participated in the discussion?

A Whoever was at the committee, I assume. Whatever was there that day.

Q Do you think everybody -- everybody discussed it?

MR. HUGHES: Well, well---

A Well, I don't know if they discussed it or not, no.

Q Participated in the discussion is what I mean.

A Well, listened to it.

MR. HUGHES: Who talked? Do you remember how many talked?

THE WITNESS: No, no, I don't remember how many talked at all.

Q Did Mr. Saraceno say anything at the meeting?

A Oh, I'm sure he did.

Q What do you remember him saying?

A I -- you know, I don't remember. It's four years ago I don't, you know -- I'm sure he talked about the background and---

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1 MR. HUGHES: Wait. Wait a second, now. Do you
2 remember what he said or--
3 THE WITNESS: I don't recall.
4 Q Well, I'm trying to, you know, to prod your
5 memory a little bit to try to refresh your recollection
6 because you've said that this was an unusual enough loan that
7 you wanted to bring it to the attention of the Executive
8 Committee and -- and is there any other way that I could help
9 refresh your recollection about what went on?
10 A I don't think so. I mean --
11 MR. HUGHES: I got an idea. You got the same
12 one.
13 THE WITNESS: Oh.
14 MR. HUGHES: Wait a second, now.
15 MR. BERNSTEIN: Mark that number one.
16 (A document was marked for
17 identification as Exhibit
18 no. 1.)
19 MR. BERNSTEIN: Off the record for a minute.
20 (Off the record.)
21 Q I'm handing you an exhibit which is Exhibit no. 1
22 which is a two page exhibit and the front page is an
23 attendance sheet which on the top says Thursday, November 12,
24 1987 Executive Committee meeting. And on the second page is
25 Executive Committee Meeting, November 12, 1987 agenda. And

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1 I'd ask you to -- to look over this document, please.
2 (Pause for perusal of document.)
3 A Mm-hmm.
4 Q Do these two documents relate to the Executive
5 Committee meeting that we've just been discussing?
6 A Yes.
7 Q And can you please look at page two of the
8 document and tell me if that's a familiar piece of paper to
9 you.
10 A It is.
11 Q Is this particular piece of paper familiar to
12 you?
13 A Yeah. Yes.
14 Q Who prepared this agenda for the Executive
15 Committee meeting?
16 A Again, I probably gave it to Sue and she probably
17 typed it.
18 Q So, looking at this, Susan Fraser came to -- to
19 include this what is denominated Item One, "Discuss and
20 approve the request of Haig for President for line of
21 credit."
22 A Mm-hmm.
23 Q She included this at your initiation?
24 A Probably, yeah.
25 Q And, again, this took place after you had had a

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1 discussion with Mr. Saraceno about the line of credit.
2 A Must have.
3 Q Do you know where you got the amount from? The
4 amount says in the amount of $175,000.
5 A Yeah. Sue probably got that.
6 Q Well, where would she have gotten it from?
7 A Probably, you know, from an amount that I may
8 have already had given to Mr. Haig. I don't know---
9 MR. HUGHES: To the---
10 THE WITNESS: To the Committee for Haig. For
11 Haig for President.
12 Q Could you elaborate on that?
13 A Yeah. It's not unusual for us to, if I've
14 granted a loan, to -- the money that -- the only loan that
15 you have is the money that's outstanding. For her to take
16 down what was outstanding at that particular time. I'd have
17 to go back and look at the loan documents and see if that be
18 the case.
19 Q You're suggesting that where it says, "Discuss
20 and approve the request of Haig for President for a line of
21 credit in the amount of $175,000" that that might have
22 represented amounts that had already been disbursed on the
23 loan?
24 A Possibly. I'd have to take a look at the
25 documents.

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1 Q Well, how would she have found that out?
2 A Well, because we get the listing.
3 Q What listing is that?
4 A You know, either at the end of the month or she
5 can call the Loan Department.
6 Q Did you give her this precise wording?
7 A Not usually. I just say I want to discuss a loan
8 for whoever and then she usually fills in the rest, you know.
9 I can give her the wording, I can not, but that's usually --
10 that looks like something that we -- we just put down on a --
11 for discussion purposes.
12 Q Well, do you have a recollection of having a
13 different amount in mind based on your earlier discussion
14 with Mr. Saraceno?
15 MR. HUGHES: For what, the loan or the
16 disbursement?
17 MR. BERNSTEIN: The loan.
18 (Pause.)
19 MR. HUGHES: Do you understand what he's saying?
20 THE WITNESS: Yeah, he wants the -- I don't
21 recall the conversation I had with Dom.
22 MR. HUGHES: With respect to the amount of the
23 loan. Is that the number that he used with respect to the
24 amount of the loan or the disbursement or both of them?
25 THE WITNESS: This was the -- this was probably

9 5 0 4 3 6 4 2 8 2 0

1 the disbursement. The loan was probably much -- much higher
2 than that.
3 Q Well, what's your recollection---
4 A Not the loan. I shouldn't say the loan. The
5 request. It only becomes a loan when they draw it down.
6 Q Right. what was the request?
7 A Three hundred -- three hundred and -- $375,000, I
8 believe. Do you have the loan there?
9 Q Now, you've told us that -- that you -- strike
10 that.
11 This agenda item recites, "Discuss and approve
12 the request of Haig for President for a line of credit in the
13 amount of $175,000." Did the Executive Committee, on
14 November 12, 1987, discuss and approve the loan?
15 A I don't recall. You know, as I said, I put this
16 on for information purposes. I don't recall what their --
17 because I had approval so --
18 MR. HUGHES: Well, did thy discuss it?
19 THE WITNESS: Both. I'm sure it was discussed
20 because that's what it says but we use that terminology,
21 discussed---
22 MR. HUGHES: Forget -- forget -- just listen to
23 his question, okay?
24 THE WITNESS: Okay.
25 MR. HUGHES: Don't read the document, just listen

9 5 0 4 3 6 4 2 8 2 1

1 to what he's asking you.

2 THE WITNESS: Okay.

3 MR. BERNSTEIN: Well, I'm actually asking him to

4 look at the document.

5 MR. HUGHES: Okay. Well, you asked him did they

6 discuss and approve it, okay? So, forgetting this, do you

7 have a memory of discuss -- of the Executive Committee

8 discussing it and approving it?

9 THE WITNESS: Yeah. I don't recall what the

10 whole conversation was at that time. I'm sure we discussed

11 it but --

12 MR. HUGHES: Okay. And do you remember if anyone

13 said, "Don't give it to him"?

14 THE WITNESS: No.

15 MR. HUGHES: Okay.

16 Q Do you remember if you said, "I'm approving it"?

17 A I don't recall.

18 Q If your intent was for this to be discussed

19 informationally do you have any idea why the agenda, that

20 Susan Fraser would have prepared at your initiation, says

21 "Discuss and approve"?

22 A Because it's something that we use all the time.

23 When we go to the Board.

24 Q Do you mean that's sort of a phrase?

25 (No response.)

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1 MR. HUGHES: Answer him.

2 A Yes.

3 Q But it doesn't mean they were going to approve

4 it?

5 A No.

6 MR. BERNSTEIN: What's a lawyer to do?

7 MR. HUGHES: Well, that's why, you know, my

8 clients -- that's why lawyers tell clients that lawyers

9 should do minutes.

10 Q Did you take any notes at the Executive Committee

11 meeting on November 12th where the request of Haig for

12 President for a line of credit was discussed?

13 A No.

14 Q Are you certain of that?

15 A Mm-hmm.

16 Q Do you, as a practice, not take notes at

17 Executive Committee meetings?

18 A Right.

19 Q Is there anyone at Executive Committee meetings

20 who as a practice does take notes?

21 A No. Not to my knowledge.

22 Q You've already told us that Susan Fraser does not

23 attend these meetings; right?

24 A That's correct.

25 Q So then it seems that nobody takes notes about

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1 what happens at these meetings.
2 A Right.
3 Q Let me ask you finally, if it turns out that at
4 the time this agenda was prepared --
5 A Mm-hmm.
6 Q That there had not been disbursed on the request
7 for a line of credit $175,000, where then might that figure
8 have come from?
9 A If we hadn't discussed it at all?
10 MR. HUGHES: Not, if you hadn't disbursed 175-
11 yet.
12 Q Are you positive that she got that figure from an
13 amount that had already been disbursed?
14 A I think so. I mean --
15 Q If not where else could the number have come up?
16 A I could have given it to her. You know, I don't
17 recall how that number got there.
18 Q Well, is it -- I mean, it -- did you have an
19 understanding at one time that the amount requested was
20 $175,000?
21 A I don't---
22 Q The line of credit amount requested was $175,000?
23 A No, I don't recall that figure.
24 Q Could it have been a lower figure?
25 A No, it couldn't have been a lower figure.

9 5 0 4 3 6 4 2 8 2 4

MR. BERNSTEIN: Off the record.

(Off the record.)

Q Any more that you can tell us on looking at that agenda some more?

MR. HUGHES: Or that you remember generally?

A I don't recall.

MR. BERNSTEIN: Number 2.

(A document was marked for identification as Exhibit no. 2.)

Q I'm handing you Exhibit no. 2 which is a one page document purporting to be a promissory note of Olympic International Bank and Trust Company and I ask you to -- to review it, please.

A Mm-hmm.

(Pause for perusal of document.)

Q Do you recognize this document?

A This particular -- I mean, this is a typical note on the bank. Is that what you mean?

Q Well, I guess we'll start with that. Is this a typical note -- form note that Olympic Bank uses?

A It's a form note, yeah. One of seven or eight, I guess.

Q Do I understand you to mean there are seven or eight different form promissory notes that Olympic Bank uses?

9 5 0 4 3 6 4 2 8 2 5

1 A Well, you know, installment, secured, unsecured,
2 you know, things of that nature.
3 Q Is there a form note for unsecured loan?
4 Unsecured note?
5 A Yes, we have one for --
6 Q Do you notice the date on this note?
7 A Yes.
8 Q Now, the note reflects that it was signed on
9 November 13, 1987.
10 A Mm-hmm.
11 Q And the Executive Committee meeting took place on
12 November 12, 1987. You had earlier posited that when that
13 agenda was prepared $175,000 had already been disbursed on
14 the loan but since the note was dated the next day do I -- do
15 you still think that's possible?
16 A I don't know. Without me seeing the loan
17 transaction I'm not sure what -- what the disbursement date
18 was.
19 Q Well, you wouldn't normally disburse funds on a
20 loan before a note was signed, would you?
21 A Shouldn't but anything can happen. I mean, I
22 might have told the Loan Department we're going to fund the
23 -- the loan, excuse me, and I did it. I mean, I would hope
24 that it wasn't that way but --
25 Q After the Executive Committee meeting where the

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1 loan was discussed did you do anything in connection with
2 that Haig request?
3 A Afterwards? You mean --
4 Q Yes. After the Executive Committee meeting.
5 A That day or anytime? Or what do you mean?
6 Q Well, assuming that you did -- what's the next
7 thing you did after that meeting?
8 A I don't recall.
9 Q Well, did you do anything that day or the next
10 day?
11 A Regarding Haig?
12 Q Yes.
13 A For President? I don't remember.
14 Q Did you leave the meeting with an understanding
15 that you needed to give direction to somebody to do
16 something?
17 A No, I don't think so.
18 Q Well, how did this promissory note come to be
19 prepared?
20 A I probably called the Loan Department and told
21 them to get it ready.
22 Q So that's what you might have done?
23 A Yes.
24 Q Who prepared this note?
25 A Whoever was handling -- I can't tell. Whoever

9 5 0 4 3 6 4 2 8 2 7

1 was in the Loan Department at that particular time.
2 Q Well, do you know who in the Loan Department
3 worked on the Haig loan?
4 A And this note here? Are you talking about this
5 note or anytime? I don't know who---
6 Q Well, I'm trying to get you to this note but I'm
7 asking---
8 A Okay.
9 Q ---a general question.
10 A All right. I don't know who would have handled
11 it. They would have handled it as it came up.
12 Q Now, the -- the note amount is $375,000.
13 A Mm-hmm.
14 Q Rather than $175,000. So this -- the amount
15 that's in the note is consistent with your recollection of
16 what the amount was?
17 A Yes.
18 Q Ws the Haig for President Committee line of
19 credit a secured loan?
20 A No.
21 Q Do you know why the note used is a secured note?
22 A Well, the only reason I can think is when I went
23 up to the Loan Department this maybe gave them the right to
24 offset against the account. We don't have this kind of
25 situation on the unsecured notes. We have put in something

9 5 0 4 3 6 4 2 8 2 8

1 like matching funds from the committee, you know? So they
2 must have felt they had to use that note but -- but it should
3 have been on a secured note.
4 Q Well, I guess let me ask you the next question.
5 The note recites, "There has been deposited with Bank as
6 collateral security for payment the following property, viz,
7 matching funds from the Federal Election Commission." Had
8 there been deposited with Olympic Bank on November 13, 1987
9 matching funds from the Federal Election Commission?
10 A I don't know.
11 Q Now, is this a -- do you not know or do you not
12 remember?
13 A No, I don't know. I don't --
14 Q Do you notice that the term on the note is
15 11 months?
16 A Mm-hmm.
17 Q It's in the upper left? Who decided on that as
18 the term for this line of credit?
19 A I don't know. I mean, I usually write it on my
20 write-up.
21 Q On the write-up you would usually include what---
22 A No, I'd call up and tell them.
23 Q What the duration of it would -- should be or
24 would be?
25 (No verbal response.)

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1 Q Do you have a recollection about whether your
2 direction was for it to be 11 months?
3 A I don't remember.
4 Q Do you recall -- let me back up. This note has a
5 term of 11 months meaning that the committee was not
6 obligated to make any payments on it until the due date; is
7 that right?
8 A No, I don't believe so. I think if they drew
9 down they probably had to pay interest every month. I'd have
10 to read the note, I mean --
11 Q Why would they have to pay interest every month
12 A On the drawdown? They could either pay interest
13 or we could take it out of the line. But, you know, I didn't
14 -- I don't know what this note says.
15 Q Well, if the contemplation was that interests
16 payments would be made monthly where would that be -- where
17 would -- would that usually be stated in the note itself?
18 A Well, this is a secured note. It was an
19 unsecured note. It was an unsecured loan so, I mean, the
20 note isn't accurate but -- I haven't read this note so I --
21 it's supposed to be paid monthly or not.
22 Q Well, I -- to save your lawyer from objecting
23 that the document speaks for itself, I read the note and I
24 don't see any -- an indication in there that monthly interest
25 payments would be made and I was really inquiring what the

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1 basis was for your recollection that monthly interest
2 payments would be made.
3 A Well, if you use an unsecured loan as a rule you
4 get monthly payments based on the outstanding balance. The
5 bill will go out on a monthly---
6 Q Why not quarterly or annually?
7 A Well, it usually says it on the thing, quarterly,
8 all right, you know?
9 MR. HUGHES: Whatever the term is.
10 THE WITNESS: Whatever the term is, yeah, on the
11 note.
12 Q I'm sorry, I don't understand. If the term is---
13 A Well, if the term says if the person's going to
14 pay quarterly then it's quarterly. If it says it's going to
15 pay monthly they pay monthly. If it says annually at the end
16 of the term, at the end of the term. They could have used
17 this that way.
18 Q So if the term is 11 months then the interest
19 would be paid at the end of 11 months.
20 A Well, unless they were billing them on a monthly
21 basis. Again, I said I haven't read the note. I don't know
22 how it was set up.
23 Q Now, the signature at the bottom of the note
24 purports to be that of Domenic Saraceno and it says, "Domenic
25 Saraceno, Treasurer." Do you know why Mr. Saraceno signed

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1 the note?

2 A Because he's the treasurer of -- of the

3 committee. Haig for President.

4 Q So, he was authorized to obligate the committee?

5 A I believe so.

6 Q But that was the assumption.

7 (No response.)

8 MR. HUGHES: Say yes, Bill.

9 THE WITNESS: Yes.

10 Q Well, we now know that there was an Executive

11 Committee meeting where the loan was discussed on the 12th of

12 November and that a note was signed on the 13th of November

13 for a line of credit for $375,000. What happened next?

14 A Went to the Loan Department. What would

15 typically happen next? Is that what you mean?

16 MR. HUGHES: No, what happened next this time?

17 Q What happened next in this loan?

18 MR. HUGHES: If you remember.

19 A It went to the Loan Department. I didn't see it

20 since then, you know.

21 Q So, what involvement would you typically have in

22 a loan once you had given instruction to the Loan Department

23 to draw up the note?

24 A Very little.

25 Q Well, what occasion would you have for any

9 5 0 4 3 6 4 2 8 3 2

involvement?

A Delinquency.

Q So, in the ordinary case you would hear nothing about loan unless it -- something happened.

A Unless it was -- yeah, right.

Q Do you know when the first advance on the line of credit was made?

A I don't recall. I'd either have to look at the --

Q Well, in the Executive Committee meeting discussions.

A Mm-hmm.

Q Or in the previous discussions that you'd had with Mr. Saraceno, did you have an understanding that the Haig Committee needed the money quickly?

A I don't recall.

Q Don't have any memory about that?

A No.

(A document was marked for identification as Exhibit no. 3.)

MR. BERNSTEIN: I'm handing you a one page exhibit which is marked Exhibit no. 3 and I ask you to look at it. It's one page and it has handwritten notes indicating at the top --

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(Pause for perusal of document.)

Q Have you had a chance to look at this document?

A Yes.

Q Is it familiar to you?

A I've seen it before.

Q When have you seen it?

A When I was looking through, you know, stuff you sent over to me.

Q When was that?

A Today. Yesterday.

Q This is back to the beginning. In preparation for the deposition? Is that what you're referring to?

A Oh, oh, right.

Q Had you seen this document before then?

A No.

Q Are you certain of that?

A I don't recall seeing it.

Q Do you recognize the handwriting? Any of the handwriting that appears on this document?

(No response.)

Q Let me back up a little bit. You were aware that this document was part of the loan file that was produced by Olympic Bank in response to the Commission's subpoena.

A Right. Yeah.

MR. HUGHES: It was part of the file. I don't

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1 know if it came from the loan file or some other place but it
2 came from the bank.
3 THE WITNESS: Yeah.
4 MR. BERNSTEIN: That's all I wanted to establish.
5 THE WITNESS: No, I don't -- I'm not sure who did
6 this.
7 Q Please look at it carefully and confirm to me, if
8 you can, that -- that none of the handwriting on this page is
9 yours.
10 A It isn't.
11 Q You don't know whose it is?
12 A I'm not sure whose this is, no.
13 Q In content is it the sort of information that
14 would be recorded by someone in the Loan Department?
15 A What do you mean in content? What do you mean?
16 Q The information that's contained in it.
17 A I don't think I've ever seen anything like this
18 before.
19 (A document was marked for
20 identification as Exhibit
21 no. 4.)
22 Q Mr. O'Brien, I'm now handing you another document
23 which is marked Exhibit no. 4 and it's a two page document
24 which is entitled "Detailed loan history, Haig for President,
25 Inc." and there follows what seems to be an account number.

9 5 0 4 3 6 4 2 8 3 5

A Oh, okay.

Q Are you familiar with this document?

A I don't remember seeing this document.

Q Haven't seen this one before?

A I don't recall. I mean, I --

Q Well, let me put it this way, I'll have to ask you to testify from the document. Do you have any reason to doubt that in fact the first advance on the loan to the Haig for President Committee took place on November 13, 1987 in the amount of $175,000?

A No.

MR. HUGHES: There's another document you have that relates to that if you want to bring it out. It's a deposit slip.

Q How did the first advance on the line of credit come to pass, do you know?

A No.

Q Mr. O'Brien, did you at the time have any specific notion about the particular uses that these advances were going to be -- particular uses the Haig Committee was going to make of the advances?

A No.

Q Did you care?

A No.

(A document was marked for

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1 identification as Exhibit
2 no. 5.)
3 MR. BERNSTEIN: I've just handed you Government
4 Exhibit 5 which is a ten page exhibit entitled Olympic
5 International Bank and Trust Loan policy and I ask you to
6 look at it.
7 (Pause for perusal of document.)
8 Q Is this document familiar to you?
9 A Yes.
10 Q What is it?
11 A It's a loan policy.
12 Q What's the purpose of the loan policy?
13 A To state the loans, the mix on the -- and the
14 authority.
15 Q Who prepared this loan policy?
16 A I do not remember.
17 Q Do you know how long this loan policy was in
18 existence?
19 A I don't.
20 Q Who in the bank has a copy of this loan policy?
21 A I don't know.
22 Q Do you have a copy of it?
23 A Yeah, I would have a copy of it.
24 Q Who else has a copy of it?
25 A Are we talking today or then?

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Q Then.

A Then. Probably myself, probably Executive Vice -- Executive Officer but I don't know who would have a copy. I would have had a copy, Executive Vice President would have had a copy, Chamberlain would have had a copy. I don't know who else.

Q Now, the Executive Vice President of the Loan -- in the Loan Department.

A No, not necessarily, it could have been in the bank, for the records for the bank. I'm sure the people in the Loan Department have it but --

Q Did the people in the Loan Department have this policy?

A I don't know. I'm sure they had it but --

Q Mr. O'Brien, was this loan policy in fact adhered to by the lending officers in Olympic Bank in 1987 and '88?

A As far as I know it was.

Q If I can refer you to page seven of this document and paragraph two discusses the necessity of having a completed and signed loan application. Do you see that?

A Mm-hmm.

Q If I recall correctly you earlier testified that loan applications were as frequently oral as written. In practice.

A Not frequently but they could be oral, right.

9 5 0 4 3 6 4 2 8 3 8

1 Q So, do I gather, then, that at least this part of
2 the loan policy was not adhered to in practice at the bank?
3 A No, I wouldn't say that at all. I can make an
4 exception, I believe. I have the right to make a loan.
5 Q So, in every case where there was no written
6 application you were making an exception to the policy
7 requiring a written one?
8 A No, I would put in a -- probably a write-up on
9 the -- on the request.
10 Q And by a write-up you're referring to
11 documentation about your decision to make the loan.
12 A Right.
13 Q As opposed to a written application from the
14 customer in the first instance.
15 A Right.
16 Q Now, paragraph one talks about the necessity for
17 obtaining proper documentation, complete financial
18 statements, and it goes on to say no funds are to be
19 disbursed without the loan officer first approving the
20 documentation in writing. Was that requirement adhered to in
21 practice at the bank in '87 and '88?
22 A Sure.
23 Q Well, you had earlier testified that you thought
24 there were probably instances where there either was no
25 write-up or the write-up had taken place later, although you

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1 couldn't recall specific instances. Is that right?
2 A That's correct.
3 Q So, any of those instances would have been
4 contrary to the bank's loan policy expressed here.
5 MR. HUGHES: Wait a second, now.
6 A No.
7 MR. HUGHES: Wait a second. The reference in
8 here as to documentation is the documentation with respect to
9 the loan documents. It does not say that the credit review
10 has to be done before the funds are disbursed.
11 MR. BERNSTEIN: Well, what it says is, "No funds
12 are to be disbursed without the loan officer first approving
13 the documentation in writing."
14 MR. HUGHES: Yeah, that's right. And the
15 documentation -- my understanding of what that word is is the
16 documentation, meaning the loan document, which in this case
17 would be the note. It doesn't say that the -- it doesn't say
18 the documentation means the credit review.
19 MR. BERNSTEIN: Well, let me ask the question in
20 a different way to try to clarify this.
21 Q In 1987 and 1988 did you understand that the
22 bank's policy required you or someone to have this write-up
23 completed before funds were disbursed?
24 A No. I mean, I could allow a call and get the
25 funds disbursed; I could waive an application in certain

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1 instances; and the note, of course, is the documentation.
2 (A document was marked for
3 identification as Exhibit
4 no. 6.)
5 MR. BERNSTEIN: I'm handing you now a one page
6 document, Government Exhibit no. 6, which on the top says
7 "Olympic International Bank and Trust Company Credit Review"
8 and I ask that you look at that.
9 (Pause for perusal of document.)
10 Q Have you had a chance to look at this document?
11 A Yes.
12 Q And is this familiar to you?
13 A Yes.
14 Q And what is it?
15 A It's credit review.
16 Q Is this your handwriting, Mr. O'Neil?
17 A Yes, it is.
18 MR. HUGHES: It's Mr. O'Brien.
19 MR. BERNSTEIN: O'Brien.
20 Q It is your handwriting?
21 A Yes.
22 Q At what point in the process of the request
23 approval and et cetera of the Haig loan did this write-up
24 take place?
25 A It's dated the 17th of November.

9 5 0 4 3 6 4 2 8 4 1

Q I'm actually more asking not so much the date but your recollection of -- of what had happened and was still to happen when you sat down and did this.

A I approved a loan for $375,000, put it on demand at 12 percent and it was going to be used to finance the election.

Q And what do you write there next to collateral?

A Unsecured.

Q Unsecured? And could you just read -- read for us next to decision rationale?

A "Direct deposits from government."

Q And then next to comments?

A "Reference Dom Saraceno."

Q So, does this form reflect your approval of the loan to the Haig Committee?

A Yes.

Q And if you look under the amount do you notice that $150,000 is struck and $375,000 is put in its place?

A Right.

Q How did that come to pass?

A Dom requested X number of dollars. I'm looking at it, it must have been 150- and then said he'd want to increase it to 375-.

Q Well, how that under term it looks like 90 days was in there originally and it was struck and changed to

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demand.

A Right. But it should have been written on demand. It wasn't done that way but it should have been.

Q Why should it have been?

A Well, because it probably at the time should have been a demand note because who knows if you're going to get paid back in 90 days.

Q Well, what is the demand feature afford the bank that the 90 days feature wouldn't?

A It leaves the note open so you can call it in at any time.

Q Gives the bank more flexibility?

A I think so.

Q Do you remember changing the term on this line of credit from 90 days to demand? Making a decision that it ought to be demand rather than 90 days?

A I don't recall doing it but --

MR. HUGHES: Is that your handwriting?

THE WITNESS: Yes. I mean, I changed it from 90 days to---

Q This is all your handwriting?

A Yes.

Q The strikes---

A This whole thing is mine, right.

MR. BERNSTEIN: Well, we've made some progress

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here.

Q And ditto next to rate. It looks like P plus 2 is struck and 12 written in its place. What can you tell us about that?

A Well, demand loans I write as one percent a month or 12 percent annually, as a rule.

Q Why is that?

A Well, because people understand that. It's easier to say to them, you know, you're 12 percent -- excuse me -- and it's one percent a month and you have the option on a demand note to change it if you want and Prime plus two floats and it's easier to tie in something to a demand fixed rate.

Q So you viewed this as, in essence, a consistent changed?

MR. HUGHES: You mean demand and fixed rate go together?

MR. BERNSTEIN: Yes.

A Usually I like to do that.

Q What I'm trying to get at is the reason why you change the rate is because you changed the term.

A No, it was probably -- it was probably 12 percent at the time anyways, let's assume the Prime was 10.

MR. HUGHES: No, he's saying the reason why you put it as a fixed at 12 was because you changed the term from

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90 days to demand.

THE WITNESS: Oh, right. Okay.

Q That's what prompted you to change the rate?

A Yeah.

Q At the time did you know if 12 percent was more or less than P plus 2? Prime plus two?

A I don't. I don't remember. I don't know, no.

MR. HUGHES: You don't know what the base Prime was in November of '87?

THE WITNESS: No. No.

MR. HUGHES: You don't remember if it was ten percent?

THE WITNESS: I don't know; I assume it was ten percent. I don't know.

Q Can you explain why if the loan was booked on the 13th, the week before, why your approval of it reflected on this is dated the 17th, several days later?

A Let me think a minute. So, I approved it, I told the Loan Department, they posted it, and I got another like, the write-up. It's probably -- I'm looking at this now, I don't know if it could have been done before or not. I'm just looking at the date on there.

Q Well, I wonder if you could -- the witness has been looking at the 1987 calendar that we had made available to him and perhaps you could explain in slightly longer

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1 fashion what it was you were just saying.

2 A Okay. Your question was---

3 Q It looks from this form that you've approved the

4 loan after it's already --

5 A I wrote it up. No, I would have called the Loan

6 Department and told them to fund it, that the loan was

7 approved, and sent the write-up afterwards up, by this. I

8 don't know if this is a right or wrong date on here. It's

9 what it says.

10 Q Did you normally fill out these -- this -- these

11 write-ups all at once? Sit down and do it?

12 A No. I could do some.

13 MR. HUGHES: What do you mean? You mean once he

14 started did he finish it or did he start it and come back to

15 it?

16 MR. BERNSTEIN: Once he started -- once he

17 started --

18 Q Once you start them do you finish them, usually?

19 A Usually.

20 Q Do you remember if you did this -- doing this one

21 in one go?

22 A I don't recall.

23 (A document was marked for

24 identification as Exhibit

25 no. 7.)

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1 MR. BERNSTEIN: I'm now handing you Exhibit no. 7
2 which is another one page document. This one reads at the
3 top, "Olympic Internal Bank and Trust Company Credit Review,
4 November 17, 1987" and it's typewritten.
5 (Pause for perusal of document.)
6 Q Do you recognize this document?
7 A Yup.
8 Q What is it?
9 Q This is something that came down from the Credit
10 Department by Mr. McLaughlin for my signature.
11 Q What was the purpose of this document?
12 A To get me to sign the approval.
13 Q So, what was the significance of your signing
14 above your name on this exhibit?
15 A It was the fact that it went to the Loan
16 Department, Mr. McLaughlin typed this up and sent it down for
17 me to sign.
18 Q And what would be the purpose of your signing it?
19 A Just to show that I have the approval here.
20 Q To show that you'd approved the loan?
21 A Mm-hmm.
22 Q Now, I'm handing you back Exhibit no. 6 which is
23 a handwritten form that you signed and asking you to look at
24 both of them.
25 A Mm-hmm.

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1 Q And explain to me, if you can, what the
2 relationship is between the two of them.
3 A One is one that I wrote and one is one that Tom
4 McLaughlin typed. Or somebody in the Loan Department typed.
5 Q Well, which came first? The both have the date
6 November 17, 1987.
7 A Right. I could have called them and told them
8 that I approved this loan. He typed up the information on
9 the phone. This one here, the one that I wrote might have
10 even been an earlier date. I mean -- but, anyway, he typed
11 it up and sent it down for my signature not knowing I had
12 this coming up. He didn't have to.
13 Q You think your memos crossed in the interoffice
14 mail?
15 A That's what I would think. Not interoffice mail.
16 Q How does your -- how does your paper get from one
17 office to another in the bank?
18 A I either bring it up or my secretary will send it
19 up, you know. That's what makes me believe that this may
20 have been done earlier, the one that I wrote. But---
21 Q Let me ask you if -- if the one that you wrote
22 had been done earlier would there be any necessity for the
23 one that you say Mr. McLaughlin prepared?
24 A No, there'd be no necessity for either one of
25 them. If -- he could have taken this one, okay?

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Q Now, when you're saying "this" you're pointing to Exhibit 6.

A To Exhibit 6. And he wouldn't have to do this or---

MR. HUGHES: Which is number 7.

THE WITNESS: Oh, I'm sorry, seven. Okay? So, he didn't have to do seven.

Q So, if he had sent the typewritten one to you and you signed it there would be no need for you to fill out your own separate one.

A That's correct.

Q And, on the other hand, if you filled out your own separate one, since what's crucial is for your signature to appear on one of these---

A Right.

Q ---there would be no need for him to have sent the typewritten one up.

A Correct. Right.

Q Do you have any recollection about whether Mr. McLaughlin was incorporating information from yours in his?

A I don't know. Unless he got mine before but, you know, again, clearly the dates are the same, so --

Q Now, in Exhibit no. 7, which is the document you said Mr. McLaughlin prepared.

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A Mm-hmm.

Q Next to "Decision rationale" it reads, "Recommend approval based on overall financial strength and integrity of borrower together with concept of matching funds from Federal Election Commission."

A Mm-hmm.

Q Had the loan been approved at the time that this document was signed by Mr. McLaughlin and by you?

A Mm-hmm.

MR. HUGHES: Say yes.

THE WITNESS: Oh, yes.

Q Why would he write you a memo recommending approval if the approval had already taken place?

A Because that's just -- because that's just the kind of words that we use. I mean --

Q If you notice the Exhibit 7 under "Term" has demand, doesn't it? And then it says, "Line of credit interest paid monthly."

A Right.

Q Now, if you recall, and I'm now showing you Exhibit no. 2 which is the promissory note.

A Mm-hmm.

Q The promissory note reflects that the term was 11 months, doesn't it?

A Mm-hmm.

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Q What accounts for the inconsistency between the term in the note and the term in the write-ups?

A Well, there's obviously a mistake in the note.

Q Mr. O'Brien, did anybody in the bank get legal advice about this transaction before the loan was entered into?

A You mean regarding in how to do the transaction?

Q Yes.

A No.

Q You had earlier testified that you don't know where -- you don't know who decided or where the 11 months came from that's the duration in the note.

A I don't remember.

Q But as best as you can recall your intent was that this was going to be a demand line of credit.

A That's correct, to the best of my knowledge.

Q Which means that apparently whoever was preparing the note on the 13th didn't have the benefit of either of these two documents that are dated the 17th; right?

MR. HUGHES: That's not what it means necessarily.

MR. BERNSTEIN: Well, I'm interested in hearing the witness's explanation if there is another possibility.

THE WITNESS: Well, I don't---

MR. HUGHES: Why don't you ask him that question.

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THE WITNESS: I don't know how that all worked out.

MR. BERNSTEIN: Off the record.

(Off the record.)

MR. BERNSTEIN: Back on the record.

(A document was marked for identification as Exhibit no. 8.)

MR. BERNSTEIN: I'm handing you now Exhibit 8 which is a four page document, the face page of which is an attendance sheet that says, "December 17, 1987 Board of Directors Meeting" and the subsequent pages appear to be minutes of that meeting. And I ask you to review this document.

(Pause for perusal of document.)

Q Have you had a chance to look at it?

A Yes.

Q Do you recognize it?

A Yes.

Q Does this document refresh your recollection, Mr. O'Brien, about the December 17, 1987 Board of Directors meeting was the meeting at which the Haig loan was ratified by the Board?

A It doesn't.

(Pause.)

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1 THE WITNESS: Okay.
2 MR. HUGHES: Now does it refresh your
3 recollection?
4 THE WITNESS: Yes.
5 MR. HUGHES: Okay.
6 THE WITNESS: I didn't see that.
7 Q What discussion about the Haig loan attended this
8 vote?
9 A I don't recall.
10 Q Now, you'd testified earlier that loans were
11 usually put on the Board's agenda for ratification at the
12 next Board meeting after the approval of the loans.
13 A Mm-hmm.
14 Q And if you look at this 1987 calendar, if the
15 loan was made on the 13th of November do you know why the
16 Board didn't take up the ratification of this loan on the
17 20th of November, the third week in -- third Thursday in
18 November?
19 MR. HUGHES: Nineteenth.
20 THE WITNESS: Nineteenth.
21 MR. BERNSTEIN: Nineteenth, sorry.
22 A Because the -- it's usually the November will be
23 for October and December will be for November loans. You
24 can't -- you can't just get all the loans on for that month
25 at that time.

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1 Q So then it isn't at the next available Board
2 meeting that loans are ratified.
3 A Well, you know, I'd have to see what came down.
4 You have a list of it, I think, of the loans, but---
5 MR. HUGHES: It's on the agenda.
6 THE WITNESS: That's prepared by the Loan
7 Department when the ratification is going on. So, if -- if
8 they were cutting it off for the month before it would be on
9 the next month's.
10 Q So, does this mean you think it -- it takes the
11 Loan Department how long after a loan is made till it's sent
12 over to---
13 A Well, if it was made in -- if it was made in
14 November it would get on December. So it could probably be
15 anywhere between say two weeks and a month.
16 Q Was there any discussion about when the Board
17 would ratify this loan?
18 A No. What do you mean?
19 Q Did you have anything to do with the placement of
20 this loan on the December Board agenda?
21 A No. Nope.
22 Q Did it happen automatically?
23 A Yup.
24 Q You're certain of that?
25 A Yes. Yeah. They all do.

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1 Let me qualify that then. The list that comes
2 out, this may have been done -- yeah.
3 MR. HUGHES: No, it's not that system.
4 (Pause.)
5 (A document was marked for
6 identification as Exhibit
7 no. 9.)
8 Q To help you, Mr. O'Brien, I'm handing you
9 Government Exhibit no. 9 and this is a three page document,
10 the face page is headed "Olympic International Bank and Trust
11 New Loans Report, December 15, 1987."
12 A Mm-hmm.
13 Q And this three page document was given to us by
14 you and your counsel during the deposition today.
15 MR. HUGHES: I would note for the record that the
16 second page of this Exhibit no. 9 is entitled, "Olympic
17 International Bank and Trust Company Board of Directors
18 Meeting, December 17, 1987 Agenda" and the third page is
19 entitled "Olympic International Bank and Trust Company Board
20 of Directors meeting, October 20, 1988 agenda.
21 Q Just now, Mr. O'Brien, you were referring to a
22 list of new loans. Is this the list?
23 A Yes.
24 Q The face page of this document?
25 A Yes, it is.

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1 Q And does this -- does this help explain things at
2 all?
3 A Yes.
4 Q And how does it help?
5 A Well, it looks as though any loans made after the
6 10th of November got placed on the December list. See, if
7 you see the date there, November 10th. It looks like
8 anything from November 10th on had to go December because
9 they couldn't get it -- they can't just type it up and get it
10 ready for the Board, you know. They need some time. So they
11 must have used the 10th.
12 Q I understand.
13 A Okay?
14 Q And so if you look down the page to the Haig for
15 President loan which is dated November 13th, being after the
16 10th you posit it was put on the following month's---
17 A Following month, right.
18 Q ---Board meeting for ratification.
19 A Right.
20 Q Can I ask you while we're looking at this page,
21 Mr. O'Brien, do you notice that there are two entries on this
22 page which have stars next to the borrower's name.
23 MR. HUGHES: First page.
24 Q On the first page. Do you notice that?
25 A Yes.

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Q Do you know what the significance of those stars are?

A I know why they're on there.

MR. HUGHES: What? You don't know why?

THE WITNESS: I -- well, I know why they're on there.

MR. HUGHES: Okay.

THE WITNESS: One of these is Dom Saraceno's and the other one is Haig for President. I didn't make those stars but -- and Dom is -- was the treasurer and he owns Dedham Place Hotel.

Q Well, what is the significance of that?

A Again, I know those two stars there. The significance is probably is that those are the ones that are going to end up on the front on the -- on the agenda.

Q When you say on the front on the agenda what do you mean?

A Yeah. See, if you look at the December 17th.

Q You're referring to page two of this document?

A Page two, okay. You'll see that -- okay, 10 and 11?

Q Numbers 10 and 11? Yes.

A Right. Is with Dom Saraceno as president and then Dom Saraceno as treasurer.

Q So, what is the significance of the fact that Dom

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1 Saraceno was president and treasurer?
2 A It didn't have to be there. This comes down from
3 the Loan Department and is done by the secretary for
4 presentation.
5 Q Well, I'm still uncertain. There is a long --
6 there is a long list of -- long list of loans on this and two
7 of them are starred.
8 A Right. Evidently the -- these are to the
9 directors -- not the directors, to anything that had anything
10 to do with the director. She felt when she did the agenda
11 that that had to be listed.
12 Q Or indicated?
13 A Indicated.
14 Q It's to distinguish the director-related loans
15 from the non-director-related loans?
16 A That's correct.
17 Q So whose stars are these?
18 A Well, according to this 10 and 11 on page two,
19 okay,Dom Saraceno, President on 10. This, of course, is
20 another loan to Dedham Place. And this one he was Treasurer
21 of the Haig for President.
22 Q Right. Actually I had gotten past that to ask
23 who put the stars on -- on this. Do you know?
24 A I assume Sue did.
25 Q Susan Fraser?

9 5 0 4 3 6 4 2 8 5 8

A Yeah.

Q Let me ask you, you had earlier testified that director loans were -- were loans that were approved initially by the Board in contrast to other loans which were merely ratified by the Board after the fact.

A Mm-hmm.

Q On both Exhibit no. 9 and Exhibit no. 8 the Dom Saraceno related loans, it doesn't read approved it reads "Ratified previously approved." Do you see what I'm referring to?

A I do, I do. I assume the first one was a rewrite again. I guess I shouldn't -- and the second one to Tom Saraceno didn't belong -- didn't have to be on there. I can only---

Q When you say the first and the second would you---

A Okay, I'm sorry. The one for Dedham Place, okay?

Q That's number 10?

A Well, I'm looking at the wrong one, okay. On 10.

MR. HUGHES: It's over here.

THE WITNESS: Okay.

MR. HUGHES: Exhibit 9.

Q You were looking at page two of Exhibit 8?

A Yeah.

Q For page two of Exhibit 9 numbered 10?

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1 A Okay, ten. Ten had to be on there because that's
2 an interest of Dom Saraceno, okay? Eleven didn't have to be
3 on there but she evidently felt it should be on there.
4 MR. HUGHES: What do you mean should be? With
5 the stars? THE WITNESS: Yeah, evidently
6 she was taking that off.
7 MR. HUGHES: Okay.
8 Q So, I think you had started down an explanation
9 but I'm not sure that I got all of it. If we only look at
10 number 10 which is ratify, this is a million dollar line of
11 credit.
12 A Right.
13 Q The Dedham Place Hotel.
14 A Mm-hmm.
15 Q And when we look in the minutes on that page.
16 A Yeah.
17 Q We see it also that the Board voted to ratify the
18 previously approved request of Dedham Place Hotel.
19 A Mm-hmm.
20 Q If that was a director loan why was the Board --
21 why did not the Board approve the loan rather than merely
22 ratifying it -- a previously approved loan?
23 A I mean---
24 MR. HUGHES: Is that considered a director loan?
25 That one?

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1 THE WITNESS: He's not signing personally, he's
2 signing for the corporation.
3 MR. HUGHES: So what's that mean?
4 THE WITNESS: He owns the corporation.
5 MR. HUGHES: I know, but does it mean it's a
6 director loan?
7 THE WITNESS: Oh, oh, I'm sorry. What you're
8 trying to get at. Yeah, that probably didn't have to be on
9 there, okay? I'd have to take a look at it.
10 Q You think it wasn't a director loan although he
11 was the president of the corporation?
12 A He's the president of the corporation but he may
13 not be signed personally on this thing. I'd have to go back
14 and check -- go back and check, I mean, I -- this is the type
15 of language -- typical type of language that Sue would use.
16 I'm not saying this is right, okay? I'm just saying this is
17 the typical type of language that she would use. I don't
18 know what the situation was on -- on this one at this time.
19 Q Mr. O'Brien, did you consider the line of credit
20 to the Haig for President Committee to be a director loan
21 because of Mr. Saraceno's position as treasurer?
22 A No. No.
23 Q Why not?
24 A Because he had no financial interest in it. He
25 didn't own anything of it. He didn't have any financial

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interest.

Q Well, do you remember thinking about that -- that question?

A No.

Q Did he discuss that question with you about whether this should be considered a director's loan?

A No.

Q Well, and yet you have a pretty firm recollection of why it wasn't. Is that something that you discussed with anyone?

A No, because I would have probably done something different with it.

Q Back to Exhibit no. 8, the second page and it's the first page of the minutes. If you look down to the second vote it reads, "Voted to approve the list of commercial loans granted as of December 15, 1987." Do you see that?

A Mm-hmm. No, wait a minute. Yes.

Q Can you tell me what that means?

A That means that the commercial loan since the last examination -- last examination -- last directors up to December 15th, I believe.

Q Well, you're referring to Exhibit no. 9 which is in fact dated December 15th and is a list of new loans.

A Mm-hmm.

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1 Q I guess my question is what is the Board doing in
2 this vote? What's the effect of this vote?
3 A This -- which one?
4 Q To approve the list of commercial loans granted.
5 A They're approving the list of the commercial
6 loans up to December 15th that weren't voted on in November.
7 Q Are you saying that the Board is approving the
8 list of commercial loans that they are then going to
9 subsequently vote on in that meeting?
10 A No, these are loans that have already been given.
11 These are loans that have been granted, okay?
12 Q Yes.
13 A Since the last Board meeting.
14 Q Yes.
15 A And they're getting them to look at them for
16 ratification. They're not granting any loans. These loans
17 have already been given.
18 Q Do you notice that looking through the pages of
19 minutes there are a number of the entries that are in bold
20 rather than ordinary typeface.
21 MR. HUGHES: On what---
22 MR. BERNSTEIN: On Exhibit no. 8.
23 A This one here?
24 Q Yes.
25 A Yeah.

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1 Q What's the significance of that?

2 A Well, that should be pointed out because it's a

3 -- it's a direct application request for a director of the

4 bank and it should be spelled out and called to the attention

5 that it was voted that way.

6 Q So the bold is to signify director-related loans?

7 A It should---

8 MR. HUGHES: Now, wait a second. That's not what

9 he said. He said director -- a direct one to a director.

10 THE WITNESS: Yeah, a direct one to a director.

11 It should.

12 Q So, if you look down to the page two of those

13 minutes.

14 A Mm-hmm.

15 Q Which notes the ratification of the Haig for

16 President loan, that appears in bold too, doesn't it?

17 A Mm-hmm. Yes.

18 MR. HUGHES: I would note for the record that it

19 looks like to me that the votes are all in bold face and the

20 motions are the ones that are on -- that seem to be less

21 distinct.

22 MR. BERNSTEIN: Well, on the -- actually, on the

23 second page of the exhibit or the first page of the minutes

24 there appear a number of -- of votes that aren't in bold and

25 that's why I -- why I asked the question.

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1 MR. HUGHES: Well, okay. I mean, if the document
2 speaks for itself it seems there is a specific borrower
3 named. The votes for the borrowers are in bold type and the
4 language referring to the motions are in less bold type.
5 Q Well, I guess what I'd like you to do if you can,
6 Mr. O'Brien, is to -- is to look down the list of all of the
7 votes that are in bold.
8 A Mm-hmm.
9 Q And as to each tell me if it looks to you from
10 the description of the transaction whether it's a director-
11 related loan.
12 A Well, when she typed these up, okay, she felt
13 that these were director-related loans and they all are with
14 the exception of the Haig for President loan. And she typed
15 that in because she felt it was the treasurer, Dom Saraceno.
16 But as I also testified earlier, he does not have any
17 financial interest in the Haig for President and that
18 shouldn't be in there.
19 MR. HUGHES: Or at least not in bold type.
20 THE WITNESS: It didn't even have to be there
21 but --
22 Q Now, I also noticed that in every other instance
23 where there is a bold vote a note follows indicating that
24 somebody abstained from the vote.
25 A Mm-hmm.

9 5 0 4 3 6 4 2 8 6 5

1 Q And indeed in the two prior ones before the Haig
2 loan were both ones in which it recites that Domenic J.
3 Saraceno abstained from voting on the above.
4 A Mm-hmm.
5 Q Do I gather from the absence of that recital on
6 the Haig loan that Mr. Saraceno did not abstain from voting
7 on this ratification.
8 A You know, I don't know. He wouldn't have to but
9 I don't know.
10 Q Well, you don't have a memory of who abstained or
11 who didn't or anything like that, do you?
12 A No.
13 Q Did Mr. Saraceno talk about the Haig loan at this
14 Board meeting?
15 A Yes.
16 Q What did he say?
17 A I don't know. He was the treasurer. I can't
18 tell you the words that was used but he did speak about the
19 loan.
20 Q Did the Board have any documentation regarding
21 this specific loan before them when it voted to ratify --
22 ratify it?
23 A No.
24 Q You're certain about that?
25 A Mm-hmm.

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1 Q Why are you so certain?
2 A Because I approved the loan.
3 Q So, in the ordinary course when the board votes
4 to ratify they wouldn't have any specific information in
5 front of them.
6 A No.
7 MR. BERNSTEIN: Okay.
8 (A document was marked for
9 identification as Exhibit
10 no. 10.)
11 MR. BERNSTEIN: I've asked the court reporter to
12 mark Exhibit no. 10. And I'm handing it to you, Mr. O'Brien.
13 This is a three page document which at the top of the first
14 page reads, "Haig for President Projected Fund Raising" and
15 not all of it is legible, I concede. And I ask you just to
16 look through this and to tell me if you have ever seen it
17 before.
18 A No.
19 Q Are you sure?
20 A Yeah.
21 MR. HUGHES: Me either.
22 MR. BERNSTEIN: Thank you, counsellor.
23 Q Did Olympic Bank at any point get fund raising
24 projections from the Haig Campaign, to your knowledge?
25 A No, not to my knowledge.

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1 Q Could it have happened without your knowledge?
2 MR. HUGHES: Do you mean in written form or in
3 any form?
4 MR. BERNSTEIN: In written form.
5 THE WITNESS: Oh, not to my knowledge.
6 Q In terms of the monitoring, Mr. O'Brien, of this
7 particular line of credit, can you please tell me what you
8 know about how the advances worked in this particular loan?
9 A How I understand they worked, anyway, is they got
10 a call from the Haig for President Committee to advance X
11 number of dollars. That's how it would be done.
12 Q Do you know who called on behalf of the Haig
13 Committee?
14 A No.
15 Q Do you know who the Haig Committee called at the
16 bank?
17 A No.
18 Q Do you know what information was conveyed at the
19 time of these requests?
20 A I do not.
21 Q Are you certain that none of these requests were
22 in writing?
23 A No, I'm not certain. I mean, they could have
24 come in writing; they could have come over the phone.
25 Q Okay. Sorry. To your knowledge did the bank

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1 ever deny any requests for advances on this line of credit?
2 A Not to my knowledge.
3 Q Was a question ever brought to you about whether
4 an advance -- a request for an advance ought to be honored or
5 not on this line of credit?
6 A Not that I recall.
7 Q Did anyone in the Loan Department exercise a
8 credit judgment when requests for advances were made on this
9 line of credit?
10 A Not to my knowledge.
11 Q Based on how lines of credit operate would that
12 have been unusual?
13 A For?
14 Q For a credit judgment to be made for each advance
15 that was requested.
16 MR. HUGHES: Do you understand that?
17 THE WITNESS: Yeah, new credit, actually no.
18 They have a right to draw down. Is that what you mean?
19 Q Yes, that's what I mean. That's what I mean.
20 A Yeah.
21 Q Do you know when Alexander Haig withdrew from the
22 presidential nomination campaign?
23 A No.
24 Q Did anyone at the bank know when Alexander Haig
25 withdrew from the presidential campaign?

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1 A I don't know.

2 Q Was it a subject of any discussion at the bank?

3 A No, it was not.

4 Q Do you know whether advances on the line of

5 credit were made after he had withdrawn?

6 A I don't know.

7 Q Would you be surprised to find out that advances

8 -- additional advances were made after he dropped out?

9 A No.

10 Q So, as far as the bank was concerned, whether or

11 not Alexander Haig remained a candidate, an active candidate

12 in the race, didn't -- didn't impact on the viability of this

13 -- this ongoing line of credit.

14 A Well, he had a line for $375,000.

15 Q Right.

16 A That he could draw down at any time, to the

17 committee.

18 Q Right.

19 A Okay? So you'd have to make a judgment at that

20 time if you think that he's going to have fund raisers and

21 pay us off, or maybe there was some money owed to us by the

22 Election Commission, I don't know. You know, I know we put

23 in forms every time to collect the money. So, you know, I

24 don't know what the status would have been but that never

25 came up as a subject. That I know of.

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Q Did you give anyone in the Loan Department any instruction about how to monitor this line of credit?

A No.

Q How to react to request for advances?

A No.

Q What information, if anything, was necessary in support of requests for advances?

A There was none. Not necessary.

Q No information was necessary.

A Well, they had the line. They can draw down anytime they want.

Q Mm-hmm. Just so I can understand, could there come a time when, although the line of credit is outstanding, that the -- if the financial situation of the customer deteriorated so that the bank would refuse to make advances?

A Well, you got a problem. You know, you're talking about customer you're talking two separate things here. One's a committee and the other's a customer. If you're talking about a customer, if their credit deteriorates so badly you'd be getting a financial statement, and so forth and so on, and talking to the customer, okay? This is a committee where you have to believe in the integrity of the individuals. It's a judgment call, you know. And I think at the time, whatever you're talk -- whatever period you're talking about, I don't know how much was outstanding at the

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1 time.

2 Q Well, so, are you suggesting that in the case of

3 other customers if you looked at a financial statement and

4 things were not going well at that point you might say---

5 A You'd have a problem. If you've advanced a line

6 you better advance that line because even if a person was

7 having some credit problems -- I mean, every person's

8 different. A person could be having some credit problems but

9 that extra X number of five or ten thousand dollars could get

10 the inventory in, if it was a cyclical type of business, to

11 get them over that or through that. So, it's---

12 MR. HUGHES: When you say you'd have a problem

13 you mean the bank would have a problem not honoring the line.

14 THE WITNESS: Oh, right, yeah, right, the bank

15 would have a problem. I don't mean me.

16 Q That's what I wanted to follow up.

17 A Oh. The bank would have a problem not honoring a

18 line.

19 Q So once the line of credit entered into, even if

20 a financial situation changes it wouldn't be a basis for --

21 within the term of the line.

22 A You'd have to take a look at it.

23 Q Mm-hmm.

24 If you know, who from the Loan Department in

25 particular was monitoring this loan? This line of credit?

9504364287 2

1 A I don't think anybody was monitoring it.
2 Q Well, were bills sent to the committee for
3 interest payments that were due?
4 A I don't know.
5 Q Do you recall a time, Mr. O'Brien, when the bank
6 began to make advances on the line of credit to enable the
7 committee to make its interest payments?
8 A I don't know. They have a right to draw down so
9 I don't know. No, I'm not.
10 Q You don't have a -- you don't have a memory of
11 that?
12 A I wouldn't because I don't do the Operations and
13 Loan Department. That's done automatically.
14 Q Well, maybe I should ask the question in a
15 different way.
16 A Okay.
17 Q If the Loan Department person is the one who is
18 getting the request for an advance.
19 A Yeah.
20 Q And is issuing the instruction that the advance
21 be honored, that the money go out.
22 A Mm-hmm.
23 Q Would that loan officer react differently, do
24 anything different, make any additional inquiry if he
25 discovered that the reason for the advance was to keep the

9504364287 3

1 committee from -- keep the customer from becoming delinquent
2 in its interest payments?
3 A No. It's still within the line.
4 Q Does this mean, so I can understand fully, that
5 you think that once -- once entering into the line of credit
6 the bank would be obligated to advance monies for interest
7 payments?
8 A They could. I mean, I -- you know, I didn't have
9 any more dealing with it but they could.
10 Q Did there come a time, Mr. O'Brien, that the Haig
11 line of credit was renewed?
12 A I believe it was. I -- I don't recall.
13 (A document was marked for
14 identification as Exhibit
15 no. 11.)
16 MR. BERNSTEIN: I'm handing you Exhibit no. 11
17 which is a four page document that is again an address -- an
18 attendance list and minutes of an October 20, 1988 Board of
19 Directors meeting and I'd ask you to review it.
20 (Pause for perusal of document.)
21 Q Have you had a chance to look at it?
22 A Yes.
23 Q Do you notice that on page two of the minutes
24 there's recorded a vote to approve the request of Haig for
25 President to extend an existing loan in the amount of $55,000

9 5 0 4 3 6 4 2 8 7 4

1 for a term of six months?
2 (No response.)
3 Q This page two of the minutes or page three of the
4 document.
5 A Okay. Two, okay. Okay.
6 Q Now, you attended this Board of Directors
7 meeting, it appears, from---
8 A Mm-hmm.
9 Q ---the attendance sheet. So, does this document
10 refresh your recollection about -- about a Board vote to
11 renew the loan at this meeting?
12 A Again, we didn't need the Board vote but it was
13 probably put on there for information purposes. But I'm sure
14 I extended it.
15 Q I noticed that the vote there is to approve the
16 request and it doesn't say anything to ratify a previously
17 approved request. Do you know why it -- why that would be?
18 A I just think it's the way it was typed.
19 Q Now, you've told us that the Board of Directors
20 ratified each -- all loans that were -- that were made;
21 right?
22 A That's correct.
23 Q Did the Board of Directors also ratify renewal of
24 loans?
25 A Yes.

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1 Q So then it would have been appropriate for the
2 Board to ratify the renew---
3 A Well, it didn't have to be here, it could have
4 been on that other sheet but, anyway.
5 Q Do you notice that following that vote there's a
6 note reciting that Domenic Saraceno abstained from voting on
7 the above?
8 A Mm-hmm.
9 Q Do you know why Mr. Saraceno abstained from this
10 vote?
11 A Well, that's typical. Anytime that a director is
12 involved in anything that they abstain from voting.
13 Q Well I remind you that this is the -- the earlier
14 vote to ratify the loan was the one that you explained to me
15 it was not necessary for him to abstain because---
16 A It wasn't but usually, as a -- as a way we handle
17 all of these votes, anyone who has an interest usually
18 abstains. As I said, this loan didn't even have to be on
19 there but it was put on and that's the way it is.
20 Q What discussion about the Haig for President
21 Committee loan can you relate to us from this Board meeting?
22 A Just that we were extending the $55,000 and I
23 believe they were going to have fund raisers and pay it off.
24 That's about all I remember.
25 Q At the bottom of that -- that page, page two of

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1 the minutes, it also records a Board vote to approve the
2 report of examination of Olympic International Bank and Trust
3 as submitted by the FDIC and Banking Department of the
4 Commonwealth of Massachusetts. Do you see that?
5 A Yes.
6 Q Was this a regular examination of the bank
7 conducted by these regulatory agencies?
8 A Yes.
9 Q And did these regulatory agencies review the
10 bank's loan portfolio?
11 A Yes.
12 Q And did the examination discuss any of the loans
13 in the portfolio?
14 A The whole portfolio?
15 Q Yes.
16 A Sure.
17 Q Did the examination discuss at all the line of
18 credit to the Haig for President Committee?
19 A I don't believe so.
20 Q Well, do you have a -- do you remember this
21 examination?
22 A I don't, no.
23 Q Why do you think that it wasn't?
24 A Because it wasn't an issue at that time.
25 Q Well, are the only loans that are discussed in

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1 the examination are loans that the examiners raise questions
2 about?
3 A Yeah. If they feel that there was improprieties,
4 it wasn't written properly or there was some illegal doings
5 of -- or just bad loans, you know. The ones they question --
6 they go through all the loans and they question the ones that
7 they think we have a problem with.
8 Q But are you certain that the Haig loan didn't
9 fall into that category?
10 A In '88? That's --
11 Q October 20, 1988.
12 A I don't believe so but I'd have to---
13 MR. HUGHES: What's your memory?
14 THE WITNESS: No, I don't -- I don't believe so,
15 that there was any problem with it.
16 MR. BERNSTEIN: I also note that on the third
17 page of this minute -- of the minutes of this meeting it
18 recites that you, Mr. O'Brien, were you be honored with a
19 National Humanitarian Award.
20 THE WITNESS: Thank you.
21 (Documents were marked for
22 identification as Exhibits
23 nos. 12 and 13.)
24 MR. BERNSTEIN: I'm handing you now two documents
25 marked Exhibit 12 and 13 and asking you to look at them.

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1 Exhibit 12 is an Olympic Bank memorandum to file date October
2 13, 1988. Exhibit 13 is a promissory note also dated October
3 13, 1988.
4 (Pause for perusal of document.)
5 Q Do you recognize these?
6 A I don't.
7 Q The Review Officer on Exhibit 12 is by the name
8 of Philip Downey?
9 A Mm-hmm. Downey.
10 Q Do you know who he is?
11 A D-O-W-N-E-Y. Yes, he was the --
12 Q What does he do?
13 A He works in the Loan Department.
14 Q Does he have authority to renew loans?
15 A No.
16 Q Who has authority to renew loans?
17 A I do.
18 Q Did you authorize the renewal of this loan?
19 A Yes.
20 Q Would there have been any documentation of your
21 authorization of the renewal?
22 A I don't think so.
23 Q That's just something you do orally?
24 A No. That I do orally.
25 Q I notice that Exhibit 13 appears to be the nearly

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1 identical form as the original promissory note we looked at.
2 A Mm-hmm.
3 Q Including a secured note. So there was no new
4 wisdom, apparently, when this note was prepared, was there?
5 A I took the old note and used the same note.
6 Q Mr. O'Brien, what efforts were made to collect
7 the outstanding balances on the line of credit to the Haig
8 for President Committee?
9 A Well, I think we contacted the Election
10 Commission to ask them if they owed us money. We've asked
11 Haig to -- they've told us that they were going to have fund
12 raisers. In fact we've just received $9,000 recently. And
13 there'd be more from -- the National Republican Party was
14 supposed to run a fund raiser and split it up among the
15 candidates and to pay off the debts. And, you know, no
16 reason that they weren't going to pay off $55,000. The
17 National Committee are enough they should be able to raise
18 enough funds to pay us off that kind of money. And they
19 still, I think, are having fund raisers for Haig.
20 Q Did there come a time when the loan was moved to
21 non-performing status?
22 A Yes.
23 Q What does that mean?
24 A Well, that means that we aren't getting any
25 interest on payments, the line has been used, we're not

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1 giving up any more money on credit, and we moved it over to
2 non-performing. No one was paying us.
3 Q Is non-performing -- is there something worse
4 than non-performing?
5 A Yeah, charge-off.
6 Q And has this loan been charged off?
7 A No.
8 Q It's still in non-performing?
9 A Yes.
10 Q What's the current balance?
11 A It's either $46- to $52-, somewhere around there.
12 Q And how much interest is in arrears?
13 A Oh, I don't know.
14 Q Who made the decision to put the loan into a non-
15 performing status?
16 A Me.
17 Q Why did you decide to do that?
18 A Because I wasn't getting payments.
19 Q Why didn't you do it sooner?
20 A Sooner than what?
21 Q Sooner than March of 1990?
22 A Why should I do that?
23 Q Was the committee current until the point where
24 you decided to put into a no-performing status?
25 A Yeah. Sure.

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1 Q It was?

2 A Well, it was being paid out of its line. Cut the

3 line back from -- from 375- to 55-. We took away the old

4 line of 375- and gave them a new line of 55- that was

5 supposed to be paid by Committee or by these fund raisers but

6 didn't happen.

7 Q Now, the loan history reflects a series of

8 advances starting in March of 1988 that were made by the bank

9 to cover interest payments that were owed.

10 A He had a line.

11 Q Why wouldn't the bank just continue to do that?

12 A At that particular time?

13 Q No. Even now.

14 A Right now?

15 Q Yes.

16 A Well, because the -- the Committee hasn't

17 completed paying us off.

18 MR. BERNSTEIN: We'll take a five minute break.

19 Off the record.

20 (A short recess ensued.)

21 MR. BERNSTEIN: Back on the record.

22 Q There are only a couple of points, Mr. O'Brien,

23 that I'd like to clarify. The first is that -- that you

24 approved the line of credit to the Haig for President

25 Committee, that as far as you can remember there was no

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1 documentation or writing in front of you when you approved
2 the line of credit to the Haig for President Committee. That
3 the only written documentation of your approval that we've
4 come across so far as the two write-ups which are I think --
5 I believe Exhibits nos. 6 and 7 that we looked at. And that
6 you authorized the renewal of the loan in October of 1988 as
7 a consequence of which the new note was issued and there
8 doesn't appear to be documentation of your decision although
9 there is a memo to the file from the Loan Officer involved.
10 Is there -- I realize the danger of trying to
11 summarize what's really been a long day, but these are all
12 areas which have been very confusing to us and please tell me
13 if -- if what I've said comports with your best recollection
14 or how otherwise.
15 A Well, you know, I approved the loan. I may have
16 told the Loan Department at the time, I don't recall, I grant
17 the line of credit to Haig Committee for Election. Based on
18 the information that I received I went up there on the 17th.
19 The on the renewal I didn't want to renew for more than what
20 was due to us. I could have renewed it at $375,000 but if I
21 wasn't getting paid off at that time there didn't seem any
22 reason to just keep it carrying if the people, the committee
23 didn't pay me off immediately.
24 So, you know -- and that's my best recollection
25 of -- of -- and you summarized it and I don't have a problem

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1 other than I'm giving you to the best of my ability to remem
2 -- recollection of what took place.
3 MR. HUGHES: But I have a problem because with
4 respect to the approvals, there are other documents which
5 clearly establish the approvals were given. You've been
6 given a deposit slip which is dated November 13, 1987 which
7 sows that $175,000 was credited into the account established
8 for the committee. And in addition I would submit to you
9 that both notes indicate that there was approval because
10 certainly the Loan Department wouldn't have prepared a note
11 if it hadn't been advised by Mr. O'Brien that there was a
12 need for it. And most certainly the Loan Department would
13 not have credited the account of the Haig Committee wit
14 $175,000 if Mr. O'Brien hadn't first indicated to it that
15 he'd approved a line of credit at least in that amount.
16 MR. BERNSTEIN: I appreciate those points,
17 counsellor.
18 MR. HUGHES: Okay. So you have more than just
19 those two pieces of paper, the two credit histories that
20 reflect approval. In my judgment anyway.
21 MR. BERNSTEIN: Mr. O'Brien, I'd like to thank
22 you for coming here today to answer these questions and to
23 try to probe your memory of activities that took place in
24 connection with the matter at issue in this investigation.
25 You will be receiving a check for a witness fee plus a

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generous mileage allowance.

THE WITNESS: Okay.

MR. BERNSTEIN: Between us and your counsel we can work out exactly what that should amount to.

You do have the right to review the transcript for accuracy and to sign it before a Notary Public and to return it to the Commission. And do you understand the confidentiality that attends this investigation?

MR. HUGHES: It's supposed to be confidential.

THE WITNESS: Oh, okay. I mean --

MR. BERNSTEIN: At this time this deposition is not concluded and is continued.

Now, we don't anticipate at this time of having to speak to you again but the investigation is still ongoing and if the need should arise we will be in contact with your counsel and so therefore the deposition is now adjourned.

Off the record.

(Whereupon, at 5:55 p.m., the examination of the witness was concluded.)

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1 C E R T I F I C A T E

2 COMMONWEALTH OF MASSACHUSETTS)
) SS.
3 COUNTY OF SUFFOLK)

4 I, Eric S. Pedersen, a Court Reporter and Notary
5 Public, within and for the Commonwealth of Massachusetts, do
6 hereby certify that there came before me on this 21st day of
7 March, 1991, the person hereinbefore named, who was by me duly
8 sworn to tell the truth, the whole truth, and nothing but the
9 truth, concerning and touching the matter in controversy in
10 this cause; that he was thereupon examined upon his oath, and
11 his examination reduced to typewriting, under my direction,
12 and that this deposition transcript is a true and accurate
13 record of the testimony given by the witness.

14 I further certify that I am not related to any of
15 the parties hereto or their counsel, and that I am in no way
16 interested in the outcome of said cause.

17 Dated at Boston, Massachusetts, this 27th day of
18 March, 1991.

19

20 _____
Eric S. Pedersen
21 NOTARY PUBLIC
My Commission Expires:
22 February 14, 1994.

23

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25

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UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

In the Matter of:)
)
OLYMPIC INTERNATIONAL) MUR 2903
BANK & TRUST COMPANY)
)

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 APR 11 AM 11:53

THE ORAL DEPOSITION OF SUSAN M. FRASER, taken pursuant to Federal Election Commission subpoena, before Dana Swift, a Court Reporter and Notary Public, within and forthe Commonwealth of Massachusetts, at the Office of the United States Attorney, 1003 J.W. McCormack Post Office & Courthouse, Boston, Massachusetts, on Friday, March 22, 1991, commencing at 8:42 o'clock a.m.

PRESENT:

JONATHAN BERNSTEIN, Esq.
MARY P. MASTROBATTISTA, Atty.
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

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PRESENT: Continued

JOHN D. HUGHES, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA. 02110
For the Deponent.

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I N D E X

WITNESS	EXAMINATION BY	PAGE
Susan M. Fraser	Ms. Mastrobattista	3
	Mr. Hughes	62
	Ms. Mastrobattista	63

EXHIBITS	DESCRIPTION	MARKED
1	Attendance and agenda	22
2	12/17/87 directors minutes	26
3		33
4	10/20/88 directors minutes	34
5	Letter	39
6	Letter	42
7	12/17/87 directors minutes	47
8	Internal credit form	56
9	Notes	57

9 5 0 4 3 6 4 2 8 0 0 9

1 PROCEEDINGS

2 COMMENCED [8:42 a.m.]

3 SUSAN MARIE FRASER, 124 Mishawum Road,
4 Woburn, Massachusetts, having been duly sworn by the Notary
5 Public to tell the truth, the whole truth, and nothing but the
6 truth, testified upon her oath as follows:

7 MS. MASTROBATTISTA: This deposition is being
8 taken pursuant to a Federal Election Commission subpoena
9 issued in connection with an investigation under
10 Section 437(g) of Title II of the United States Code.

11 The statute provides that the confidentiality of
12 this investigation must be maintained until the Commission
13 closes its files. The Commission has civil jurisdiction over
14 the Federal Election Campaign Act of 1971 as amended.

15 This investigation is designated Matter Under
16 Review 2903.

17 My name is Mary Mastrobattista and I'm
18 representing the Commission here today with
19 Jonathan Bernstein.

20 EXAMINATION

21 BY MS. MASTROBATTISTA:

22 Q Would you please state your full name?

23 A My name is Susan Marie Fraser.

24 Q Are you represented by counsel today?

25 A Yes.

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Q By whom?

A John D. Hughes, Hutchins & Wheeler.

Q Have you ever had your deposition taken before?

A No.

MS. MASTROBATTISTA: Well, let me explain to you a little bit about what will take place here today.

I'm going to ask you a series of questions designed to elicit information in connection with the investigation. The questions will not be limited to your involvement only, but may include requests for information involving other persons as well.

You should treat this as if you were testifying in a court of law and remember that you are under oath.

The Court Reporter will be recording everything you say and will be typing up a transcript. Since the Court Reporter will not record any gestures or any response which is not spoken, it is important that you answer each question in words.

If you don't understand or don't hear a question, let me know and I will repeat it or rephrase it. If you want to qualify an answer, you can do so. If during the course of the deposition you realize that an answer you gave was inaccurate or incomplete, let me know and you can go back and correct it. If you need to take a break for any reason, let me know and we can take a break.

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1 BY MS. MASTROBATTISTA:

2 Q Ms. Fraser, what documents did you prepare -- did

3 you review in preparation for this deposition today?

4 A I reviewed the documents that were previously

5 supplied to the Federal Election Commission.

6 Q In response to the subpoena?

7 A Yes.

8 Q Did you review any other documents?

9 A No.

10 Q Would you please state your home address?

11 A 124 Mishawum Road in Woburn, Massachusetts.

12 Q And how long have you lived at this address?

13 A Six years.

14 Q And what is your educational background?

15 A I completed twelve years of high school.

16 Q Any schooling after high school?

17 A No.

18 Q Any secretarial schooling?

19 A No.

20 Q Where are you currently employed?

21 A At Olympic International Bank

22 Q And how long have you been employed there?

23 A Since 1985.

24 Q What is your current position at Olympic Bank?

25 A I am an officer of the bank. My title is

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1 assistant clerk and administrative vice president.
2 Q And when did you become administrative vice
3 president?
4 A In May of 1988.
5 Q What was your position at Olympic Bank in 1985?
6 A Assistant clerk.
7 Q So in 1985 you were assistant clerk?
8 A Uh-hum.
9 Q And now you are both assistant clerk and
10 administrative vice president?
11 A Vice president, yes.
12 Q What are your current duties as assistant clerk
13 and administrative vice president?
14 A In the capacity as assistant clerk, I prepare
15 minutes for the board of directors meetings, coordinate
16 reports and minutes for preparation and coalate it into each
17 of the board of director's books for their meetings which are
18 held once a month. I have signature authority to sign
19 official documents on behalf of the bank.
20 My responsibility as administrative vice president
21 is more geared towards the human resource department, the
22 employee relations, employee benefits area for the bank, more
23 so a bank manager, I wear many hats and have interaction more
24 with the employees and executive offices of the bank.
25 Q You said you had signature authority, what does

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that mean?

A Officers are granted signature authority meaning you have authority to sign certain documents on behalf of the bank which would include signatures on treasurer's checks, expense checks, certificates of deposit, et cetera. And in the capacity as an officer, I have that authority.

Q Do you also maintain bank records?

A Rephrase that.

Q Do you maintain payroll records?

A No.

Q Do you maintain personnel records?

A Yes.

Q Do you maintain records of meetings?

A Yes.

Q Meetings of what committees?

A The board of directors and the stockholders' meetings.

Q Any other meetings?

A No.

Q Do you maintain records of meetings of the loan committee?

A No.

Q Records of meetings of the executive committee?

A No.

Q Does anyone assist you in maintaining the records

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of the meetings of the board of directors?

A When you say maintaining, what are you saying?

Q Keeping a file?

A No.

Q So that's your sole responsibility?

A Yes. I'm responsible for coordinating reports that are given to the board for each monthly meeting. They are contained in each directors' book and presented at each meeting. I keep the copy of all of the reports as well.

Q Where do you keep your copy of the reports?

A In a three ring binder.

Q And where is that three ring binder kept?

A At my desk.

Q Is there a title to that three ring binder?

A Board of directors' meeting.

Q Do you have a system for logging correspondence that comes into the bank?

A It would be filed with whatever the subject matter was.

Q So there's not a master logbook of incoming correspondence, date received, who it was received from?

A Too much mail. I don't keep the mail that comes in on a daily basis. There's a lot of mail that comes into the bank and it's handed out to the respective department.

Q Do you receive all the incoming mail?

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A No.

Q Who does?

A The customer service department. They keep a log of all correspondence that comes in certified.

Q But not regular mail?

A No.

Q Who is your boss?

A My boss would be the chairman of the board, Victor Nicolazzo.

Q And who was your boss in 1987?

A I don't recall. I would say Mr. Nicolazzo as well.

Q Who hired you?

A William O'Brien.

Q Who gives you raises?

A Mr. O'Brien.

Q I think you mentioned earlier that you attend meetings of the board of directors; is that correct?

A I did up until July of '80 -- up until July of 1990.

Q And you no longer attend meetings of the board of directors?

A No.

Q What was your purpose for attending meetings of board of directors?

9 5 0 4 3 6 4 2 8 9 6

A To maintain and keep the minutes of the meeting.

Q And did you attend meetings of the board of directors in 1987 and 1988?

A Yes, I did.

Q Did anyone assist you in maintaining minutes of the meetings?

A When you say maintaining, I don't know what you mean.

Q Did anyone assist you in attending the meetings and taking the minutes?

A No.

Q How do you prepare copies -- how do you prepare the minutes of the meeting?

A I take notes on a piece of paper. After the meeting, I transcribe them onto the computer. At that point, they are given to Mr. O'Brien, the president of the bank, for his review and they are okayed by him and I take photocopies of them -- of the computer generated minutes and place the copy in each of the board of director's book for the following meeting. So, the following month's meeting, they have minutes of the previous month's minutes. The minutes are also prepared and kept in a corporate binder, a leather corporate binder.

Q So, there's a leather corporate binder in which you keep minutes of all board of directors meetings?

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A Yes.

Q Is there any other document that's kept in the leather corporate binder?

A No. There are official documents pertaining to certifications, et cetera, that don't have anything to do with the meetings, the board of directors meetings, they have to do with the bank in itself, which would mean certifications of officers who have authority to release collateral on behalf of the bank or just basic bank documents, that's all. There are no reports, there are just meeting -- meeting minutes and official documents in the leather bound binders.

Q Do you tape record these meetings?

A No.

Q You said that you take notes on a piece of paper and then go back and transcribe them into your computer; is that correct?

A Um-hum, yes.

Q When do you do that?

A Usually within a week after the meeting.

Q And when you take notes on a piece of paper, is it a specific piece of paper that you take notes on?

A It's a piece of paper, yellow piece of paper like John Hughes has.

Q A blank piece of paper?

A Yes. Lined.

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Q Does the board vote to approve minutes of the previous meeting at the next meeting?

A No.

Q When Mr. O'Brien reviews the minutes that you have prepared, does he indicate anywhere that he okays the minutes?

A I will put a yellow post-it on the top, Mr. O'Brien, please review the attached minutes and approve for bank records. He puts his okay on the yellow post-it, but not on the actual minutes.

Q Do you prepare agendas prior to any bank meetings?

A I prepare agendas for the executive committee and for the board of directors meeting.

Q Any other meeting?

A No.

Q When you prepare agendas for executive committee meetings, how does that work?

A I have a standard format with seven or eight topics on it that are given to the executive committee meeting each time they have a meeting. If there are any subjects over and above those eight standard topics, they would be included at the time I'm preparing the agenda.

Q Do you have a form on your computer?

A Um-hum.

Q And who tells you what information to put under each of those topics?

9504364289 9

A Mr. O'Brien.

Q Anyone else?

A No.

Q Does Mr. O'Brien review the agenda prior to the executive committee meeting?

A No.

Q Does anyone?

A No.

Q And who receives a copy of the agenda for the executive committee meetings?

A Each of the members of the executive committee receive an original of the agenda.

Q And what happens to that original?

A It is stored in a binder and just kept as a copy, just kept on record in a binder.

Q Is there a binder for each member of the executive committee?

A No, one master book.

Q So there would be a copy that each member had received in one master book?

A No, there's one-- I should rephrase that. There's one agenda, one book with an attendance sheet that goes with the agenda, that's it. And if there's any documentation, it would be brought to the meeting, but not necessarily inserted into the binder.

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Q What types of things did Mr. O'Brien put on the agenda for executive committee meetings?

MR. HUGHES: Wait a second, now. You mean over and above the seven or eight standard topics that are kept on the computer?

MS. MASTROBATTISTA: Within the seven or eight standard topics.

THE WITNESS: Within? Are you asking what the topics are?

BY MS. MASTROBATTISTA:

Q Yes.

A Attendance is taken, financial condition of the bank would be discussed, any loans that may need to be discussed with the executive committee, additional business. I believe that's the majority.

Q When you have items on the agenda for any loans that may be discussed by the executive committee, do you ever include documentation regarding a specific loan to be attached to the agenda?

A Rarely.

Q But you have on occasion?

A Um-hum.

Q Where are the meetings of the executive committee held?

A At Olympic Bank.

9504364 2901

Q Where?

A In the president's office.

Q Is it a large office?

A Yes.

Q Does he have a large table where the members can sit around the table?

A He's got a six foot leather couch and six leather armchairs and two tub chairs. I think that's plenty of room for a meeting.

Q But the members don't sit around a table?

A It's around a coffee table.

Q Do they vote on any matters during the executive committee meeting?

MR. HUGHES: I object. She says she doesn't attend those.

THE WITNESS: I don't attend the meetings. There are no minutes taken.

BY MS. MASTROBATTISTA:

Q Do you ever prepare on the agenda a matter that would say vote on a particular loan?

A Yes.

Q And do you know whether the executive committee then would vote on that agenda item?

A I don't attend the meetings.

Q Does anyone take notes of the meetings of the

9504364 2902

executive committee?

A No.

MR. HUGHES: To your knowledge anyway; right?

THE WITNESS: Right. I don't know what happens at the meetings.

BY MS. MASTROBATTISTA:

Q So, if there would be an agenda item to vote on a particular matter during the executive committee meeting, would there be any record that the executive committee had either approved or not approved that matter?

A Not necessarily, no.

Q Do you know what happens at the meetings?

A No. I don't attend them.

Q You've never heard?

A No. Honestly, no.

Q How long do the meetings usually last?

A Approximately an hour.

Q Do you recall gathering some Olympic Bank documents in connection with the line of credit extended to the Haig Committee in response to a Federal Election Commission subpoena?

A Rephrase that.

Q Do you recall collecting bank documents which relate to the line of credit extended to the Haig Committee in response to the subpoena issued by the Federal Election

9504364 2903

1 Commission?

2 A Yes, um-hum.

3 Q And what was your involvement with gathering those

4 documents?

5 A I don't recall the exact wording on the subpoena

6 for records; however, the records that I maintained would

7 include minutes of the meetings. I believe minutes that I

8 hold in my possession were provided to the Federal Election

9 Commission. I don't recall what other documents were. I

10 didn't have any interact -- I didn't have any -- I didn't

11 gather any other information, only what that I had.

12 Q Did you search any files?

13 A No.

14 Q Do you maintain a master notebook with a copy of

15 all correspondence which comes into the bank?

16 A No.

17 Q Do you maintain a master notebook of all

18 correspondence which is outgoing from the bank?

19 A No. How could that be? All correspondence? We

20 have thirty six employees, how can any organization maintain a

21 log stating what letters or correspondence goes in and out? I

22 don't understand that at all.

23 Q Do you typically prepare outgoing correspondence

24 for Mr. O'Brien?

25 A Yes.

2504364 2904

Q And do you maintain copies of that outgoing correspondence that you prepare for Mr. O'Brien?

A Yes.

Q How far back?

A Till 1985 or previous to that.

Q Do you maintain hard copies or on the computer?

A Hard copies.

Q And would you keep the computer copy as well?

A No.

Q Could you clarify again what documents you submitted in response to the Federal Election Commission subpoena?

A The documents I personally submitted to the Federal Election Commission were the minutes from the meetings.

Q Anything else?

A Personally? No.

Q Minutes from what meetings?

A The board of directors meetings.

Q Did you submit any agendas for meetings?

A I don't recall.

Q Who else at Olympic Bank gathered documents in response to the subpoena?

A Julie Aurilio and a former employee, Charles Fraser.

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Q Any relation?

A Yes, my husband.

Q What was your involvement in answering the interrogatories?

A Restate that, please.

Q Were you involved with answering the interrogatories which were sent to Olympic Bank from the Federal Election Commission?

A With regard to the line of credit?

Q Right.

A No.

Q Did you assist in answering the interrogatories?

A No.

Q Do you know who did answer the written interrogatories?

A The chairman of the board.

Q Who is?

A Victor Nicolazzo.

Q When did you first become aware of Alexander Haig's candidacy?

A It was on the TV, it was on the news; that was when I first became aware of it.

Q Do you remember what that time frame was?

A It was 1987, I think that was the presidential election year.

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1 Q Do you remember whether anyone at Olympic Bank
2 first told you that Alexander Haig was running for president?
3 A I don't recall.
4 Q What was your involvement with the line of credit
5 which the bank extended to the Haig Committee?
6 A No involvement.
7 Q None whatsoever?
8 A No.
9 Q Have you ever met Alexander M. Haig?
10 A No, I have not.
11 Q Have you ever had any conversations with
12 Alexander M. Haig?
13 A No, I have not.
14 Q Have you ever seen Alexander M. Haig at Olympic
15 Bank?
16 A Never.
17 Q Have you ever heard that he's been to Olympic
18 Bank?
19 A Never.
20 Q Have you ever met anyone from the Haig Committee
21 in person?
22 A Never.
23 Q Other than Dominic Saraceno?
24 A Mr. Saraceno.
25 Q Have you ever had any conversations with

9504364 2907

1 Alexander P. Haig, his son?
2 A No.
3 Q Russell Primavera?
4 A No.
5 Q Kathrine McKenzie?
6 A No.
7 Q Wendy W. Haig?
8 A No.
9 Q Have you ever had conversations with
10 Dominic Saraceno relating to the line of credit extended to
11 the Haig Committee?
12 A No.
13 Q None?
14 A No.
15 Q Have you ever prepared any correspondence which
16 relates to the line of credit extended to the Haig Committee
17 for signature?
18 A At what point?
19 Q At any point from 1987 on.
20 A Relating to the line of credit?
21 Q Right.
22 A Yes.
23 Q And what was that?
24 A One letter to Mr. Halloran. I believe you have a
25 copy in your file.

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1 Q Anything else that you can recall?
2 A No.
3 Q Did you ever place any phone calls to the Haig
4 Committee for anyone at Olympic Bank?
5 A No, I did not.
6 Q Did you have any involvement with the bank's
7 approval of the request for the line of credit?
8 A Can I go back--
9 Q Yes.
10 A --to that letter to Mr. Halloran. I helped
11 prepare it, I did not prepare the letter. I typed it,
12 essentially. I would like to clarify that.
13 Q That's fine.
14 A Okay.
15 Q And who prepared the letter for you to type?
16 A Tom McLaughlin.
17 Q What was your involvement with Olympic Bank's
18 approval of the request for the line of credit?
19 A Nothing.
20 Q I'm asking the Court Reporter to mark a two page
21 document as Exhibit number 1.
22 (Whereupon, the document referred to
23 was marked as Exhibit 1.)
24 MR. BERNSTEIN: Off the record.
25 (Off the record.)

9504364229 09

MS. MASTROBATTISTA: On the record.

BY MS. MASTROBATTISTA:

Q Ms. Fraser, I would like to hand you a document, a two page document which has been marked Exhibit number 1, and give you a chance to look at this document.

A Okay.

Q Have you seen this document before?

A Yes.

Q When?

A I typed this document.

Q That is the first page, which is the attendance page, and the second page which is the actual agenda?

A Yes.

Q Where did you get the information to prepare the agenda?

A The items are standard items except for the subject underneath loan report.

Q So the headings, 1 through 6, are standard in your computer?

A Yes.

Q And then you fill in the subcategories underneath each heading?

A Yes.

Q For items 3.1, where did you get that information?

A From Mr. O'Brien.

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Q Did he give you that information verbally?

A I don't recall.

Q What written document could you have taken this information from?

MR. HUGHES: Well, wait a second. She said she didn't recall how she got it, so how can she answer your question now?

BY MS. MASTROBATTISTA:

Q Well, when you prepare agendas, do you ever take information from other bank documents to insert under the subheadings?

MR. HUGHES: For executive committee meetings?

THE WITNESS: For exec-- No.

BY MS. MASTROBATTISTA:

Q So you, in each instance, receive the information verbally?

A Yes. I don't recall in this particular instance.

Q But do you recall that it was Mr. O'Brien who gave you this information?

A Yes, it was Mr. O'Brien.

Q And how do you recall that it was Mr. O'Brien?

A Mr. O'Brien is the only one that gives me any additional information for the executive committee meetings.

Q How many copies of the agenda were made?

A At that time, I don't recall. It may have been

9504364291 1

one, it may have been one for each of the seven members of the committee; I don't recall.

Q And where would the original agenda be stored?

A At Olympic Bank.

Q In what file?

A The three ring binder.

Q Which is called?

A Executive Committee Meeting Minutes, or agendas. I don't know, it probably says agenda or Executive Committee Meetings.

Q But there is a single three ring binder at Olympic Bank in which you keep a master copy of each agenda for executive committee meetings?

A Yes.

Q How far back?

A I don't recall when the executive committee meeting was first established. I don't remember.

Q Would you have a copy of the agenda dating back to the first executive committee meeting?

A I don't recall. I don't know.

Q Is there any written record of actions which would have been taken at the November 12, 1987 executive committee meeting?

A Is there any written? There is no written record, no.

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Q Did you attend a board of directors meeting in December of 1987 when the board of directors ratified the request of the Haig Committee for a line of credit?

A Yes.

Q Ms. Fraser, I'm handing you a full page document which has been marked Exhibit 2. This is the attendance and minutes of the board of directors meeting on December 17, 1987. I would like you to take a look at this for a moment.

(Whereupon, the document referred to was marked as Exhibit 2.)

THE WITNESS: Okay.

BY MS. MASTROBATTISTA:

Q I would like to note on pages 2 and 3 of Exhibit 2, some of the matters are in bold face type and some are in regular type, what is that distinction?

A The items in bold face type indicate an insider transaction, so called insider transaction.

Q And who makes the decision to put those matters in bold face type?

A I do.

Q Do you ever request assistance from anyone in making that decision?

A No.

Q How do you know what constitutes an insider

2504364291 3

transaction?

A I'm pretty familiar with the names of different accounts. I've been with the bank for -- since its inception. I'm familiar with the entities that the various directors serve on or are affiliated with. And it's just my own knowledge that I know which ones to put on the agenda or the minutes.

Q So, do you go by the names?

A Names of?

Q The directors; is that what you're saying?

A I would go by the name of the entity or the director's name.

Q Did you prepare the minutes of the December 17, 1987 meeting?

A Yes.

Q Do you recall when you prepared the minutes for this meeting?

A No.

Q Did you prepare the minutes from your notes?

A Yes.

Q I would like you to look at page 3 of the document, which is page 2 of the minutes.

A Okay.

Q Toward the top of the page, I would like to look at this matter, voted to approve request of Tierney Mechanical

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Contracting, Michael E. Tierney, principal, for Mastercard credit line in the amount of $2,000; is that item in bold type?

A Yes.

Q And what does that indicate?

A It's an insider, so called insider transaction.

Q Why is that an insider transaction?

A Because Michael Tierney is a member of the board of directors.

Q Where did you get the wording for this item, to approve request of Tierney Mechanical Contracting?

A It's just language I've been using for ten years. I've been preparing minutes in my capacity with Olympic Bank and previously, and it's the same language I've used for ten years. It's no direction, it's just something I'm used to.

Q Did someone actually say these words, 'to approve the request'?

A No.

Q Well, above the vote there is indicated that a motion by J. Moran, seconded by D. Cowens, it was, and then we have the actual vote; what would the motion be?

A It would be to approve the request.

Q So would J. Moran actually say, We now vote to approve the request?

A I move to approve the request, and Mr. Cowens

2504364291 5

1 would second the motion.

2 Q And you would take notes on Mr. Moran's -- is it

3 Mr. Moran?

4 A Yes.

5 Q On Mr. Moran's motion?

6 A Yes.

7 Q Exactly as he stated?

8 A Yes.

9 Q How is the voting done?

10 A Each of the agenda items are discussed and gone

11 over and the chairman, who leads each meeting, will ask next

12 agenda item is to consider or discuss the request from Tierney

13 Mechanical for a Mastercard credit line for $2,000, does

14 anyone want to motion that request. Mr. Moran, for instance,

15 would make the motion. Mr. Cowens would raise his hand and

16 second the motion. The agenda item would be, therefore,

17 voted.

18 Q So do the directors then volunteer to make the

19 motion?

20 A Yes.

21 Q And second the motion?

22 A Yes.

23 Q So that decision is not made ahead of time?

24 A Oh, no.

25 Q And how do they actually vote, is it verbal?

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A Yes. They raise their hand, actually, I should say.

Q And do you count?

A I can see who is, and Mr. Nicolazzo will verify who is making the motion and who is seconding the motion verbally.

Q I would like to note also, on that same item, that Michael Tierney abstained from voting on the above; how do you know when a director abstains from voting, does he leave the room?

A Yes.

Q He leaves the room?

A Um-hum.

Q Where are the directors meetings held?

A At Olympic Bank.

Q Where?

A In the conference room.

Q Who then tells the director it's okay to come back in?

A Mr. O'Brien because he's closest to the door, no other reason.

Q When you indicate on the minutes that there is a vote to approve request of Tierney Mechanical Contracting, for example, does that indicate that the request has been previously approved anywhere or is it being approved for the

9504364291 7

first time at the board meeting?

A That vote is being approved for the first time at the board meeting.

Q And when the phrase to ratify a request is used, what does that mean?

A It means the item has been previously approved.

Q By whom?

A The executive committee, I believe.

MR. HUGHES: Do you know?

THE WITNESS: No.

BY MS. MASTROBATTISTA:

Q But it has been previously approved by some entity or individual at Olympic Bank?

A Yes.

Q Prior to the board meeting?

A Right.

Q I would like to show you the last page of Exhibit 2, there is a line at the bottom of the page which says attested, and that line is blank, what's the purpose of that line?

A It is recorded for the appropriate person to sign that they are attesting that the information contained in the minutes is accurate and, by their signature, they are attesting to that fact.

Q And who would the appropriate person be?

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A At that time it was me.

Q Why is the line blank on Exhibit 2?

A This document was copied from one of the-- This document was copied from the board of directors meetings binders. I mentioned previously we have a leather bound corporate binder with all of the board of directors meeting minutes in that binder. Everyone of those documents is signed by the appropriate person. That document has my signature on it. The copies contained in the board of directors books do not have my signature on it.

Q Is there any other difference between the copy which is in the leather bound book and the other book?

A No.

Q Other than your signature?

A No, not at all.

Q When you sign the attested line, does that mean that you have reviewed the minutes for accuracy?

A I prepare them. I am taking responsibility that they are accurate, yes.

Q Does anyone else at Olympic Bank review the minutes for accuracy?

A Mr. O'Brien.

Q And how does he indicate his approval of the minutes?

A As I stated earlier, it's just on a piece of paper

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that would be attached to the copy of the minutes asking for his approval.

Q A yellow post-it?

A Yes.

Q And he would okay or initial?

A Yes, exactly.

Q At what point do you sign the leather bound copy of the minutes?

A When it goes into the book. It's printed once on plain white paper for the board of directors books. It's printed again on the appropriate sheets that go into the leather bound binder, exactly the same copy that the board of directors receives.

Q Do you sign after the minutes are approved by Mr. O'Brien?

A Yes.

Q Ms. Fraser, I would like to show you a three page document which has been marked Exhibit 3.

(Whereupon, the document referred to was marked as Exhibit 3.)

BY MS. MASTROBATTISTA:

Q Have you ever seen this document before?

A No, I have not.

Q Do you have any idea whether this document would be in an Olympic Bank file?

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A I have no idea. I've never seen it.

Q What was your involvement with the line of credit extended to the Haig Committee after it was established?

A None.

Q Did you have any involvement with requests for advancements on the line of credit?

A No, I did not.

Q Any involvement with repayments?

A No.

Q What was your involvement with the renewal of the line of credit?

A I had no involvement.

Q Were you at the board of directors meeting in October of 1988 when the board voted to ratify the request for renewal?

A Yes.

Q Ms. Fraser, I'm handing you a four page document which has been marked Exhibit 4. I would like you to take a look at that.

(Whereupon, the document referred to was marked as Exhibit 4.)

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A Yes.

Q When?

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A I typed it.

Q When did you type it?

A After the board of directors meeting in 1988.

Q Were you present at the board of directors meeting in 1988?

A Yes, I was.

Q For what purpose?

A To take the minutes of the meeting.

Q And did you take the minutes of the meeting?

A Yes.

Q I would like to show you page 3 of the exhibit, which is page 2 of the minutes, toward the top of the page we have a motion by M. Tierney, seconded by F. Cardullo, it was voted to approve the request of Haig for President, Inc., Dominic J. Saraceno, treasurer, to extend an existing loan in the amount of $55,000 for a term of six months; why is that matter in bold type?

A Because it's considered an insider related or so called insider transaction because Dominic Saraceno was a member of the Olympic Bank board of directors.

Q And why did you put that in bold type?

A Just to highlight it, that it would be easier to see the item in the minutes, no other reason.

Q Why would it be important to see the insider transactions in the minutes?

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A It's just something that we have to do in our minutes.

Q Did someone tell you to bold type insider transactions?

A I don't recall.

Q Do you recall whether there was any discussion concerning the item to approve the request of Haig for President, Inc. to extending the existing loan?

A Any discussion? I don't remember.

Q If there's any discussion by the board, is that indicated on the minutes?

A Not usually, no. The minutes are prepared shortened and precise. There usually isn't a lot of language with each of the votes.

Q So you would not typically indicate on the minutes if there was any discussion on an item?

A Right, I would not.

Q I would like to note that below the vote, the minutes indicate that Dominic Saraceno abstained from voting on the above, how do you know that Dominic Saraceno abstained from voting?

A At this point I can't attest to it, however, at the time, he must have if it's stated in the minutes.

Q And how would he indicate his abstention?

A Either by leaving the room or verbally stating it.

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I don't remember this particular instance.

Q So the directors don't always leave the room when they abstain from voting on a matter?

A Always would probably, I would have to answer no.

Q But typically, would they get up and leave the room?

A Yes.

Q I would like to refer to the last page of the exhibit and draw your attention to the attested line which again is left blank, can you explain why this line is blank?

A As I stated previously, this copy was taken right from a member of the board of directors three ring binder book. I maintain an original copy of the minutes in a leather bound binder which is separate from the minutes that are in front of us.

Q So would there be an identical copy of the October 20, 1988 minutes except your signature would be on the attested line in the leather binder?

A Yes.

Q And does that indicate that you reviewed the minutes for accuracy?

A Yes.

Q Did that also indicate that William O'Brien reviewed the minutes for accuracy?

A It doesn't indicate it, no.

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Q Does that mean to you that William O'Brien approved the minutes before you signed the attested line?

A For this meeting?

Q For any meeting.

A Yes, to me, it does mean that; yes.

Q Typically, Mr. O'Brien approves the minutes before you sign and attest?

A Yes.

Q Back on page 3 of the exhibit, the minutes indicate that there was a vote to approve the request of Haig for President; had the request to extend the existing loan been approved before the board of directors meeting on October 20, 1988 according to the minutes?

MR. HUGHES: Well, the minutes speak for themselves. Now, if you want to ask her whether she knows independently of that whether or not they were approved before then, that's a different question.

MS. MASTROBATTISTA: Objection is noted.

THE WITNESS: Okay.

BY MS. MASTROBATTISTA:

Q Do you recall whether the request of Haig to extend the line of credit had been previously approved?

A Do I recall? No, I don't.

Q Did M. Tierney make a motion to approve the request of Haig for President to renew a line of credit?

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A It appears that way. I don't recall, but it states in the minutes.

Q And if Mr. Tierney had made a motion to approve the request of Haig for President, is that what you would have indicated in your minutes?

A Yes.

Q And if Mr. Tierney had made a motion to ratify a previously approved request, would you have so indicated in your minutes?

A Yes, I would.

Q Ms. Fraser, what was your involvement with efforts to collect monies owed on the outstanding balance under the line of credit?

A I had no involvement.

Q Did you prepare any correspondence to the Haig Committee?

A Not to my knowledge.

Q Did you place any telephone calls to the Haig Committee?

A No.

Q Ms. Fraser, I'm handing you a one page document which has been marked Exhibit 5. I would like for you to take a look at that.

(Whereupon, the document referred to was marked as Exhibit 5.)

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1 BY MS. MASTROBATTISTA:
2 Q Have you seen this document before?
3 A Yes.
4 Q When?
5 A At the time.
6 Q At the time it was issued?
7 A I believe so, yes.
8 Q Did you type this document?
9 A Yes, I do believe I did.
10 Q Customarily, when you type a document, a letter,
11 for signature by someone at Olympic Bank, do you indicate that
12 you were the one who typed the document by placing your
13 initials at the bottom of the page?
14 A Usually. This looks like my writing style.
15 Q And are your initials at the bottom of this
16 document?
17 A No.
18 Q What do you mean this looks like your writing
19 style?
20 A Just the format. I type my letters with this
21 format. Most other employees at the bank have different
22 writing or typing styles, this looks like my typing style,
23 that's all. I can't attest that I did write this, but it
24 looks familiar.
25 Q So it looks like your typing style rather than

9504364292 7

your writing style?

A Right.

Q You don't mean that you actually constructed the letter?

A I don't recall. I may have typed it, but I can't even attest to that.

Q Would this letter have been placed in any Olympic Bank file?

A The loan file. This is a line of credit file, which is indicated with the loan transaction number, would be placed in that file number, commercial loan transaction number.

Q So this document should have been in Olympic Bank's loan file?

A Yes.

Q Any other file?

A Not to my knowledge. It wouldn't belong anywhere else.

Q Do you remember any circumstances regarding your preparation of this letter?

A I don't-- I can't testify that I prepared that, so I don't know under what circumstances that was prepared, who prompted it. I don't know.

Q Who usually typed letters for Charles Fraser?

A It could have been anyone in the support staff.

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However, on occasion, I did type correspondence just as assistance. He's my husband.

Q And how many people are on the support staff who typically type correspondence?

A In?

Q In 1989.

A 1989? Maybe two. He did most of his own typing.

Q Oh, so it's possible that the Charles Fraser typed this letter himself?

A Unlikely.

Q Why do you say that?

A I know his typing style.

Q And this is not his typing style?

A I don't think so.

Q Do you know what the purpose of this letter was?

A No.

Q Ms. Fraser, I would like to show you a two page document which has been marked Exhibit 6 and ask you to take a look at that for a minute.

(Whereupon, the document referred to was marked as Exhibit 6.)

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A Yes.

Q When?

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A I prepared it. I typed it.

Q Did you type both pages of this document?

A Yes.

Q What was the purpose of this document?

A My recollection is that Larry Halloran called Mr. O'Brien. Mr. O'Brien was not available, whereby he got me on the phone. I usually ask the caller if there's some way I can help them. It's my recollection that Mr. Halloran stated what the nature of his call was. He wanted a breakdown of the Haig for President line of credit, he just didn't know the dates and amounts and what have you and just wanted an overall understanding. I don't recall what purpose for. I don't remember ever speaking to Mr. Halloran. I really don't recall the conversation. I'm just reading what-- But this is typically what would happen. Mr. O'Brien was not available, so I asked Mr. McLaughlin, who was in charge of the commercial loan department, to prepare the letter for Mr. Halloran. I believe I assisted him in, I know I typed the letter, I believe I assisted him in preparing this letter.

Q Assisted Mr. McLaughlin?

A Yes, because Mr. O'Brien was not available.

Q Did Mr. McLaughlin speak with Mr. Halloran on the telephone?

A I don't believe so.

Q Did you transfer Mr. Halloran to anyone else?

9504364293 0

A No. Because Mr. Halloran would have stated the nature of his call, I felt confident that someone in our loan department in lieu of Mr. O'Brien could handle the request. And that's why the letter was prepared.

Q Was this letter maintained in an Olympic Bank file?

A It would have been only maintained in the line of credit file with the number stated right on it.

Q And does that number indicate an account number?

A Yes.

Q Do you recall any conversations with Mr. McLaughlin regarding the letter?

A I remember explaining to him what Mr. Halloran's request was. And Tom, I don't remember, but said he needed some help in preparing it and I prepared, as best as I could, and he signed it in his capacity as vice president in charge of the commercial loan department.

Q Would you have done any research to prepare this letter?

A I don't recall.

Q Would you have reviewed any documents to prepare this letter?

A I don't recall.

Q Where would you get the information?

A On the computer, it's right on the computer. All

2504364293 1

of this would have been right on the computer.

Q All of what?

A The original amount of the loan, the date the loan was issued, the rate of interest, the date that it matured, the date that it would mature after it was renewed. All of that is readily available right on the computer.

Q When you say right on the computer, do you mean -- what do you mean?

A You input a code with the account number and you'll get a screen with all of that information right in front of you.

Q So, by typing in an account number, you could pull up the date that the loan was made?

A Um-hum. That's necessary for recordkeeping.

Q The rate of the loan?

A It's right on the card, right on the computer.

Q Is there a name for this computer file?

A That's bank information. Why would you need that?

Q Is it an accounting file?

A It's an informational type file. It would be -- could be considered as an accounting type file.

Q Could anyone at Olympic Bank type in the code and pull up this file or do you need special access?

A Anybody could type in the code and pull up the file.

9504364293 2

1 Q And who codes that information into the computer
2 file?
3 A Whoever sets up the extension of credit.
4 Q Is there one person who's responsible for making
5 those entries into the computer?
6 A No.
7 Q So anyone--
8 A Not at that time.
9 Q So, in 1987, anyone in the loan department could
10 have--
11 A The support staff would have input the information
12 on the loan into the computer.
13 Q And by support staff, do you mean clerical staff?
14 A Um-hum. Yes.
15 Q Would anyone other than the support staff put this
16 information into the computer?
17 A No.
18 Q Would Mr. O'Brien type this information into the
19 computer?
20 A Never.
21 Q Where would the support person get the information
22 to type into the computer?
23 A Where would they get-- The information could be
24 derived from a credit review form which would list all of the
25 particulars of the loan directly thereon. I don't work in the

9504364293 3

1 loan department. I don't input loans, so I can't answer that
2 accurately.
3 Q So, it could be taken from a credit review form?
4 A Yes, it could be.
5 Q Is there a special computer data entry form?
6 A I don't work in the loan department. I don't
7 know, honestly.
8 Q Ms. Fraser, I'd like to show you a three page
9 document which has been marked Exhibit 7. I would like you to
10 take a look at that for a minute.
11 (Whereupon, the document referred to
12 was marked as Exhibit 7.)
13 BY MS. MASTROBATTISTA:
14 Q Have you seen this document before?
15 A Yes.
16 Q When?
17 A At the board of directors meeting on
18 December 15, 1987.
19 Q December 17, 1987?
20 A December 15, 1987.
21 Q I think if you--
22 A Oh, I'm sorry. I'm looking at the date of the
23 report. At the board of directors meeting on
24 December 17, 1987.
25 Q Thank you.

2504364293 4

1 And page 3 of the document, when would you have
2 seen that page?
3 A I typed this document and it would have been
4 prepared on October 19, 1988.
5 Q So the agenda would be prepared the day before the
6 directors meeting; is that correct?
7 A Yes.
8 Q On page 1 of the exhibit, why are two items
9 starred?
10 A Because those two items are so called insider
11 transactions because principals associated with those two
12 items are directors of the bank.
13 Q And who put those stars on those items?
14 A I did.
15 Q Did anyone tell you to star those two items?
16 A No.
17 Q You made that decision yourself?
18 A Yes.
19 Q Why is the amount under Haig for President, Inc.
20 of $175,000 circled?
21 A No particular reason.
22 Q Did you do that?
23 A Yes.
24 Q You don't recall why?
25 A No, I don't.

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Q Who prepared this sheet, this first page new loans report?

A This report was generated in the loan department by a member of the support staff and I don't know who at this particular time.

Q Did someone from the loan department always prepare a new loans report prior to a board meeting?

A Yes. They are generated in the loan department.

Q And where is the information obtained to list on the new loans report?

A As a loan is issued or renewed, there is a computer generated loan card that comes out the day after the loan is input or renewed. The day after the loan is input into the computer, a loan card comes out of the system the next day which is filed in the loan department in loan card files. The new loans or the renewed loans for this report, the information is taken from the loan card.

Q So, for each loan, there's a computer generated loan card?

A Yes.

Q And that loan card is kept on file with other loan cards?

A Yes.

Q So you have a hard copy?

A Yes.

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Q Would there have been a loan card prepared for each loan listed on the new loans report of December 15, 1987?

A Would there have been? I can't say. I don't deal with the loan cards.

Q But is that usually where the information is received for the new loans report?

A Yes.

Q Page 2 of the exhibit is an agenda from the board of directors meeting on December 17, 1987; did you prepare this agenda?

A Yes.

Q Where did you receive the information to prepare the agenda?

A Most of the items are standard. The items 7, 8, 9, 10, and 11 are on the agenda due to the fact that a principal or someone financially involved, somehow financially involved with each of those items is a director of the bank. That information is taken from a new loan report generated from the loan department.

Q So the information for items 7 through 11 on the agenda would be taken from the new loan report of December 15, 1987?

A Okay, the item for the Mastercard would not be on that report, it would be on a separate. Tierney Mechanical Mastercard would not be on that report, it would be on a

2504364293 7

1 separate one. The letter of credit would not be on that, it
2 would be on a separate report that's titled installment loans,
3 letters of credit. The item for Dedham Place would be on the
4 commercial, new commercial loan report as well as Haig for
5 President, because they are considered commercial loans.
6 Q So you then would review the new loan report?
7 A I get the new loan report either the day before or
8 two days before. I review it myself and go down each of the
9 names and, just myself, pick off the borrower names that I
10 myself know have some affiliation with a board of director.
11 Q Does anyone approve the agenda prior to the board
12 meetings?
13 A No.
14 Q Does Mr. O'Brien receive a copy of the agenda
15 prior to the board meeting?
16 A No.
17 Q Who receives a copy of the agenda?
18 A Prior to the meeting?
19 Q At the meeting, at any time?
20 A At the meeting? Each of the directors receive a
21 copy of the agenda.
22 Q Does anyone receive a copy of the agenda prior to
23 the meeting?
24 A No.
25 Q Where would you get the wording, 'ratified,

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previously approved request' in the agenda?

A That's standard language, I'd mentioned earlier I'd been using in preparing minutes for the last ten years. The loan does appear on the new loan report. I don't attend executive committee meetings. I don't know what's discussed at the meetings; however, if it's on the report, it's already been approved, I imagine it's already been discussed at the executive committee. There are no minutes from those meetings, so I can only do my part in preparing the minutes.

Q For items number 7 and 8, the agenda indicates approved the request, does this signify that these requests have not been previously approved?

A Yes.

Q And how would you know that?

A It should have been discussed at that meeting.

Q At what meeting?

A At the board of directors meeting on that day.

Q And how would you know that?

A How would I know it? It would be discussed, verbally discussed or maybe the actual application was in front of the chairman, I don't recall.

Q How would you know that these items had not been previously approved?

A How would I know? Because, going back to my earlier testimony, I -- these items state approved requests.

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My language that I use in preparing the agenda, approved requests means it has not been approved as of yet. Ratified, previously approved, means it's already been approved previous to the board of directors meeting by the proper authority.

Q But do you receive a list of items that need to go in the agenda which have not yet been approved?

A On occasion, yes.

Q And what would that list look like?

A It would just be, it could be a simple piece of paper, Sue, please add request of Mr. Milano for a credit line on his Mastercard for the amount of $2,000. That would be, and I would just as I'm instructed to do, put that item on the agenda.

Q And who would give you that piece of paper?

A It would have been an officer in the loan department.

Q Any officer in the loan department?

A The senior officer in the loan department, either in charge of consumer or commercial loans.

Q And who was the senior officer in the loan department in charge of commercial loans in December of 1987?

A Tom McLaughlin.

Q I'd like to show you page 3 of the exhibit. Page 3 is the agenda for the board of directors meeting on October 20, 1988; did you prepare this agenda?

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A Um-hum. Yes.

Q Where did you get the information for item number 9 on the agenda?

A I don't recall.

Q Could it have been given to you verbally?

A It could have been.

Q Who would have given you this information?

A Mr. O'Brien.

Q Could it have come from anyone else?

A No.

Q I would like to note on item number 9 the amount of $175,000 has been crossed out and underneath handwritten is $55,000.

A I did that. I can't explain why at this particular time. I'm sure it was just an oversight or a typo with the original amount, but that is my scratch.

Q Where would the $175,000 figure come from?

A From the amount of the original extension of credit.

Q And where would you have gotten that information in?

A It's noted in the minutes. I don't recall, but-- I don't recall at this particular time, but I could have just--

MR. HUGHES: Wait, wait, wait, wait. Do you know

2504364294 1

1 whether you did it or not?

2 THE WITNESS: No.

3 BY MS. MASTROBATTISTA:

4 Q Could it have come from the computer loan file

5 card?

6 A I wouldn't look at that, no.

7 Q Have you ever seen a computer loan file card for

8 the Haig for President loan?

9 A No. The hard copy or the computer?

10 Q The hard copy?

11 A No.

12 Q Who keeps the hard copy?

13 A The loan department.

14 Q Any specific individual?

15 A The support staff.

16 Q Where did you get the $55,000 figure?

17 A I don't recall.

18 Q Do you recall any circumstances regarding item

19 number 9 on the October 20, 1988 agenda?

20 A I don't.

21 Q Item number 9 indicates approve request rather

22 than ratify approval, had this request been previously

23 approved?

24 A Not to my knowledge.

25 Q Ms. Fraser, I'd like to show you a one page

2504364294 2

1 document which has been marked Exhibit number 8 and ask you to
2 take a look at that.
3 (Whereupon, the document referred to
4 was marked as Exhibit 8.)
5 BY MS. MASTROBATTISTA:
6 Q Have you seen this document before?
7 A Yesterday.
8 Q Have you seen it before yesterday?
9 A No.
10 Q What is this document?
11 A This is a copy of an internal credit form that is
12 used to make a deposit into a new account.
13 Q Is this the computer loan file card that you were
14 speaking of earlier?
15 A No.
16 Q Is this an Olympic Bank form?
17 A It's a generic form supplied by NCR who is the
18 manufacturer of our computer.
19 Q Is this a deposit slip?
20 A A new account deposit slip, yes.
21 Q When is a new account deposit slip prepared?
22 A I don't set up accounts. I don't work in loan
23 department or customer service. I can't answer that.
24 Q Who prepared this deposit, new account deposit
25 slip?

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A My identification of the writing is Bill Dickerson.

Q On the bottom right hand corner, there is a line prepared by and there are some initials; do you recognize those initials?

A Yes.

Q And whose initials are those?

A William H. Dickerson.

Q What was Mr. Dickerson's position with Olympic Bank in November of 1987?

A Senior vice president in the loan department.

Q Was he responsible for commercial loans?

A Consumer loans, actually.

Q Ms. Fraser, I'd like to show you one last document which has been marked Exhibit 9. I'll ask you to take a look at that.

(Whereupon, the document referred to was marked as Exhibit 9.)

THE WITNESS: Okay.

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A Yes, yesterday.

Q Before yesterday?

A No.

Q Do you recognize the handwriting on the document?

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A I can guess, but I can't say for sure, no.

Q Do you know what the purpose of that document is?

A It just looks like someone's notes. I don't-- I can't identify it.

Q Do you know whether that document would be maintained in an Olympic Bank file?

A I don't know whether or not it would have been.

Q Do you recall searching or finding that document in respose to the Federal Election Commission subpoena?

A I don't recall. I only looked in my own files. I didn't research any -- beyond my own.

Q And that document was not in your files?

A No.

MS. MASTROBATTISTA: I think this would be a good point to take a ten minute break.

Off the record.

(A ten minute break ensued.)

MS. MASTROBATTISTA: Back on the record.

BY MS. MASTROBATTISTA:

Q Ms. Fraser, I would just like to ask you a couple of follow up questions.

Do you recall any discussions you had with anyone at Olympic Bank regarding the line of credit extended to the Haig Committee?

A No. I wouldn't have had any.

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Q I believe you stated earlier that you prepared a letter for Larry Halloran; is that correct?

A Um-hum. Yes.

Q And did you have discussions with Thomas McLaughling concerning the letter which you prepared for Larry Halloran?

A Yes.

Q And what would the extent of those discussions be?

A If my memory serves me, I would have said that we received a call from Mr. Halloran with regard to the Haig for President line of credit. They are asking for our definition of the transaction, including dates and amounts. Bill is not here. Can we put something together and would you -- he wants it today and would you sign the letter after it's prepared.

Q Anything else?

A No.

Q Do you recall any discussions with Mr. O'Brien concerning the line of credit?

A No, I don't.

Q Did you have any discussions with Dominic Saraceno regarding the line of credit?

A Did I? No.

Q How often do you see Dominic Saraceno?

A Usually monthly or he is also a member of the executive committee. So, when he attends the meetings is when

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I see him.

Q So you see him when he comes to Olympic Bank to attend meetings of the executive committee?

A And the board of directors, yes.

Q Any other meetings that he attends?

A Not to my knowledge.

Q Is he at Olympic Bank on other times other than the days of executive committee and board meetings?

A Usually not.

Q When you were collecting documents and looking through your files to respond to the Federal Election Commission subpoena, did you look through the leather bound notebook for documents?

A No.

Q Why not?

A That document is rarely referred to. That book is rarely referred to. It's easier for me to, I have a three ring binder right on the floor at my feet, it's easier to pick that up and refer to information in that than it is to take up a leather binder and take the pages out of the leather binder. It's easier to open a three ring binder as opposed to the leather binder, that's the only reason.

Q Did anyone assist you in looking for documents in response to the subpoena?

A In relation to the documents I'm responsible for,

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1 no.

2 Q Who else at Olympic Bank looked for documents in

3 response to the subpoena?

4 A Julie Aurilio and I believe Chuck Fraser.

5 Q And did they give the documents that they found to

6 you?

7 A I don't recall if I was given them directly or the

8 chairman. I don't recall.

9 Q And what did you do with the documents that you

10 found?

11 A I must have given them to the chairman for his

12 response.

13 Q Mr. Nicolazzo?

14 A Yes.

15 Q Do you recall any discussions with Mr. Nicolazzo

16 concerning the documents?

17 A I don't recall, no.

18 MS. MASTROBATTISTA: Ms. Fraser, I'd like to thank

19 you for coming here today--

20 MR. HUGHES: Oh, I have some questions I'd like to

21 ask.

22 MS. MASTROBATTISTA: Oh, I'm sorry. Counsel.

23 MR. HUGHES: May I see the exhibits, please?

24 MS. MASTROBATTISTA: Sure.

25

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1 EXAMINATION

2 BY MR. HUGHES:

3 Q Ms. Fraser, referring to Exhibits 2 and 4, in your
4 direct you discussed the votes that you would normally
5 highlight with respect to extension of the credit by the bank;
6 if a charitable organization like the Museum of Science came
7 to the bank for an extension of credit and a director of the
8 bank, like Mr. Cowens, was on the board of the Museum of
9 Science, would you highlight that particular vote?

10 A Yes, I would.

11 Q Why?

12 A Just because Mr. Cowens is a member of the board
13 of directors.

14 Q Of Olympic?

15 A Yes.

16 Q So would it be fair to say that when extensions of
17 credit are made to an organization in which a director has an
18 interest, whether or not it's financial, you highlight the
19 vote?

20 A Yes, I do.

21 Q Now, with respect to the minutes of the
22 October 1988 meeting, and focusing on the vote that says to
23 approve the request of Haig for President, Inc., prior to that
24 vote, which is to extend an existing loan, would that loan
25 have appeared on a report similar to the first page of Exhibit

7504364229 49

7?

A Not necessarily, no. Because you were just extending an existing loan, you weren't actually granting additional money.

Q Do you use the new loan reports as the basis for deciding whether the wording of a motion should be to approve versus to ratify?

A I do use it, yes.

Q Have there been occasions in the past where the wording of a vote has said to approve even when there's been an extension of credit already made?

A There could have been, yes.

MR. HUGHES: I have nothing further.

EXAMINATION

BY MS. MASTROBATTISTA:

Q Ms. Fraser, why would you indicate on the minutes that the board was approving an extension of credit if it had already been approved somewhere else?

A Say that again, please.

Q Why would you indicate on the minutes of a board of directors meeting that the board was a loan or a request for line of credit when it had already been approved by some other person?

A I can't answer that. I don't know.

Q Do you know the difference between the term

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1 approve and ratify the approval?
2 A Yes; yes, I do.
3 Q And what does approved me to you?
4 A Approved means an initial authorization or initial
5 granting to me. Ratify would mean something that's already
6 been approved.
7 Q I would like to go back to Exhibit number 7 for
8 just a moment, on page 3. Item number 9 indicates that one
9 item on the agenda for the October 20, 1988 meeting is to
10 approve the request of Haig for President, Inc.,
11 Dominic J. Saraceno, treasurer, to extend an existing loan in
12 the amount of $175,000, crossed out, $55,000 for a term of six
13 months; does this indicate to you that the request had already
14 been approved prior to the board meeting?
15 A It could have been. I don't remember. I don't
16 know.
17 Q And where would you have obtained the information
18 to put on the agenda?
19 A In this instance, I can't answer. I don't know.
20 Q Typically?
21 A Typically, a new request, the information would be
22 given to me from an officer in the loan department or
23 occasionally by Bill O'Brien. This instance, I don't know
24 where I got this information.
25 Q If a loan is renewed, does the renewal of the loan

2504364295 1

1 have to be approved by Olympic Bank?

2 A On a so called insider transaction, yes.

3 Q On any transaction?

4 A Yes.

5 Q So, what is--

6 A Restate that again, I'm confused.

7 Q What does renewal of a loan mean to you?

8 A Renewal means an extension.

9 Q Is that a separate loan?

10 A It's the same loan, just being extended, renewed.

11 Q Does a renewal have to be approved by Olympic

12 Bank?

13 A By Olympic Bank, yes.

14 MS. MASTROBATTISTA: Thank you.

15 Mr. Hughes, any further questions?

16 MR. HUGHES: No, ma'am. Thank you.

17 MS. MASTROBATTISTA: Ms. Fraser, I'd like to thank

18 you for coming here today to answer questions in connection

19 with this investigation.

20 You will be receiving a generous check for a

21 witness fee plus mileage. How many miles did you travel here

22 today? Did you come from Mr. Hughes' office?

23 MR. HUGHES: It's a block.

24 MS. MASTROBATTISTA: One block?

25 THE WITNESS: Um-hum.

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MS. MASTROBATTISTA: You will be given the right to review the transcript for accuracy and to sign it before a notary public and to return it to the Commission.

You are reminded that the investigation must remain confidential until the Commission closes its files in this matter. Do you understand that this matter must remain confidential?

THE WITNESS: Yes, I do.

MS. MASTROBATTISTA: This deposition is not concluded, but merely continued. We do not anticipate having to speak to you again, however the investigation in this matter is ongoing.

This deposition is adjourned.

THE WITNESS: Thank you.

MS. MASTROBATTISTA: Off the record.

(The deposition adjourned at 10:15 a.m.)

2504364 2953

1 CERTIFICATE

2 COMMONWEALTH OF MASSACHUSETTS)
3 COUNTY OF SUFFOLK)

4 I, Dana Swift, a Court Reporter and Notary Public,
5 within and for the Commonwealth of Massachusetts, do hereby
6 certify that there came before me this 22nd day of March,
7 1991, the person hereinbefore named, who was by me duly sworn
8 to tell the truth, the whole truth, and nothing but the truth,
9 concerning and touching the matter in controversy in this
10 cause: that she was thereupon examined upon here oath, and her
11 examination reduced to typewriting, under my direction, and
12 that this deposition transcript is a true and accurate record
13 of the testimony given by the witness.

14 I further certify that I am not related to any of
15 the parties hereto or their counsel, and that I am in no way
16 interested in the outcome of said cause.

17 Dated at Boston, Massachusetts, this 1st day of
18 April, 1991.

19

20 Dana Swift
DANA SWIFT
21 NOTARY PUBLIC
My Commission Expires:
22 January 27, 1995

23

24

25

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UNITED STATES OF AMERICA

FEDERAL ELECTION COMMISSION

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
91 APR 11 AM 11:53

In the Matter of:)
)
OLYMPIC INTERNATIONAL) MUR 2903
BANK & TRUST COMPANY)
)

THE ORAL DEPOSITION OF THOMAS A. MCLAUGHLIN, III, taken pursuant to Federal Election Commission subpoena, before Dana Swift, a Court Reporter and Notary Public, within and forthe Commonwealth of Massachusetts, at the Office of the United States Attorney, 1003 J.W. McCormack Post Office & Courthouse, Boston, Massachusetts, on Friday, March 22, 1991, commencing at 10:25 o'clock a.m.

PRESENT:

JONATHAN BERNSTEIN, Esq.
MARY P. MASTROBATTISTA, Atty.
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

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PRESENT: Continued

JOHN D. HUGHES, Esq.
Hutchins & Wheeler
101 Federal Street
Boston, MA. 02110
For the Deponent.

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I N D E X

WITNESS	EXAMINATION BY	PAGE
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	Mr. Hughes	87
	Ms. Mastrobattista	87

EXHIBITS	DESCRIPTION	MARKED
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2	Corporate resolution	48
3	Note	50
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5	Transaction record	54
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12	Letter	78
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14	New loans report	83

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1 PROCEEDINGS

2 COMMENCED [10:25 a.m.]

3 THOMAS A. MCLAUGHLIN, III, 225 Lincoln
4 Street, Unit J5, Duxbury, Massachusetts, having been first
5 duly sworn by the Notary Public to tell the truth, the whole
6 truth, and nothing but the truth, testified upon his oath as
7 follows:

8 MS. MASTROBATTISTA: This deposition is being
9 taken pursuant to a Federal Election Commission subpoena
10 issued in connection with an investigation under
11 Section 437(g) of Title II of the United States Code.

12 The statute provides that the confidentiality of
13 this investigation must be maintained until the Commission
14 closes its files. The Commission has civil jurisdiction over
15 the Federal Election Campaign Act of 1971 as amended.

16 This investigation is designated Matter Under
17 Review 2903.

18 My name is Mary Mastrobattista and I'm
19 representing the Commission here today with
20 Jonathan Bernstein.

21 EXAMINATION

22 BY MS. MASTROBATTISTA:

23 Q Would you please state your full name?

24 A Thomas A. McLaughlin, III.

25 Q Are you represented by counsel today?

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A Not my own, just bank counsel.

Q And would you please identify that counsel?

A Hutchins & Wheeler, Mr. John Hughes.

Q Mr. McLaughlin, have you ever had your deposition taken before?

A Yes, ma'am.

MS. MASTROBATTISTA: Even though you have, let me explain a little bit about what will take place here today.

We are going to be asking you questions, a series of questions designed to elicit information in connection with this investigation. The questions will not be limited to your involvement only, but will also include requests for information which involve other persons as well.

You should treat this as if you were testifying in a court of law and remember that you are under oath.

The Court Reporter will be recording everything you say and will be typing up a transcript. Since the Court Reporter will not record any gestures or any response which is not spoken, it is important that you answer each question in words.

If you don't understand or don't hear a question, let me know and I can rephrase it or repeat it. If you want to qualify an answer, you can do so. If during the course of the deposition you realize that an answer you gave earlier was inaccurate or incomplete, let me know and we can go back and

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correct it. If you need to take a break for any reason, let me know and we can take a break.

BY MS. MASTROBATTISTA:

Q Mr. McLaughlin, what documents did you review in preparation for the deposition today?

A We looked at the file.

Q What file?

A Copies of-- Went over documents relating to the file?

Q Bank documents?

A Right.

Q Were these the documents which were submitted in response to a Federal Election Commission subpoena?

MR. HUGHES: Well, I can say yes, they were.

MS. MASTROBATTISTA: Okay.

BY MS. MASTROBATTISTA:

Q Mr. McLaughlin, what's your home address?

A 225 Lincoln Street, Unit J5, Duxbury, Massachusetts, 02332.

Q Is that far from Boston?

A Approximately thirty two miles.

Q What is your educational background?

A I've got a Bachelor's Degree from Northeastern University in Accounting, that's my major degree.

Q Any education beyond your Bachelor's Degree?

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A Credit training courses where I worked at Commercial Credit Corporation and I've been to various seminars throughout my banking and finance career.

Q Sir, were they banking type courses and seminars?

A Yes.

Q Where are you currently employed?

A Olympic International Bank.

Q And what is your current position at Olympic International Bank?

A Vice president.

Q Of?

A Commercial loans.

Q Are you the only vice president of commercial loans?

A No.

Q How many vice presidents of commercial loans are there?

A Okay, they would be-- Do you want me to name them or just give you a number?

Q If you could name them.

A Okay.

Mr. Thomas Joseph, he's a vice president currently; Mr. Jack O'Neil, he's a senior vice president; Mr. Joseph Snyder, he's a senior vice president--

MR. HUGHES: Are these of commercial loans or all

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1 the vice presidents at the bank?

2 THE WITNESS: They are people involved in

3 commercial loans.

4 MR. HUGHES: No, but what's their title? Are they

5 call called vice president for commercial loans like you?

6 THE WITNESS: No.

7 BY MS. MASTROBATTISTA:

8 Q So, are you the only vice president for commercial

9 loans?

10 A Jack O'Neil is a vice president of commercial

11 loans, senior vice president.

12 Q Any other vice presidents for commercial loans?

13 A No.

14 Q How long have you held the position of vice

15 president for commercial loans?

16 A Since the bank started, that would be five, almost

17 six years.

18 Q And what year did the bank start?

19 A May of 1985.

20 Q Have you held any other position at Olympic Bank

21 other than vice president of commercial loans?

22 A No.

23 Q What are your duties as vice president of

24 commercial loans?

25 A Basically, I'm involved in various stages of the

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lending practice at the bank. Those would include the business development stage, the credit review process, the funding stage and the servicing stage.

Q What do you mean by the funding stage?

A After a loan is approved, it has to be funded. The monies have to be conveyed to the borrower is what I mean, specifically.

Q Thank you.

Where were you employed prior to Olympic Bank?

A I was employed at Commercial Credit Corporation, which was a subsidiary of Control Data Corporation.

Q Was that a banking position?

A It was an auditing position.

Q And how long were you employed there?

A Twelve years, approximately; seven years auditing and four and a half years in finance, lending.

Q Can you tell me a little bit more about your duties at Olympic Bank?

A Can you be more specific?

Q Can you tell me a little bit more about how you were involved with processing a loan?

A What stage of it? Just the --?

Q Well, what stage do you first become involved, do you become involved typically with the request for a loan?

A It could be in different degrees of many

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1 different, you know, facets; okay? Let me digress for a
2 moment. I could be asked to meet somebody that's interested
3 in obtaining financing. And that would involve an initial
4 discussion with that person and a general discussion about his
5 requirements.
6 Q Is that getting new business for the bank; that
7 type of thing?
8 A Right. That's called business development.
9 Q Okay.
10 A That could also take place in a phone conversation
11 where you feel out the client to see if the request is, first,
12 feasible, that's what's called the pre-screening stage. And
13 then, if you feel-- Do you want me to keep going with the
14 whole nine yards?
15 Q Yes, please.
16 A Okay.
17 That's an important stage because you don't want
18 the client to start gathering numerous documents and spending
19 a lot of time gathering his statements or his leases depending
20 on the transaction. There's a different set of documents,
21 okay, that go with different transactions.
22 But once you've determined that it's a viable
23 request, you would seek out those items that you need to make
24 an intelligent credit decision. After you receive those, and
25 probably in the midst of gathering those documents, he might

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1 have questions relative to what he needs, what he doesn't need
2 or just general questions about what the bank needs to
3 accomplish a credit decision.
4 Once all those documents are obtained, okay, then
5 a decision is made by the person having the authority to make
6 that decision, whether -- and it's either approved or
7 declined.
8 Q When you refer to 'those documents', what do you
9 mean?
10 MR. HUGHES: Which type of loan are we talking
11 about now?
12 THE WITNESS: There's probably, I'm just going to
13 say, there could be as many -- well, every loan is different,
14 basically, so that it depends on the transaction.
15 BY MS. MASTROBATTISTA:
16 Q Is your experience mostly with commercial loans?
17 A Yes, basically; financing and leasing commercial
18 loans; right.
19 Q What documents are you typically talking about for
20 commercial loans?
21 A If you're talking about a real estate transaction,
22 you need an appraisal of the property. If you're talking
23 about an equipment lease transaction, you require an appraisal
24 or an estimate of the value of the equipment. If you're
25 talking a line of credit or a working capital line, you need a

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personal financial statement.

Q So if a person were to come to you and they would be interested in a loan from the bank to open up a business, say a restaurant, is that a commercial loan, the type of loan that you deal with?

A Um-hum.

Q What documents would you typically require?

A On the restaurant? It would depend on how--

Q A new business that--

A A new business--

MR. HUGHES: Wait a second now. Can you answer that question without knowing what type of business it is?

THE WITNESS: Not really.

BY MS. MASTROBATTISTA:

Q A restaurant, a new restaurant, as opposed to an old restaurant.

A A restaurant?

MR. HUGHES: The start up.

THE WITNESS: A start up business?

BY MS. MASTROBATTISTA:

Q Yes.

A Depending who the borrower was going was going to be, if it was an individual, that requires a different set of documents than a corporation.

Q What would you require from an individual?

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A An individual?

MR. HUGHES: Looking to open a restaurant?

THE WITNESS: Looking to open a restaurant? His business plan.

BY MS. MASTROBATTISTA:

Q Anything else?

A I would want to know something about the person, a personal financial statement, who he is. Is this a person that comes in through the door or somebody known to the bank? Because there's a difference.

Q Why would that make a difference if the bank knows the person who is requesting the loan?

A Well, let me talk about my experience; okay?

Q Please do.

A When I worked at Control Data, we did business with people that came in off the street, so to speak, that were not known to any person that worked at the company. They weren't known to me. We didn't know who they were, what their backgrounds were. We didn't know whether they came in through a broker, a lot of them did come in through a broker, but that's dangerous ground as opposed to people that you know, that you've done business with before. So, there's a distinct difference there, as far as lending goes; to that set of people versus different sets of people, like if my sister came in to borrow money.

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Q Because you know your sister?

A Right. But there's a big difference there.

Q You said earlier that it would be different if it was an individual as opposed to a corporation; what did you mean by that?

A A corporation, you have to have resolutions to borrow. You have to know the person you're dealing with. You know, if they send the secretary in for a loan, which they very could well do, as opposed to the president coming in. You know, there's --.

Q You mean the corporate secretary?

A Right, I'm just saying you have to have a resolution signed by the duly authorized person that's authorized to borrow funds.

Q Does Olympic Bank have loan application forms?

A Yes.

Q How many forms do they have?

A With regard to commercial loans?

Q Commercial loans.

A One.

Q One form?

A Um-hum.

Q Is that form used for any type of commercial loan?

A Is it used for any type? It would be. It would be used.

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Q For any type of commercial loan?

A Right.

Q What information is required on that form?

A The name of the applicant, the address, the -- some standard questions relative to whether that person was ever in bankruptcy, were there federal income taxes filed for the most recent period; you know, general questions. There's a set of questions on there.

Q Would you ask them to submit a copy of those income tax statements or do you just ask them a question were they filed?

A That's just a question. Okay, that's flexible depending on who you are dealing with as far as income tax situations go. Some of those things are optional depending on who you are dealing with.

Then, who's the owner of the -- if it's a corporation, if it's owned by three, two, three parties, what the percent ownership is in the corporation; why they need the money; the purpose of the money. And basically those are the major items.

Q What happens to that form once it comes into the bank, who receives it?

A It could be received by anyone. Actually, who-- If it's mailed out to somebody, you're talking about?

Q If someone comes in, walks into the bank and wants

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to hand this form to someone, would that person be directed to the loan department to turn in the application form?

A But is this an already completed form you're talking about?

Q Yes.

A That's given to them? They could mail it in. They might bring it into someone.

Q Is the loan department responsible for receiving application forms for commercial loans?

MR. HUGHES: Do you understand that question?

THE WITNESS: No, because--

MR. HUGHES: All right, then ask-- If you don't understand the question, ask her to -- tell her that you don't understand the question.

THE WITNESS: I don't understand that one.

BY MS. MASTROBATTISTA:

Q When someone comes into the bank with an application form completed for a commercial loan, who does that person turn the application form into?

A It could be any number of persons dealing with commercial loan borrowers. It could be, we have marketing representatives that take applications. We have, you know, the president of the bank, the executive vice president, it could be a clerk out in the branch.

Q So it's not necessarily someone in the loan

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1 department who is responsible for receiving all loan
2 application forms?
3 A Right. And sometimes we don't get applications on
4 our loans.
5 Q How do verbal applications work; verbal requests
6 for loans?
7 A Verbal requests?
8 Q For commercial loans?
9 A I don't understand that one.
10 Q Well, if someone comes in and is requesting a
11 commercial loan verbally, who would that person talk to?
12 A When you say comes in, you're not talking about a
13 telephone conversation?
14 Q Comes into the bank.
15 A It could be a number of people. If he's known to
16 somebody in the bank, somebody could talk to that person.
17 Q So, again, it's not necessarily limited to someone
18 from the loan department?
19 A That's true.
20 Q Is there any supporting documentation which is
21 required on your loan application form for commercial loans?
22 A That, again, gets into the question of the
23 specific request, the type of loan.
24 Q If it's a commercial loan, typically, what type of
25 supporting documentation would be required?

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MR. HUGHES: Is there a typical set of documents that's required?

THE WITNESS: No.

MR. HUGHES: Okay.

THE WITNESS: No.

BY MS. MASTROBATTISTA:

Q Have you ever required written documents to be submitted with a written loan application form for a commercial loan?

A When you say written documents to be submitted, written -- tax returns, leases?

Q Have you ever required tax returns to be submitted with a written loan application?

A Sure, depending on that type of transaction.

Q Have you ever required financial statements to be submitted with a written application form for a commercial loan?

A Again, that depends on the loan. We have required it.

Q You have in the past?

A Yes.

Q You personally?

A Sure.

Q How is the loan department structured at Olympic Bank?

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MR. HUGHES: In what sense? Not physical layout: right?

MS. MASTROBATTISTA: No, personnel.

MR. HUGHES: Do you understand that question?

THE WITNESS: I do, but I could go into a breadth of, you know, statements about it. Do you mean-- Well, can you be more specific?

BY MS. MASTROBATTISTA:

Q Let's start out with a more specific question.

How many employees are currently in the loan department at Olympic Bank?

A Are you talking commercial loans or Mastercard, Visa, you can--

Q The whole loan department.

A The whole loan department, okay. Let me just count them to myself.

(A pause on the record.)

THE WITNESS: Thirteen.

BY MS. MASTROBATTISTA:

Q How many employees are in the commercial loan section of the loan department, presently?

A Well, it's not -- some of the people, okay, do commercial loans as well as other type loans, personal loans, small business loans. So, I would count the same thirteen.

Q Is there one person currently who's in charge of

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the loan department?

A Um-hum.

Q And who is that?

A Jack O'Neil, senior vice president.

Q Who is your boss?

A My boss right now would be Jack O'Neil.

Q In 1987, was there one person who was in charge of the loan department?

A '87? It was really two people. I was involved to a larger scale, myself, okay. If you're talking overall responsibility, that would be the president, of course, and William Dickerson was involved in commercial loans, too, at that time.

Q Who was your boss in 1987?

A I can't recollect because we did have some changes. I can't recollect at this point.

Q Who gave you pay raises in 1987?

A My president.

Q Who is?

A William O'Brien.

Q How does the loan department work with the customer service department; do you work closely with the customer service department in processing loans?

MR. HUGHES: Do you understand what she means by processing loans?

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THE WITNESS: I don't under-- First, the customer service department?

BY MS. MASTROBATTISTA:

Q Does Olympic Bank have a customer service department?

A Not per se. I mean, people work on customer service, but there's no titled department customer service.

MR. HUGHES: What do they call the people up front?

THE WITNESS: Those are the-- They are really, most of them are tellers, but the typical teller duties are what those people are out front. They are called customer representatives, but.

BY MS. MASTROBATTISTA:

Q So the tellers are called customer representatives?

A I'm not sure about the exact title of those people downstairs. But their function is essentially as any teller would be, you know, typical banking branch.

Q Once a loan is made by Olympic Bank, is that loan assigned to an individual in the loan department?

A Yes.

Q And at what point would that assignment be made?

A At the point that it's processed on the computer.

Q What does that mean, processed on the computer?

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A The loan has to be set up on the computer system, any loan that's funded.

Q And how is that done?

A It's generated by a typical input sheet, information is in put and processed on the computer and it generates the receivable on the loan.

Q Is that something that you do?

A No.

Q Who would do that?

A That would be-- Then or now?

Q Let's talk about now.

A Now? That would be Mike Sullivan.

Q And who would do that back in 1987?

A Bill Dickerson.

Q So Bill Dickerson would actually sit in front of the computer and type the information into the computer in 1987?

A That's correct.

Q And you said that the information would be from a computer process sheet?

A Right.

Q Is that sheet a specific form or is it a computer card?

A No, there's a form. It's a form.

Q And it's an Olympic Bank form?

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A Well, it's an NCR form, but it's the form. The bank uses that form.

Q Does it have a title?

A Other than data input sheet, that's all I know.

Q And that's used to input new loans into the computer system?

A That's right.

Q And where does the information on the data input sheet come from?

A That comes from the loan file.

Q Any specific document in the loan file?

A The note. The collateral, et cetera.

Q In 1987 and 1988, were you a member of Olympic Bank's loan committee?

A In 1987? No.

Q In 1988?

A No.

Q Are you sure?

A We had a committee in '85. That's what throws me, in the beginning, but after that--

Q Were you on the committee from the beginning?

MR. HUGHES: In the beginning?

THE WITNESS: In '85? There was a committee in '85 that was very short lived. I was on that committee. Right.

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BY MS. MASTROBATTISTA:

Q Do you recall how long that committee lasted?

A I can't recall.

Q Why did that committee end?

A I don't know.

Q Does Olympic Bank presently have a loan committee?

A Yes.

Q Are you on the present loan committee?

A No.

Q Do you recall being on a loan committee anytime between 1985 and the present?

A In early '85, I do.

Q Were you a member of a loan committee last year?

A No.

Q When did you become, more recently become a member of the loan committee?

A I'm not on the loan committee at this point.

Q What was the purpose of the loan committee in early 1985?

A The real purpose was to approve loans in the absence of the president, when he was out of the bank.

Q And Olympic Bank did not have a loan committee in 1987?

A They had an executive committee if that's what you're referring to.

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1 Q A separate loan committee.

2 A A separate loan committee? There was the-- The

3 executive officers were a committee, okay, back then.

4 Q But other than the executive committee, you don't

5 recall a loan committee in 1987?

6 A No.

7 Q You mentioned earlier that one of the aspects of

8 your job involves a credit review, can you tell me a little

9 bit more about that process?

10 A Well, the credit review process as I refer to it,

11 that that comprises from the point that you feel a loan is

12 feasible, you start gathering the documentation and start, you

13 know, having a dialogue between the borrower, the proposed

14 borrower and the bank. And then you have to analyze certain

15 documents for cash flow.

16 Q What documents are you talking about?

17 A It depends on the loan again. We get back into--

18 It could be-- Every loan is different, see, that's what--

19 Q For a commercial loan?

20 A It could be just the personal financial statement

21 of the borrower, his credit bureau; it could be as little as

22 that.

23 Q Do you ever run a credit check on the borrower?

24 A Um-hum.

25 Q And how is that done?

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A On the TRW machine.

Q Does the credit review take a certain form?

A It takes a certain form as far as the subject material, yes.

Q And can you please explain a little bit about that?

A Applicant, address, if it's an ownership, what percentage he owns; purpose of the loan--

Q So there is a credit review form?

A --the rate.

It's a form, it's not a structured form, it's a narrative type of a form that I can -- I can do it right now for you.

Q At what point is the credit review done?

MR. HUGHES: Are you talking about the form now or the process?

THE WITNESS: The process?

BY MS. MASTROBATTISTA:

Q The process.

A Are you talking about-- It could be done in different stages. I mean--

Q What do you mean?

A The loan could already be approved by the president and he would send, you know, a form upstairs and the file and I would format it.

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Q So the loan could already be approved by the president before you do the credit review?

A Right. Not in all instances.

Q But that could happen?

A Sure.

Q Are you talking about before you fill out the form or before you actually do the credit review?

A There's a form that the president would fill out that's part of the credit review function, okay. If you're sitting, you want $50,000, I sit in front of the president, he has the file there, I've got my personal financial statement or whatever he needs, and he approves the loan. Then he sends it upstairs to either myself or somebody else and we prepare a formal review and get everything in order.

Q How do you know that the president approves the loan, how does he indicate it?

A He initials it.

Q Initials what?

A His review form. Or, he could initial an application or another document to show that it's been approved.

Q Once the president approves a loan, he sends it to the loan department?

A Um-hum.

Q Is that correct? Okay, what happens next?

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A We do our-- We write our review up, okay, if this is one of those cases. And then we arrange to fund the loan after it's approved. We have to have the note signed, of course, before it's funded.

Q So you always have a note signed before a loan is funded?

A Absolutely.

Q Who maintains the loan file?

A The files? They're maintained by Thomas Joseph, the vice president. He oversees all of the files and makes sure that they are properly accounted for and that nobody can access the files without, you know, a written initial.

Q Does he oversee all files or just the loan department files?

A Just the loan department files.

Q In 1987, did Mr. Joseph oversee the loan department files?

A Um-hum. Yes.

Q If a loan is approved by Mr. O'Brien, the president, and then it's sent to the loan department to prepare the credit review, I believe you stated earlier that Mr. O'Brien could indicate his approval somewhere on a piece of paper or on a form or initial something; is that correct?

A That's right.

Q Would that piece of paper be part of the loan

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file?

A Yes.

Q What else goes in the loan file?

A All of the documents relative to the transaction.

Q Meaning?

A And anything in the servicing aspect of the account. If we had a loan with you and you had an accounting problem, you would write to the bank asking questions about your loan, that would go in. Any correspondence would go in that loan file, between the customer and the bank.

Q Would a written loan application be part of the loan file?

A Not in all instances, but if there was one taken, there would be one in the file.

Q If there was one, that would be maintained in the loan file?

A Right.

Q Do you keep telephone message slips in the loan file?

A Telephone message slips?

Q Does Olympic Bank have little forms for telephone messages?

A Sure.

Q Do you keep any of those slips in loan files?

A No.

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Q Let's go back, just for a moment, to approval of loans and I want to talk about the 1987, 1988 time period.

A Right.

Q In 1987 and 1988, who approved loans at Olympic Bank?

A They would be these individuals or group of individuals: the president, William F. O'Brien; William F. Dickerson, senior vice president; and those members of the executive loan committee and the board ratifies or approves certain transactions.

Q Do you know what loans are approved by the board of directors?

A Specifically, I don't know.

Q Do you know what types of loans are approved by the board of directors?

A Some other types?

Q What types?

A Relatives of employees, officers of banks, et cetera. It varied, but I don't know the exact content. I don't sit in on the board meeting.

Q Have you ever been to a board meeting?

A Yes.

Q When?

A 1986, approximately.

Q And do you recall why you were at that specific

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1 board meeting?

2 A To go over some of the delinquencies.

3 Q In 1986?

4 A Right.

5 Q Have you ever been to any other board meetings?

6 A No.

7 Q Have you ever been to any executive committee

8 meetings?

9 A No.

10 Q Once a line of credit is approved by the bank and

11 established, as opposed to a straight loan, when individual

12 advances are made under the line of credit, do those

13 individual advances have to be approved by someone at Olympic

14 Bank before the funds are released?

15 A Yes.

16 Q And who has authority to approve requests for

17 advances under lines of credit?

18 A The president, he'll have the authority.

19 Q Anyone else?

20 A Then, if you are talking about certain other types

21 of lines, okay, what we call nondiscriminatory lines, those

22 would be.

23 Q What are nondiscriminatory lines?

24 A If you sign a note today, let's say you came in

25 the bank and the president approved a $100,000 line of credit

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1 for you and he gave it to me to write up the deal, and you
2 called me on the phone in the afternoon and said I want my
3 whole line drawn down -- you know what a line of credit is --
4 I could do that. I would do that. I wouldn't need the
5 president's approval to do that.
6 Q So you would have authority to do that?
7 A That's right.
8 Q Going back to your example, if I had the line of
9 credit set up for $100,000, could I call anyone at Olympic
10 Bank and request an advance or would it have to be someone in
11 the loan department who would have to approve that request?
12 A It would have to be--
13 MR. HUGHES: Wait a second, now. He didn't say he
14 approved those requests, he just said he did them.
15 BY MS. MASTROBATTISTA:
16 Q Would someone at Olympic Bank have to approve a
17 request for an advance of funds under a line of credit?
18 MR. HUGHES: That's nondiscriminatory.
19 THE WITNESS: That's nondiscriminatory? No. It
20 would be advanced at will.
21 BY MS. MASTROBATTISTA:
22 Q Are there discriminatory lines of credit?
23 A Sure.
24 Q And what are those?
25 A It depends on the type of note that would be

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1 enacted.

2 Q Can you give me an example?

3 A Of a discriminatory line of credit?

4 Q Yes.

5 A Okay, construction loan, we're going to build a

6 $300,000 addition to a building. We approve a line of credit

7 facility for $300,000. They start to build the building and

8 we have, this is a complex loan, so in our documentation, we

9 have specific covenants that no funds be advanced until the

10 construction is inspected by an approved architect that goes

11 out, under the architect, they're certified, there's rules,

12 certified institute of architect, there's a special form. I

13 can not fund that loan unless I receive back his report that

14 everything is okay, then I would fund the loan. That's a

15 discriminatory line of credit.

16 Q Was the line of credit extended to the Haig

17 Committee a discriminatory line of credit or a

18 nondescriminatory line of credit or--

19 MR. HUGHES: If you know.

20 BY MS. MASTROBATTISTA:

21 Q --neither?

22 A I don't know.

23 Q Would it be noted anywhere in the loan file

24 whether a line of credit was a discriminatory line of credit

25 or a nondiscriminatory line of credit?

7 5 0 4 3 6 4 2 9 8 7

A No.

Q Who would make the decision whether a line of credit would be discriminatory or nondiscriminatory?

A There really wouldn't have to be a decision. It depends on the loan itself.

Q How would anyone know whether a line of credit was discriminatory or nondiscriminatory?

A They would have to look at each and every loan to find out, you know, the type of loan and what context the documents were prepared.

Q So are certain types of loans always nondiscriminatory or discriminatory?

A Right.

Q Would the note indicate anywhere whether a line of credit was discriminatory or nondiscriminatory?

A Not in that language. The language, it wouldn't say discriminatory or nondiscriminatory.

Q Would it attach conditions for approval?

A There would be a set of documents that would accompany the note, if it was a construction loan, I'm talking about, or some other type loan, that would allude, definitely that.

Q What is your involvement with the actual preparation of notes in the loan department for commercial loans?

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1 A The preparation of notes?
2 Q Yes.
3 A At what time?
4 Q At any time.
5 A I may prepare notes at certain times.
6 Q So you may type up the notes?
7 A I have.
8 Q Sit down at the typewritter and type it yourself?
9 A That's right.
10 Q Or could you give the information to someone to
11 type it for you?
12 A Right.
13 Q At what point in the loan process is the note
14 prepared?
15 A It depends on the transaction, whether we have
16 outside counsel involved.
17 Q And if you don't have outside counsel involved?
18 A It would be prepared anytime prior to funding or
19 at funding. If you sat down and signed a note right in front
20 of me, I could fund it after you'd signed it. I could convey
21 funds right here.
22 Q After I signed it?
23 A That's right.
24 Q Is there one person--
25 A And all conditions were met, okay.

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Q What do you mean?

A If there were any other conditions.

Q Such as?

A If I needed something from you that I hadn't obtained, a document.

Q Financial statement?

A Or a tax I.D. number or whatever, I would want those things when we signed at closing. You would have to give me everything so that -- I wouldn't have it signed unless all those things were present.

Q Is there one individual in the loan department who's responsible for all notes?

A No.

MR. HUGHES: What part? Preparing them, you mean?

BY MS. MASTROBATTISTA:

Q For preparing notes?

A No, it could be a number of people.

Q Is there one person in the loan department who keeps all the notes in a file?

A In custody? Yes, there's more than one, there's a couple of people.

Q A couple of different people?

A Right.

Q When it's time to sit down with the borrower and execute the note, are there, in a commerical loan situation,

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1 other documents which the borrower is at times required to
2 sign in addition to the note?
3 A Sure. Depending on the transaction, it could be
4 any number of documents he could sign.
5 Q Could you give me some examples?
6 A If you have a-- Well, let's see, if we do an
7 equipment loan, okay, and you're going to secure the loan with
8 this, let's just be a vacuum cleaner, to you signing a form, a
9 security interest and a UCC form. That would be one, you'd
10 sign two, three, you'd sign four documents including the note.
11 Q Any other documents other than security interest?
12 A There's hundreds of them. It depends on the loan.
13 Q There's hundreds of them?
14 A I mean, there could be as many as a hundred
15 different documents you could sign because, I mean, if there's
16 twenty different loans with four different documents, that's
17 eighty. There's-- Everybody thinks that real estate loans,
18 there's more, there's many more loans out there.
19 Q Once a loan has been granted, who keeps track of
20 whether payments are being made on a timely basis for a
21 commercial loan?
22 A The officer or employee, okay, who was assigned
23 that loan.
24 Q And how is that assignment made to an officer or
25 employee?

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A That would-- When the loan is put on a system, as I said before, everybody has a number and it's coded into the computer. We generate past due lists every week by officer number. That officer would receive his list of past due loans, if it in fact was past due on a particular loan.

Q Do you know who the loan officer was who was assigned to the Haig for President Committee?

A Yes.

Q Who was that?

A Chuck Frazier.

Q Under a line of credit where interest payments are due monthly, does Olympic Bank ever advance additional funds under the line of credit to cover those monthly interest payments?

A Yes--

MR. HUGHES: This is where the line has not been drawn down; right?

MS. MASTROBATTISTA: Right.

THE WITNESS: Yes.

BY MS. MASTROBATTISTA:

Q So if the borrower is unable to make those monthly interest payments--

MR. HUGHES: Go ahead.

THE WITNESS: I'll answer yes.

MR. HUGHES: Well, let her finish her question.

2504364299 2

1 Let her finish the question.

2 BY MS. MASTROBATTISTA:

3 Q Under a line of credit, if a borrower is unable to

4 make monthly interest payments, could Olympic Bank then

5 advance funds under the line of credit to meet those monthly

6 interest payments?

7 A I have to answer your question with a couple of

8 statements; okay?

9 Q Please do.

10 A If you have a line of credit, you can, if it's

11 nondiscriminatory, you can advance funds whenever you want

12 into your checking account.

13 Q Who is 'you'?

14 A Any borrower can advance funds, okay, they can

15 request a check if they want. I don't know whether there's an

16 inherent problem with -- that they've got an inherent credit

17 problem if they pay me back out of their checking account.

18 So, we could be advancing funds that funnel through their

19 checking account and they pay us back, as long as they have

20 the money available, that's perfectly okay.

21 Q So if the money is available under the line of

22 credit, Olympic Bank could advance the funds under the line of

23 credit and then those funds could be used to make monthly

24 interest payments?

25 A Right. I might not know about it. They would

2504364 2993

1 draw-- If you're saying they-- They would-- If they had
2 money in their line, they're going to take the money and pay
3 them back to me, to the bank.
4 Q Would that be done automatically by Olympic Bank
5 without a request from the borrower?
6 A I don't know of any instances. There may be, but.
7 Q When a loan is due, what is the typical procedure
8 whereby a borrower requests that the loan be renewed--
9 MR. HUGHES: Is there a typical procedure?
10 BY MS. MASTROBATTISTA:
11 Q --for a commercial loan?
12 MR. HUGHES: Is there a typical procedure?
13 THE WITNESS: No, there isn't.
14 BY MS. MASTROBATTISTA:
15 Q Is there any customary process which Olympic Bank
16 uses to process requests for renewal of commercial loans?
17 A There's a process where it takes place--
18 Q Could you just-- I'm sorry, go ahead.
19 A You would, first of all, you might not require a
20 renewal, when it matures it would be paid out, if it didn't,
21 you would -- perhaps the borrower would request it to be
22 renewed. Or, we would contact the borrower, we could contact
23 them and ask them, you know, what their plans are. It's a
24 communications thing more than anything.
25 Q Is it customary for the borrower to submit current

2504364299 4

1 financial statements when a borrower requests that a loan be
2 renewed?
3 A Not in all instances, no.
4 Q Who approves requests for renewals of loans?
5 A The president.
6 Q And who reviews requests for renewals of loans?
7 A That could be reviewed by anyone. I mean, when
8 you say reviewed, gathering the documentation if that's
9 necessary--
10 Q Right.
11 A --and then submit it to the president.
12 Q So that could be anyone in your bank?
13 A Sure.
14 Q What factors-- Strike that.
15 Do you consider requests for renewal of loans at
16 times, commercial loans?
17 A When you say consider, yes, I do.
18 Q What factors do you consider when you're deciding
19 whether to continue to process the request for renewal?
20 A It could be a myriad of factors depending on the
21 loan transaction.
22 Q Could you name some?
23 A Track record.
24 Q The borrower's track record?
25 A Yeah, how he has paid us, that is one of the most

2504364 2995

1 salient points that comes to mind.

2 Q Do you consider his capability to repay the

3 renewal loan?

4 A Yes.

5 Q Do you consider his current financial status?

6 A If that's a requisite, if I have to, I will.

7 Q Let's talk a little bit more specifically now

8 about the loan from Olympic Bank to the Haig for President

9 Committee. When did you first become aware of

10 Alexander M. Haig's candidacy for president?

11 A I can't recollect. I know he was a candidate, but

12 I can't recollect.

13 Q Do you remember how you first became aware of

14 that?

15 A Probably in the newspapers, but I don't know what

16 day.

17 Q Have you ever met Alexander M. Haig?

18 A No.

19 Q Have you ever spoken with him on the telephone?

20 A No.

21 Q Have you ever met his son, Alexander P. Haig?

22 A No.

23 Q Ever spoken with him?

24 A No.

25 Q Have you ever spoken with anyone from the Haig

2504364299 6

Committee other than Dominic Saraceno?

A No.

Q Russell Primavera?

A Never heard of him.

Q Kathy McKenzie?

A No.

Q Wendy Haig?

A No.

Q Have you ever seen Alexander Haig at Olympic Bank?

A No.

Q Have you ever attended a Haig fundraising?

A No.

Q Can you tell me a little bit about your involvement with the line of credit which was extended to the Haig Committee?

A What specific-- Can you be specific?

Q Well, just start generally and then we'll get into specifics.

MR. HUGHES: Did you have any involvement with the line of credit for Haig?

THE WITNESS: I wrote the credit review, I know that.

BY MS. MASTROBATTISTA:

Q Anything else?

A No.

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Q Has Olympic Bank ever made any other loans to political committees?

A No.

Q What was the purpose of the line of credit extended to the Haig Committee?

A To fund his election, the office, his election, as far as I know.

Q Do you recall any specific purposes for the line of credit?

A No.

Q How did the request for the Haig loan originate?

A I don't know.

Q Was there a written application form?

A Not to my knowledge.

MR. HUGHES: Can we take a two minute break?

MS. MASTROBATTISTA: Off the record.

(Off the record.)

MS. MASTROBATTISTA: On the record.

BY MS. MASTROBATTISTA:

Q Mr. McLaughlin, we were talking about the application of the Haig Committee for a line of credit from Olympic Bank.

A Um-hum.

Q When did you first learn that the Haig Committee had applied for a line of credit?

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A When I got the review from the president.

Q Do you recall any discussion with William O'Brien concerning the request for a line of credit?

A No, I don't recall any.

Q Any discussion with Dominic Saraceno?

A None.

Q Anyone else at Olympic Bank?

A No.

Q When did get-- You said you first learned of the request when you got something from William O'Brien?

A Um-hum.

Q What was that?

A He usually sends me a credit review sheet. It's a form.

Q And do you recall when you got that credit review sheet?

A No.

Q Mr. McLaughlin, I'd like to hand you a one page document which has been marked Exhibit 1, and I would like you to take a look at that for a moment.

(Whereupon, the document referred to was marked as Exhibit 1.)

THE WITNESS: Um-hmm.

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

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A Um-hum, that's my writing.

Q When have you seen this before?

A When have I seen it? In the loan file.

Q Do you recall preparing this memo to the loan file?

A Um-hum, I do.

Q Can you tell me a little bit about the circumstances surrounding your preparation of this memo?

A Well, in certain instances, depending on who was applying for a loan, okay, and if that person is known to the bank, and depending on the transaction involved, we don't require applications. And in lieu of the application, I would put this memorandum in the file and they appear in other files as well. But this I recall for this transaction.

Q Was it your decision to waive the application?

A No.

Q Whose decision was it?

A I can't recall.

Q Did someone tell you to prepare this memo?

A I can't recall that, either.

Q In each instance when a conventional application was waived, would you prepare a memo to the file to so indicate?

A Yes.

Q So, in each loan file you would either have a

2504364 3000

1 written loan application or a memo to file waiving?
2 A That's right.
3 Q Who has authority to waive the written loan
4 application?
5 A I don't know whether there's-- There would be no
6 specific authority, you know, that covers that subject. A lot
7 of things that transpire in a bank, you have, you know, you
8 have to use judgment as far as a lot of things don't require
9 specific authority.
10 Q Well, in 1987 who could have waived a loan
11 application?
12 MR. HUGHES: Objection.
13 Go ahead and answer it if you can.
14 THE WITNESS: Who could have had the authority to
15 waive it? It could have been the president.
16 BY MS. MASTROBATTISTA:
17 Q Anyone else?
18 A No one else that I know of.
19 Q But it was not your decision to waive the loan
20 application for the Haig loan request?
21 A Right.
22 Q On the top of this memo there is a space indicated
23 review officer and in that space is typed your name, what does
24 that indicate?
25 A I prepared the credit review which you should have

2504364300 1

1 somewhere.

2 Q The credit review for the Haig Committee loan?

3 A Right.

4 Q What is the phrase mean, 'overall nature of

5 transaction'?

6 A That would be, in any loan, what the actual loan

7 was all about, you know, what the purpose was, who it was, who

8 applied; the overall fundamental transaction.

9 Q Do you recall the date that this document was

10 prepared?

11 A If it's dated November 13, 1987, I would have to

12 say November 13th.

13 Q Did you type this up yourself?

14 A I don't recall.

15 Q When you type things, do you typically make typos

16 or are you a good typist?

17 A When I've typed things? I've made mistakes when

18 I've typed things.

19 Q Are you the type of typist who always makes

20 mistakes when he types things?

21 A I wouldn't say that.

22 Q Mr. McLaughlin, I'd like to hand you a three page

23 document which has been marked Exhibit 2. If you would just

24 take a look at this for a moment?

25

2504364 3002

(Whereupon, the document referred to was marked as Exhibit 2.)

THE WITNESS: Um-hum.

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A No.

Q Was this document part of the loan file for the Haig Committee loan?

A It won't be in the loan file. It would be in, they keep corporate resolution separate.

Q And where would they be kept?

A Down in the branch.

Q I'm sorry, the branch?

A Yeah, the branch, the branch as opposed to the loan department. It would be kept in a locked file cabinet in the customer service department maintains all corporate resolutions.

Q When was the request for a line of credit for the Haig Committee approved?

A I don't know.

Q Who approved the request for the line of credit?

A That would be Bill O'Brien.

Q What was the basis for his decision to approve the request?

A I can't say. I can't speak for him.

2504364 3003

1 Q How was his decision to approve the request
2 recorded?
3 A I don't know.
4 Q Typically-- Is there a typical way which
5 Mr. O'Brien indicates in writing that he has approved a loan?
6 A No, there's not a typical way. He initials the
7 form, as I've said, indicating approval.
8 Q The credit review form?
9 A Or the application. Or it could be on a letter
10 that was written in to somebody. It could be on a variety of
11 documents.
12 Q How is a borrower notified that the request for a
13 loan is approved?
14 A It's not always the same, it could be a telephone
15 call.
16 Q So it's not necessarily in writing?
17 A Right.
18 Q When was the account for the Haig Committee first
19 opened?
20 A I don't know.
21 Q Whose responsibility would it have been to open
22 the account for the Haig Committee?
23 A It would have been any one of four or five people
24 that work down in the customer service department.
25 Q Someone from the customer service department?

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1 A Right.

2 Q The loan department is not involved with opening

3 accounts?

4 A That's true.

5 Q If Mr. O'Brien had approved the request for a loan

6 from the Haig Committee, he would have indicated his approval

7 in writing by his initials; is that correct?

8 A Um-hum. Yes.

9 Q Mr. McLaughlin, I'm handing you a one page

10 document which has been marked Exhibit 3.

11 (Whereupon, the document referred to

12 was marked as Exhibit 3.)

13 BY MS. MASTROBATTISTA:

14 Q Have you seen this document before?

15 A Yes.

16 Q When?

17 A I saw it-- We keep copies of notes, okay, in the

18 files. I've seen it in the file. All our copies are in the

19 files.

20 Q In the loan file?

21 A Right.

22 Q Did you prepare this note?

23 A I can't recollect if I did. I don't remember

24 preparing it.

25 Q Would this note have been prepared by someone from

7504364 3005

1 the loan department?

2 MR. HUGHES: Objection.

3 Go ahead and answer it if you can.

4 THE WITNESS: It could have been prepared by

5 somebody up in the loan department. It could have been

6 prepared by somebody outside the loan department.

7 BY MS. MASTROBATTISTA:

8 Q Who outside the loan department, can you narrow it

9 down?

10 MR. HUGHES: Objection.

11 THE WITNESS: It could have-- You know, sometimes

12 the president's secretary prepares notes. I can't really

13 narrow it down.

14 BY MS. MASTROBATTISTA:

15 Q Does the customer service department ever prepare

16 notes?

17 A No.

18 Q Do tellers ever prepare notes?

19 A No.

20 Q I would like to note that the secured note

21 indicates that matching funds from the Federal Election

22 Commission have been deposited with the bank as collateral

23 security for payment--

24 A Has been deposited?

25 Q Right, the second paragraph states: there has been

2504364 3006

1 deposited with the bank as collateral security for payment of
2 this and any and all other liabilities, direct or indirect,
3 absolute or contingent, due or to become due, now existing or
4 hereafter arising of any of the undersigned to bank, it's
5 successors or assigns, the following property that is matching
6 funds from the Federal Election Commission; do you recall
7 whether matching funds from the Federal Election Commission
8 had been deposited at Olympic Bank on November 13, 1987?
9 A No.
10 Q Who would know?
11 A I don't know anybody in particular who would know.
12 Q Who would be responsible for determining whether
13 collateral security had been deposited with the bank; is that
14 a function of the loan department?
15 A It would be a function of the officer or someone
16 in the loan department if this was in fact a pledge of funds.
17 Q When you say 'the officer', do you mean the loan
18 officer?
19 A The loan officer, um-hum. Or whoever had the note
20 executed.
21 Q Do you recall seeing Dominic Saraceno sign this
22 note?
23 A No.
24 Q Mr. McLaughlin, next I want to show you a one page
25 document which has been marked Exhibit 4, and I'll ask you to

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1 take a look at that for a moment.

2 (Whereupon, the document referred to

3 was marked as Exhibit 4.)

4 BY MS. MASTROBATTISTA:

5 Q Have you seen this document before?

6 A No.

7 Q Was this document part of the loan file?

8 A It would be.

9 Q How do you know that?

10 A It looked like funding, you know, some type of

11 funding, you know, memos to fund.

12 Q Who prepared this document?

13 A I can see-- I recognize some handwriting here.

14 Q What handwriting do you recognize?

15 A This upper, this portion here, okay.

16 Q Can you--

17 A This, right here.

18 MS. MASTROBATTISTA: Let the record reflect that

19 Mr. McLaughlin is circling the top half of the document down

20 to D.C. 20005.

21 THE WITNESS: And this here.

22 MS. MASTROBATTISTA: And the note, Dom, Treasurer.

23 BY MS. MASTROBATTISTA:

24 Q And whose handwriting is that?

25 A That's a former senior vice president,

7504364300 8

1 William Dickerson.

2 Q Do you recognize any other handwriting on this

3 document?

4 A No, I don't.

5 Q What would the purpose of this document be?

6 MR. HUGHES: Do you know what the purpose of it

7 is?

8 THE WITNESS: I don't.

9 BY MS. MASTROBATTISTA:

10 Q What does the number 11050273-06 signify on

11 Exhibit 4?

12 A That's a checking account number.

13 Q An Olympic Bank account number?

14 A I don't-- It's a checking account number. That's

15 our set of numbers.

16 Q Mr. McLaughlin, I'm handing you a two page

17 document which has been marked Exhibit 5, I would like you to

18 take a look at that for a minute.

19 (Whereupon, the document referred to

20 was marked as Exhibit 5.)

21 BY MS. MASTROBATTISTA:

22 Q Have you seen this document before?

23 A No.

24 Q I'm sorry?

25 A No.

9504364 3009

Q Who prepared this document?

A I have no idea.

Q Was it part of the loan file?

A No.

Q I would like to note, on the top of this document, the first transaction is dated 11/13/87, transaction amount, $175,000 issued in advance under the line of credit; do you recall this first advance to the Haig Committee?

A No.

Q Do you know why the Haig Committee would request an advance of $175,000 on November 13th?

A No.

Q What was your involvement with requests from the Haig Committee for advances under the line of credit?

A Absolutely none at all.

Q Do you recall conversations with Julie Aurilio concerning requests for advances under line of credit?

A No.

Q When a request for an advance under the line of credit came into Olympic Bank, who would take the request, if it was by telephone?

A I don't know.

Q Were any written requests received from the Haig Committee for advances on the line of credit?

A I don't know.

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1 Q If written requests were received for advances,
2 would they be part of the loan file?
3 A Yes.
4 Q Were there any written requests in the loan file?
5 A I don't know.
6 Q Were any requests for advances from the Haig
7 Committee denied?
8 A I don't know.
9 Q How were the requests for advances under the line
10 of credit processed?
11 A I don't know.
12 MR. HUGHES: You have to say something.
13 THE WITNESS: I have--
14 MR. HUGHES: Even if you didn't know, say your
15 answer, that's all; you can't just shake your head.
16 THE WITNESS: No, I said no. I'm sorry.
17 BY MS. MASTROBATTISTA:
18 Q Do you know how the requests were processed?
19 A No.
20 Q Would the loan department have been involved with
21 the processing of requests for the line of credit?
22 A For advancing funds?
23 Q For advances of funds?
24 A They could have been or should have been.
25 Q In what way?

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A They draw up the tickets on the advances, okay, the entries to access the line of credit.

Q What do you mean by tickets?

A If you wanted an advance on the line, there has to be a paper flow with a certain document filled out to meet that request.

Q Is it similiar to a deposit slip type document?

A Yeah, but it's a special document; right.

Q Do those documents become part of the loan file?

A Yes.

Q And they are all kept with the loan file?

A They're either in the file or they're mailed to the client. If--

Q If they're mailed to the client-- I'm sorry, go ahead.

A Just, so they may not be in the file.

Q If they're mailed to the client, does Olympic Bank keep a copy?

A Of those? Yes.

Q And--

A In some instances. Some of them have photo -- duplicate copies, others don't; okay.

Q And where would the duplicate copies be kept if they existed?

A If they weren't mailed to the client? They would

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be part of your accounting detail, your daily work.

Q So, would they become part of the accounting files?

A Umm, the daily accounting files. They would become part of the daily accounting files.

Q You never received a request from the Haig Committee for an advance under the line of credit?

A I never received a request.

Q You never--

A For the Haig Committee. I never advanced funds on the Haig Committee. I never saw any written correspondence regarding requests for advances on the Haig Committee.

Q Did you have any conversations with them--

A I never had any conversations with Al Haig, Jr., Al Haig, or any members of the election committee. And I'm not privy to any conversations between other parties regarding those people.

Q Did you have any conversations with Julie Aurilio regarding requests for advances?

A I never recall having any conversations with Julie Aurilio regarding requests for advances. As I stated, it's not my account.

Q And whose account was it?

A Chuck Frazier.

Q Would Chuck Frazier have been responsible for

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processing the requests for advances under the line of credit?

A Yes.

Q And how would he have done that?

MR. HUGHES: Objection.

Go ahead and answer it if you can.

THE WITNESS: He would have made up the ticket and processed the accounting entry, to fund the line.

BY MS. MASTROBATTISTA:

Q And then the money, at that point--

A Would be funded into, if they had a checking account, into the checking account.

Q Did the Haig Committee have a checking account at Olympic Bank?

A I don't know whether they did or not.

Q Have you ever processed requests for advances under any line of credit for Olympic Bank?

A Yes.

Q Is there a typical time frame that it takes to process a request for an advance of funds under a line of credit?

A That depends on what type of line of credit.

Q A nondiscriminatory commercial line of credit?

A Time frame with regard to what, more specifically?

Q From the time that the borrower requests the funds until the time that the funds are available to the borrower?

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A That depends if it's written, if it's mailed to us, if it's telephoned to us.

Q What about a telephone request?

A A telephone request on a nondiscriminatory line, it would be processed -- it should be processed right after he hangs up -- he or she hangs up the phone.

Q That same day?

A Right. If it's after 2:00, it won't be processed till the next day because of our cut off times.

Q Mr. McLaughlin, I would like to hand you a ten page document marked Exhibit 6.

(Whereupon, the document referred to was marked as Exhibit 6.)

THE WITNESS: Okay.

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A Yes.

Q Please describe it.

A It's a copy of our loan policy. I don't know which particular policy was changed several times, but that's what it is.

Q Do you have a copy in your office of Olympic Bank's loan policy?

A Yes, I do.

Q Have you always had a copy of Olympic Bank's loan

2504364301 5

policy since the time it existed?

A Yes.

Q Who in the loan department has a copy of the loan policy?

A All of the employees and officers of the bank have a copy of it.

Q All employees at the bank have a copy of the loan policy?

A All employees of the loan department.

Q Of the loan department?

A Right. And the officers of the loan department.

Q I would like you to look at page 7 of the loan policy for a minute; do you know who prepared the loan policy?

A No.

Q What is the purpose of the loan policy?

MR. HUGHES: Do you know?

THE WITNESS: To guide the bank as to general policies of the bank.

BY MS. MASTROBATTISTA:

Q Is the loan policy in fact adhered to?

A Not in all instances.

Q I would like to look at the first paragraph on page 7, the second sentence says: No funds are to be disbursed without the loan officer first approving the documentation in writing; what does this mean to you?

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A To be sure he has a complete file before he funds the loan.

Q What do you mean, a complete file?

A In accordance with the terms of that particular transaction, what was approved, the conditions of the loan.

Q What does the phrase, 'the documentation' mean?

MR. HUGHES: To you.

THE WITNESS: To me? It could be anything. It could be a variety of documents.

BY MS. MASTROBATTISTA:

Q Can you give me some examples?

A If it was a construction loan, you'd have to have a performance bond, perhaps, before you funded. You would have to have, like I said, resolutions on a corporation. If you deemed it necessary, a tax return or tax returns or a business financial statement. And I can keep going on and on. Copies of leases if it was an industrial building. Copies of the legal documentation, that would be a promissory note; assignment of rents; copy of a trust if it was a trust; schedule of beneficiaries; et cetera, et cetera.

Q How does the loan officer approve in writing the documentation?

MR. HUGHES: Wait a second, now. That's not what that says.

THE WITNESS: How does he do it, in writing?

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BY MS. MASTROBATTISTA:

Q Right.

A Well, I don't know about the policy back then, whether this in fact is the same loan policy, okay, but if I have a loan, okay, that I'm giving you a loan, I witness it on the note, okay, I attest that I witnessed the note and I close the transaction, I would sign it right on the note.

Q Right on the note?

A Right. That it was closed in accordance with the conditions of that particular loan.

Q Is each note attested?

A Um-hum. It should be, it should be unless somebody forgets, you know, to type in witness, but it should be witnessed.

Q And that is witnessed by the loan officer?

A Um-hum. Yes.

Q The last sentence of that paragraph says: The loan officer is to initial the note and disbursement instructions prior to booking the loan; is that what you were just referring to?

A Yeah, that would be the same thing, when you sign it, when you witness it.

Q What are the disbursement instructions?

A You might not have specific instructions. I think that's a general term where if you have a checking account

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with us and you want the funds disbursed into your checking account, you would in fact tell us that you've opened an account downstairs and you'd like the funds disbursed into your checking account. Or you-- That's what that means.

Q Were there any disbursement instructions for the Haig loan?

A Not that I know of.

Q Paragraph two, the first sentence says: All loans require a completed and signed loan application and/or financial statements supported by credit investigation; does this represent the current policy of Olympic Bank?

A Yes.

Q Did this represent the policy of Olympic Bank in 1987?

A If this was the same policy, yes.

Q Do you recall?

A Whether in fact it's the same? If it was dated, I would be able to tell more clearly, but it isn't at the top.

MR. HUGHES: Do you know?

THE WITNESS: I don't know.

MR. HUGHES: All right.

THE WITNESS: I don't know.

BY MS. MASTROBATTISTA:

Q Is your copy dated?

A I don't know. I don't have it with me.

2504364 3019

1 Q The third sentence states: Banking regulations
2 require financial statements to support commercial, secured
3 and unsecured, borrowings of $10,000; what does that mean to
4 you?
5 A We would require some form of financial statement,
6 personal or otherwise, on borrowings in excess of $10,000 or
7 $10,000.
8 Q On page 8,--
9 MR. HUGHES: We'll, you're not going to read the
10 rest of it, though?
11 Okay.
12 BY MS. MASTROBATTISTA:
13 Q On page 8 of the document, paragraph 11, the
14 statement is made: No disbursement is to be made on the loan
15 until all documents necessary to properly make the loan are in
16 the hands of the bank, i.e. financial sheets, tax returns, P&L
17 statements, guarantees and signatures; what does this mean to
18 you?
19 A Exactly what it says, in most instances.
20 Q If--
21 A If those are required, if these things are
22 required. They can be waived.
23 Q And who would have the authority to waive these
24 things?
25 A The person approving the transaction.

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Q Would that waiver be noted in a written memo to loan file?

A Maybe not.

Q If financial sheets, tax returns, P&L statements, guarantees and signatures were required, would they become part of the loan file?

A Yes.

Q Back on page 7, the last sentence of paragraph two states: Financial statements may be waived by an officer on loan secured by Olympic International Bank and Trust Company accounts, application should still be obtained; what application does this refer to?

A Either a consumer loan application or a business loan application or some other form. It might not necessarily be a -- somebody can write to us on a piece of paper. That can be construed as an application.

Q Mr. McLaughlin, I have a one page document next which has been marked Exhibit 7, why don't you take a look at that.

(Whereupon, the document referred to was marked as Exhibit 7.)

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A Yes.

Q When?

2504364302 1

A At the time the loan was-- Back in November of '87.

Q Who prepared this document?

A Mr. William O'Brien.

Q When did he prepare it?

A According to his date, November 17, 1987.

Q And what was the purpose of this document?

A To approve the Alexander Haig for President transaction.

Q Does this document note Mr. O'Brien's approval of the Alexander Haig for President loan?

A Yes.

Q Did you receive this document from Mr. O'Brien?

A Yes.

Q For what purpose?

A To prepare my narrative review.

Q I'm handing Mr. McLaughlin a one page document which has been marked Exhibit 8.

(Whereupon, the document referred to was marked as Exhibit 8.)

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A Yes.

Q When?

A November 17, 1987 when I prepared it.

2504364302 2

Q You prepared this document?

A Yes.

Q Where did you get the information to prepare Exhibit number 8?

A From this document here.

Q From which document?

MR. HUGHES: Number 7?

THE WITNESS: Number 7.

MS. MASTROBATTISTA: Exhibit number 7.

BY MS. MASTROBATTISTA:

Q On Exhibit number 8, the loan request amount is listed as $375,000; on Exhibit number 7, the loan request amount was, it looks like $150,000, that amount is crossed out and $375,000 is written to the side; do you know why that amount was changed?

A No.

Q Do you know what amount was originally requested from the Haig Committee?

A No.

Q On Exhibit 7, the term was ninety days, which is crossed out and demand is written on top; do you know why that was changed?

A No.

Q Was the line of credit extended to the Haig Committee a demand line of credit?

2504364 3023

MR. HUGHES: Do you know?

THE WITNESS: I don't know. I don't know.

BY MS. MASTROBATTISTA:

Q What does a demand line of credit mean?

A Payable on demand.

Q As opposed to a specific term?

A That's right.

Q And on Exhibit number 7 was P+2, crossed out, and now it's 12, do you know why the rate was changed?

A No.

Q On Exhibit number 7 under term, it says demand, line of credit, interest paid monthly; where did that information come from?

MR. HUGHES: On number 7.

THE WITNESS: On this one?

MR. HUGHES: No, that's 8.

THE WITNESS: Oh, I'm sorry.

MS. MASTROBATTISTA: I'm sorry, on number 8.

MR. HUGHES: All right, why don't we start over again. That's 7, that's 8.

BY MS. MASTROBATTISTA:

Q On number 8 under the term, it's listed demand line of credit interest paid monthly; where did the information interest paid monthly come from?

A From myself.

2504364 3024

1 Q And how did you come up with that?

2 A It's paid monthly. All lines of credit are paid

3 monthly interest only, paid monthly.

4 Q All lines of credit are paid monthly?

5 A Right.

6 Q For interest?

7 A Right.

8 Q Is that reflected in the note?

9 A It's reflected by the absence of an amortized

10 schedule, okay. In the absence of other language, it is

11 reflected on the note.

12 Q And where would that other language be?

13 A It would be under the rate and terms, if it was so

14 done, which it wasn't.

15 Q And what does an amortized schedule look like?

16 A It's just like your residential mortgage, you pay

17 principal and interest every month.

18 Q And that would all be listed--

19 A With a specific term, it would all be listed under

20 the rate and terms.

21 Q What is monthly debt service, $3,750, mean?

22 A Twelve percent times $375,000 divided by twelve

23 should equal $3,750.

24 Q The decision rationale on Exhibit 8 states

25 recommend approval based upon overall financial strength and

2504364 3025

1 integrity of borrower together with concept of matching funds
2 from the Federal Election Commission; where did that
3 information come from?
4 A From the credit review, over here.
5 Q Specifically, recommend approval based on overall
6 financial strength and integrity of the borrower; where did
7 that information come from?
8 A From me, I wrote that.
9 Q Did you review the overall financial strength of
10 the borrower?
11 A No, not of Alexander Haig. I knew--
12 Q Of the committee?
13 A No, not of the committee.
14 Q I'm sorry, go ahead.
15 A I knew who Dom Saraceno was, and that's what that
16 paragraph is based on.
17 Q Why did William O'Brien sign the typed copy of the
18 credit review?
19 A He always signs the typed copy of the credit
20 review.
21 Q Were both copies of the credit review part of the
22 loan file?
23 A Yes.
24 Q Mr. McLaughlin, I'm handing you a three page
25 document which has been marked Exhibit 9, I would like you to

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take a look at that for a minute.

(Whereupon, the document referred to was marked as Exhibit 9.)

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A No.

Q Was this part of Olympic Bank's loan file?

A No.

MS. MASTROBATTISTA: I think this would be a good time to take a ten minute break.

Off the record.

(A ten minute break ensued.)

MS. MASTROBATTISTA: On the record.

BY MS. MASTROBATTISTA:

Q Going back, just for a moment, to the handwritten credit review and the typed credit review, I believe you stated that you prepared the typed credit review from the handwritten credit review; is that correct?

A That's right.

Q Did you have any other documents in front of you when you prepared the typed credit review other than the handwritten credit review?

A I don't remember.

Q Did you have any knowledge of the Haig loan before you received the handwritten credit review?

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A No.

Q Was that the first time you learned about it?

A Yes.

Q What was your involvement with the renewal of the loan to the Haig Committee?

A I was never involved with the renewal.

Q Did you have any conversations with anyone regarding the renewal of the loan to the Haig Committee?

A None. No.

Q Mr. McLaughlin, I'm handing you a one page document marked Exhibit 10, please take a look at that for a moment.

(Whereupon, the document referred to was marked as Exhibit 10.)

THE WITNESS: Okay.

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A No.

Q Was this document part of the loan file?

A It would be.

Q Did you review the Haig Committee loan file in response to a subpoena issued by the Federal Election Commission for documents?

A Yes.

Q Did anyone assist you in looking through the loan

2504364 3023

1 file for documents in response to the subpoena?
2 A Yes.
3 Q Who assisted you?
4 A Mr. Hughes.
5 Q What files did you look through?
6 A The loan file and, I can't remember all of the
7 documents, but the majority of the loan file documents.
8 Q Was there any other file you looked through other
9 than the loan file?
10 A No.
11 Q Was this memo part of the loan file?
12 A I can't recall. You know, it was yesterday. I
13 can't recall.
14 Q Who is Phillip Downey?
15 A He's an employee of the loan department.
16 Q And what is his title?
17 A He's not an officer of the bank, so he really
18 doesn't have a specific title.
19 Q Is he a review officer?
20 A He would be-- In substance, yes. Yes, he would
21 review loan files.
22 Q But he's not an officer?
23 A That's right.
24 Q Can you clarify that?
25 A We can't go any further with that one.

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Q Is there a difference between a loan officer and a review officer?

A Title, he's not a titled officer of the bank, Mr. Downey.

Q Is he a loan officer?

A Yes, he would be construed as a loan officer.

Q Does Mr. Downey have authority to approve loans?

A No.

Q Does he have authority to renew loans?

A No.

Q What is the purpose of the memo to the file?

MR. HUGHES: If you know.

THE WITNESS: I don't know.

BY MS. MASTROBATTISTA:

Q Mr. McLaughlin, I'm handing you a one page document marked Exhibit 11, please take a look at that for a moment.

(Whereupon, the document referred to was marked as Exhibit 11.)

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A No.

Q Was this document part of the Haig Committee loan file?

A I'm not sure. I don't recall.

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Q Are all notes kept in loan files as opposed to some other file at the bank?

A Copies of notes are kept in all files.

Q Where is the original kept?

A In a vault, a locked vault on the first floor in the actual major vault of the bank.

Q Are your offices on the first floor?

A Third floor.

Q How many floors does the bank have?

A Two.

Q First floor and the third floor?

A That's right.

Q You're not on the second floor?

A No.

Q Who prepared this note?

A I can't -- I don't know who prepared it.

Q Do you recall seeing Dominic Saraceno sign this note?

A No.

Q Earlier you were talking about some notation on the bottom of notes, I believe by a loan officer?

A Yes.

Q Can we go back to that for a moment?

A A witness signature.

Q Is there a witness signature on the bottom of this

2504364 3031

note?

A No.

Q Why not?

A I don't know.

Q Is there a space for a witness signature?

A No, it has to be typed in.

Q So it's not a preprinted line?

A That's right.

Q Are all notes witnessed?

A They should be.

Q Was that the practice of Olympic Bank in 1987 to have notes witnessed?

A I don't know.

Q What efforts were made to collect on the line of credit?

A I don't know.

Q Who would be responsible to make efforts to get the Haig Committee to repay the line of credit?

A That would be the officer that was charged with the responsibility of the loan.

Q And that was?

A Chuck Frazier.

Q Did you have any conversations with Mr. Frazier regarding efforts to collect on the line of credit?

A No.

2504364 3032

Q Were any notices sent to the Haig Committee regarding the outstanding balance?

A I don't know.

Q If a loan is overdue, does Olympic Bank at times send delinquent notices to the borrower?

A Yes. Yes.

Q Is that a form notice?

A Um-hum. It's a form notice.

Q Is it a letter?

A No. It's a form that's generated by the computer.

Q Does someone sign that form?

A No.

Q Is it sent with a cover letter?

A No, there's a message on it, preprinted message.

Q What does--

A I don't know the exact language, but it states that it's past due if it was in fact past due.

Q So it's just a computer form then that is sent out?

A That's right.

Q Mr. McLaughlin, I have a one page document marked Exhibit 12, please take a look at that for a moment.

(Whereupon, the document referred to was marked as Exhibit 12.)

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BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A No.

Q Was it part of the loan file?

A It should have been. I don't know whether it was, but it should have been.

Q If correspondence is sent out from Olympic Bank to a borrower regarding a specific loan, is a copy usually maintained in the loan file?

A Yes.

Q Would a copy be maintained anywhere else in Olympic Bank of that correspondence?

A No.

Q And who is responsible for putting a copy of the correspondence into the loan file?

A The officer that's in charge of the account.

Q What's the purpose of this letter?

MR. HUGHES: Objection.

Do you know the purpose of the letter?

THE WITNESS: I don't know.

BY MS. MASTROBATTISTA:

Q Paragraph two of this letter states: Therefore, we now exercise our option under your contractual agreement and demand payment in full within thirty days of the date of this letter; what does that mean?

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MR. HUGHES: Do you know what that means beyond what it says?

THE WITNESS: No, I don't.

BY MS. MASTROBATTISTA:

Q Is there a name for this type of letter?

A No.

Q Is this a form letter?

A No.

Q Does the loan department have form letters which they send out to borrowers when loans are past due?

A No.

Q No forms on the computer?

A Other than what's on the computer.

Q What do you mean other than what's on the computer?

A Those are form notices that are preprinted by the computer that are sent out on delinquent loans.

Q But you don't have any preprinted form letters that you can just pull up and insert the name and address?

A No.

Q Paragraph three of the exhibit states: We look forward to receiving your payment thereby avoiding any additional legal steps which may be necessary for the bank to collect this obligation; were any legal steps taken to collect on the Haig line of credit?

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A I don't know.

Q Mr. McLaughlin, I have a one page document marked Exhibit 13, I'd like you to take a look at that for a moment.

(Whereupon, the document referred to was marked as Exhibit 13.)

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A Yes.

Q When?

A In the loan file and--

Q Did you-- I'm sorry.

A In the loan file.

Q Did you prepare this document?

A No.

Q Who did?

A Susan Frazier.

Q Did you sign this document?

A Yes.

Q Tell me a little bit about the circumstances surrounding this letter.

A In particular, I-- Can you be more specific?

Q Who asked you to prepare the letter?

A Susan.

MR. HUGHES: Wait a second. You said Susan prepared the letter.

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THE WITNESS: I didn't prepare the letter. I signed it only.

BY MS. MASTROBATTISTA:

Q Did you have any input as to the wording of the letter?

A No.

Q So the letter was brought before you completely typed for your signature?

A That's right.

Q Did you have any conversations with William O'Brien regarding this letter?

A No.

Q Any conversations with Susan Frazier?

A Yes.

Q And what was the nature of your conversations?

A I asked her if the information contained here was factual and she responded yes and I signed it.

Q Where did she get the information for the letter?

A I don't know.

Q Did you review the letter before you signed it?

A I read it.

Q Did you agree with the provisions of the letter?

A There was no agreement. I didn't agree with anything.

Q What does your signature indicate?

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A That I signed the letter after asking her if it was factual, which she responded yes, and I signed it. That's all.

Q Did someone tell you to sign the letter?

A No.

Q Did you know that these statements-- Did you know whether the statements in the letter are true?

MR. HUGHES: You mean beyond asking Susan if they were?

THE WITNESS: No. No.

BY MS. MASTROBATTISTA:

Q Do you know why this letter was sent to Larry Halloran?

A No.

Q Have you had any conversation with anyone concerning this letter after you signed it?

A No.

Q Mr. McLaughlin, I have one final exhibit to show you, Exhibit 14, this is a one page document.

(Whereupon, the document referred to was marked as Exhibit 14.)

BY MS. MASTROBATTISTA:

Q Have you seen this document before?

A I can't recall if I have seen this particular document before.

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Q Have you seen documents like this before?

A Yes.

Q Can you tell me a little bit about them?

A What in particular?

Q Is this document referred to as a New Loans Report?

A Yes.

Q And who prepares these new loans report?

A Back in 1987? This would have been prepared by Bill Dickerson.

Q And where does -- where did Mr. Dickerson get the information to put on the new loans report?

A I don't know.

Q Did you prepare new loans reports in 1987?

A No.

Q Have you ever prepared new loans reports?

A No.

Q Never?

A Never.

Q Under the column type there are three phrases used: time, term, demand; what's the difference between a demand and a time and a term?

A A time loan is a maturity that is twelve months or less with a specific dated maturity of twelve months or less. A demand has no specific maturity, it can be called on demand.

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A term is anything beyond one year.

Q Are loans which are listed on the new loans report already approved?

A Yes.

Q And what is the purpose of the new loans report?

MR. HUGHES: If you know.

THE WITNESS: Just reported to the board of directors, they review the new loans.

BY MS. MASTROBATTISTA:

Q So the report is prepared for review by the board of directors?

A Right.

Q Mr. McLaughlin, I have just a few more questions.

A Sure.

Q I'd like to go back for a minute.

When we were talking about approval of loans earlier, I believe you stated that Mr. O'Brien had the authority to approve loans. Let's go back to 1987, who could have approved loans back in 1987?

A Mr. O'Brien, in and of himself, without anybody else's signature. Mr. William Dickerson, by and of himself, these are within specific limits. The executive committee could have approved loans at that time.

Q What types of loans did the executive committee approve?

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A Any and all types; it could be various types.

Q If the executive committee had approved a loan during an executive committee meeting, how would you know about it; how would you find out that they had approved a loan?

A It would be recorded in the minutes, the executive committee minutes, but I would not -- until I got the package, I would not know.

Q What do you mean, the--

A Until I got, you know,--

Q --the package?

A Bill says it's approved, it was approved by the executive committee.

Q What's the package?

A The loan file, the loan file.

Q When you get a loan file, does it already have a number on it?

A No.

Q So when you get a loan file, an account has not yet been opened; is that correct?

A That's right. A loan account, right.

Q And the loan department is the department which opens up the account?

A The loan account, that's right.

Q The loan account?

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A That's right.

MS. MASTROBATTISTA: Mr. Hughes, did you have any questions?

MR. HUGHES: Yes, I do.

EXAMINATION

BY MR. HUGHES:

Q Referring to Exhibit number 3, which is the note dated November 13, 1987; if funds at the bank are pledged to secure a loan, is there a document necessary to reflect that besides the note?

A Yes.

Q What's that document called?

A That would be the pledge agreement.

Q Is that signed by the borrower?

A Yes.

Q And does that have to be signed before funds are dispersed on a loan that is secured by funds?

A Absolutely.

MR. HUGHES: Okay, nothing else.

MS. MASTROBATTISTA: Just two more points, Mr. McLaughlin.

THE WITNESS: Yes.

EXAMINATION

BY MS. MASTROBATTISTA:

Q Was the Haig loan ever reviewed by outside

2504364 3042

auditors?

A I don't know whether it was or not.

Q Does Charles Frazier work for Olympic Bank presently?

A No.

Q Where does he work now, do you know?

A I don't know where he works or if he's working; I don't know.

Q Does William Dickerson work for Olympic Bank?

A No, ma'am.

Q When did he leave?

A It's got to be over a year ago. I don't know the exact date; a year and three or four months approximately.

Q Do you know where he works now?

A No, I don't.

Q Do you know if he's still in the area?

A I believe so, but I'm not sure.

Q Do you recall when Mr. Frazier left the bank?

A Approximately six months ago.

Q Do you know if he's still in the area?

A Yes, he's in the area.

MS. MASTROBATTISTA: Mr. McLaughlin, I'd like to thank you for coming here today to answer questions in connection with this investigation.

You will be receiving a check for a witness fee

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plus mileage.

THE WITNESS: Okay, I can use the money.

MS. MASTROBATTISTA: Well, how many miles did you travel here today from the bank?

THE WITNESS: It's nothing, it's negligible. That's fine.

MS. MASTROBATTISTA: You will still receive the witness fee of thirty dollars.

THE WITNESS: Okay, thank you.

MS. MASTROBATTISTA: You will be given the right to review the transcript for accuracy and to sign it before a notary public and to return it to this office.

THE WITNESS: Okay.

MS. MASTROBATTISTA: You are reminded that this investigation must remain confidential until the Commission closes its files in this matter. Do you understand that this matter must remain confidential?

THE WITNESS: I do.

MS. MASTROBATTISTA: This deposition is not concluded, but merely continued. We do not anticipate having to speak to you again, however this is an ongoing investigation.

This deposition is adjourned.

(The deposition adjourned at 12:50 p.m.)

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1 CERTIFICATE

2 COMMONWEALTH OF MASSACHUSETTS)
3 COUNTY OF SUFFOLK)

4 I, Dana Swift, a Court Reporter and Notary Public,
5 within and for the Commonwealth of Massachusetts, do hereby
6 certify that there came before me this 22nd day of March,
7 1991, the person hereinbefore named, who was by me duly sworn
8 to tell the truth, the whole truth, and nothing but the truth,
9 concerning and touching the matter in controversy in this
10 cause: that he was thereupon examined upon his oath, and his
11 examination reduced to typewriting, under my direction, and
12 that this deposition transcript is a true and accurate record
13 of the testimony given by the witness.

14 I further certify that I am not related to any of
15 the parties hereto or their counsel, and that I am in no way
16 interested in the outcome of said cause.

17 Dated at Boston, Massachusetts, this 1st day of
18 April, 1991.

19

20 Dana Swift
DANA SWIFT
21 NOTARY PUBLIC
My Commission Expires:
22 January 27, 1995

23

24

25

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2903

DATE FILMED 6/9/95 CAMERA NO. 1

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