



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 3125

DATE FILMED 2/27/91 CAMERA NO. 4

CAMERAMAN AS

2104033J002

**CROWELL & MORING**

1001 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20004-2505

(202) 624-2500

CABLE: CROMOR

FACSIMILE (RAGICOM): 202-624-2116

W. U. I. (INTERNATIONAL) 64344

W. U. (DOMESTIC) 62-2446

MICHAEL C. EBERHARDT  
(202) 624-2514

360:gcg  
13147-108

June 22, 1990

Mr. Morris Silverstein  
Assistant Inspector General for  
Criminal Investigation  
Policy and Oversight  
Office of Inspector General  
Department of Defense  
400 Army Navy Drive  
Arlington, Virginia 22202

Dear Mr. Silverstein:

Enclosed herewith is the voluntary disclosure report submitted on behalf of CAE-Link Corporation pursuant to prior correspondence dated October 13, 1989, December 19, 1989, December 22, 1989, and February 28, 1990, as well as the Voluntary Disclosure Agreement executed between CAE-Link Corporation and the Government.

Pursuant to my discussions with your office, we will await further instructions concerning the Government's need to review workpapers in support of this report.

CAE-Link Corporation considers this report and its workpapers to be confidential in nature and, in some cases, to contain proprietary information. Pursuant to the Voluntary Disclosure Agreement, we therefore request full protection of this report, as permitted by law and regulation, to preclude disclosure except as specifically authorized within the Government pursuant to the terms of the Agreement.

All inquiries concerning this submission should be directed to myself or Ms. Shauna Alonge.

21040330003

Mr. Morris Silverstein  
June 22, 1990  
Page 2

CROWELL & MORING

Finally, since we have previously provided the Federal Election Commission with notice that we had identified issues relating to federal election laws, we would appreciate it if your office would transmit a copy of our report, under the terms of the Voluntary Disclosure Agreement, to:

Ms. Lois Lerner  
Associate General Counsel  
Federal Election Commission  
999 E Street, N.W  
Room 657  
Washington, D.C. 20463

Sincerely,



Michael C. Eberhardt

Enclosures

cc: Ms. Lois Lerner, Esq.

21040830004



**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202-2084**

06C 6874

(Criminal Investigations  
Policy and Oversight)

JUL 2 1990

Lois Lerner, Esquire  
Associate General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Room 657  
Washington, DC 20463

Dear Ms. Lerner:

Per our discussion on June 29, 1990, enclosed is a copy of the voluntary disclosure report submitted by Crowell & Moring on behalf of CAE-Link Corporation.

For your information, I have also attached a copy of our pamphlet which describes the Department of Defense Voluntary Disclosure Program in detail.

If the Federal Electric Commission is interested in participating in the verification of this matter or if you have any further questions, please feel free to call me. I can be reached at (202) 694-8960.

Sincerely,

William A. Kmetz  
Voluntary Disclosure  
Program Manager

Enclosures

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RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF GENERAL COUNSEL  
90 JUL -6 PM 1:22



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

July 25, 1990

William A. Kmetz  
Voluntary Disclosure Program Manager  
U.S. Department of Defense  
Office of the Inspector General  
400 Army Navy Drive  
Arlington, Virginia 22202-2884

RE: Pre-MUR 233

Dear Mr. Kmetz:

This is to acknowledge receipt of your letter dated July 2, 1990, advising us of the possibility of a violation of the Federal Election Campaign Act of 1971, as amended ("the Act") by CAE-Link Corporation. We are currently reviewing the matter and will advise you of the Commission's determination.

Per your telephone conversation of July 23, 1990 with John Canfield of this office, the Federal Election Commission does not intend to actively participate in the Department of Defense's verification investigation of the CAE-Link report at this time. However, we would ask that your office forward to the General Counsel any further information which your investigators or auditors may uncover concerning PAC contributions during the course of their investigation. You also indicated that a copy of the final verification report would be sent to this office upon its completion.

If you have any questions or additional information, please call John Canfield, the attorney assigned to this matter, at (202) 376-8200. Our file number for this matter is Pre-MUR 233.

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

Sincerely,

Lawrence M. Noble  
General Counsel

BY: Lois G. Lerner  
Associate General Counsel

cc: Mr. Michael Eberhardt, Esq.

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06C 7233

RECEIVED  
FEDERAL ELECTION COMMISSION

**CROWELL & MORING**  
1001 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20004-2505

90 AUG -8 AM 9: 34

*Pre-Mix 230*

360:gcg  
13147-108

MICHAEL C. EBERHARDT  
(202) 624-2514

CABLE: CROMOR  
FACSIMILE (RAPICOM): 802-626-5118  
W. U. I. (INTERNATIONAL) 64344  
W. U. (DOMESTIC) 88-2448

August 6, 1990

RECEIVED COMMISSION  
OFFICE OF GENERAL COUNSEL  
90 AUG -8 PM 12: 14

Lois G. Lerner, Esquire  
Associate General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Room 657  
Washington, D.C. 20463

Dear Ms. Lerner:

I noted from the enclosed letter to the Department of Defense that you have referred to the "possibility of a violation of the Federal Election Act ... by CAE-Link Corporation." I wish to clarify that the reported instances involved possible violations concerning contributions to the Singer PAC prior to the acquisition of the affected Singer Division by CAE-Link in August 1988. CAE-Link itself maintained no PAC subsequent thereto.

Please call me if you require further information.

Sincerely,

*Michael C. Eberhardt*  
Michael C. Eberhardt

Enclosure

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06C B56

RECEIVED  
FEDERAL ELECTION COMMISSION

**CROWELL & MORING**

1001 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20004-2505

(202) 624-2500

CABLE: CROMOR  
FACSIMILE (RAPHICOM): 202-624-5116  
W. U. I. (INTERNATIONAL) 64344  
W. U. (DOMESTIC) 69-2448

90 AUG -9 AM 10:41

MICHAEL C. EBERHARDT  
(202) 624-2514

360:gcg  
13147-108

August 8, 1990

Mr. John Canfield  
Office of General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Dear Mr. Canfield:

Enclosed is the requested Statement of Designation of Counsel.  
Listed below is the information you requested.

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF GENERAL COUNSEL

90 AUG -9 PM 12:21

104033008

<u>NAME OF EMPLOYEE</u>	<u>COUNSEL</u>
1. Robert Montgomery (former employee)	Henry F. Schuelke, III, Esq. Janis, Schuelke, Wechsler 1728 Massachusetts Avenue, N.W. Washington, D.C. 20036 (202) 861-0600
2. Willard G. Maxwell (current employee)	Charles Roistacher, Esq. Powell, Goldstein, Frazer & Murphy 1001 Pennsylvania Avenue, N.W. Suite 600 Washington, D.C. 20004 (202) 624-7218
3. Anthony Del Grosso (former employee)	Kevin A. Forder, Esq. Perkins Coie 1110 Vermont Avenue, N.W. Washington, D.C. 20005 (202) 887-9030

With respect to the sale agreement from Singer to CAE, I am still in the process of identifying the appropriate SEC file number. I will provide the information when it is available.

Sincerely,

Michael C. Eberhardt

Enclosure

STATEMENT OF DESIGNATION OF COUNSELMUR Pre-MUR 233NAME OF COUNSEL: MICHAEL C. EBERHARDT, ESQ.ADDRESS: CROWELL & MORING1001 PENNSYLVANIA AVENUE, N.W.WASHINGTON, DC 20004-2505TELEPHONE: (202) 624-2514

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.

E-1-90  
Date

Michael C. Eberhardt  
Signature

RESPONDENT'S NAME: CAE-LINK CORPORATIONADDRESS: c/o H.E. TAYLOR, III, ESQ., GENERAL COUNSELMS 231, P.O. BOX 1237BINGHAMTON, NY 13902-1237

HOME PHONE: \_\_\_\_\_

BUSINESS PHONE: (607) 721-6327

21040330009

06-7597

**CROWELL & MORING**

1001 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20004-2505

(202) 624-2500

CABLE: CROMOR  
FACSIMILE (RAPICOM): 202-624-5116  
W. U. I. (INTERNATIONAL) 64344  
W. U. (DOMESTIC) 62-2448

90 AUG 21 AM 10: 25

MICHAEL C. EBERHARDT  
(202) 624-2514

360:gcg  
13147-108

August 20, 1990

Mr. John Canfield  
Office of General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: CAE-Link

Dear Mr. Canfield:

Enclosed is the requested statement of Designation of Counsel form.

Sincerely,



Michael C. Eberhardt

Enclosure

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF GENERAL COUNSEL  
90 AUG 21 PM 12: 07

01603041

STATEMENT OF DESIGNATION OF COUNSEL

**MUR** PRE-MUR 233

**NAME OF COUNSEL:** MICHAEL C. EBERHARDT, ESQUIRE

**ADDRESS:** CROWELL & MORING

1001 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, DC 20004-2505

**TELEPHONE:** (202) 624-2514

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

AUGUST 17, 1990  
Date

  
Signature

**RESPONDENT'S NAME:** CAE-LINK CORPORATION

**ADDRESS:** c/o H.E. TAYLOR, III, ESQ., GENERAL COUNSEL

MS 231, P.O. BOX 1237

BINGHAMTON, NY 13902-1237

**HOME PHONE:** \_\_\_\_\_

**BUSINESS PHONE:** (607) 721-6327

21040330011

90 SEP -4 AM 9:55

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

**SENSITIVE**

**FIRST GENERAL COUNSEL'S REPORT**

Pre-MUR # 233  
STAFF MEMBER: John Canfield

SOURCE: I N T E R N A L L Y G E N E R A T E D

RESPONDENTS: Bicoastal Corporation Political Action  
Committee and David L. Redmond,  
as treasurer  
CAE-Link Corporation  
Robert Montgomery  
George Maxwell  
Anthony Del Grosso

RELEVANT STATUTES: 2 U.S.C. § 441f  
2 U.S.C. § 441b(a)  
2 U.S.C. § 431(11)  
11 C.F.R. § 110.4(b)

INTERNAL REPORTS CHECKED: Disclosure reports

FEDERAL AGENCIES CHECKED: Department of Defense (Office of  
Inspector General)

I. GENERATION OF MATTER

A sua sponte report was submitted to the Office of the  
Inspector General of the United States Department of Defense by  
the CAE-Link Corporation on June 22, 1990, concerning expense  
report practices within that corporation. This submission was  
made pursuant to the Voluntary Disclosure Program of the  
Department of Defense's Division of Criminal Investigations  
Policy and Oversight. CAE-Link Corporation, in preparing this  
report, had notified the Commission that issues involving federal

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election laws had arisen, and accordingly submitted a copy of its report to the Office of the General Counsel on June 22, 1990. A copy of this report was also forwarded to the General Counsel by the Department of Defense and received on July 6, 1990.

II. FACTUAL AND LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended (the "Act"), provides that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another. 2 U.S.C. § 441f. See also 11 C.F.R. § 110.4(b). This prohibition includes a corporation's payment, reimbursement, or other compensation to any person for his or her contribution to any federal candidate or political committee. See Advisory Opinion 1986-41. The Commission has also determined that persons or entities that assist in the making of a contribution in the name of another may be found in violation of Section 441f. The Act defines the term "person" to include a corporation. 2 U.S.C. § 431(11).

The Act further prohibits any corporation from making a contribution or expenditure in connection with any federal election. A candidate and political committee are prohibited from accepting or receiving any corporate contribution, and any officer or director of any corporation is prohibited from consenting to such contribution or expenditure by the

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corporation. 2 U.S.C. § 441b(a).

CAE-Link Corporation ("CAE-Link") is based in Binghamton, New York and is a subsidiary of CAE Industries, Ltd., of Ontario, Canada.<sup>1</sup> The CAE-Link Corporation consists of four divisions: Link Flight Simulation Division; Link Tactical Simulation Division; Link Training Services Division; and Allen Corporation of America. CAE Industries, Ltd., of Canada purchased all four of these divisions from the Singer Company ("Singer") in August of 1988 and merged the four divisions into a single corporate entity, CAE-Link Corporation.<sup>2</sup> CAE-Link supplies flight and tactical simulators, training and support services to customers such as the Department of Defense and the National Aeronautics and Space Administration (NASA).

A majority of the corporate stock of Singer was purchased in February of 1988 by Paul A. Bilzerian. After selling off the above mentioned divisions to CAE Industries, Ltd., Bilzerian took the remainder of Singer and renamed it Bicoastal Corporation ("Bicoastal"). Before its purchase and subsequent reorganization, Singer maintained a political action committee for its employees and officers, the Singer Company Political Action Committee ("Singer PAC"). This committee has since been renamed the Bicoastal Corporation Political Action Committee

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1. The events in question in this matter occurred prior to CAE's purchase of the divisions, and thus this referral does not implicate any issues under 2 U.S.C. § 441e.

2. For the purposes of this matter, CAE-Link Corporation is the successor corporation to the Singer Company, and as such is named as a respondent.

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("Bicoastal PAC"). When they were still part of Singer, the employees of the various Link divisions were eligible to participate in the Singer PAC, either by making direct contributions or contributions via regular payroll deductions. The Singer PAC was established in 1984. Once the Link divisions were sold and became CAE-Link, the divisions were no longer affiliated with and did not participate in the Singer PAC or the Bicoastal PAC. CAE-Link does not have a political action committee of its own.<sup>3</sup>

In September, 1989, officials at CAE-Link became aware of a problem involving false receipts and falsified expense reports within its Link Flight Simulation Division after a routine audit. CAE-Link decided to conduct a comprehensive internal investigation of its expense reporting practices. On October 13, 1989, CAE-Link notified the Department of Defense Inspector General of its preliminary findings and, on December 19, 1989, its intent to conduct a more thorough investigation.

On December 22, 1989, counsel for CAE-Link met with the Associate General Counsel of the Federal Election Commission to notify the Commission of its investigation and of possible violations of the Act. The investigation conducted by CAE-Link

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3. The allegations of possible election law violations took place within the Link Flight Simulation Division when it was a part of Singer and was affiliated with the Singer PAC. Bicoastal PAC is the successor of the Singer PAC, and as such is named as a respondent in this matter, along with its current treasurer, David L. Redmond.

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consisted primarily of reviewing receipts and expense records of its four divisions, and then interviewing various employees. The investigation report was submitted to the Commission and to the Department of Defense on June 22, 1990. See Attachment 1.<sup>4</sup>

According to the report, the investigation revealed evidence of employees making contributions to the Singer PAC (when the four divisions were still a part of Singer and participating in the Singer PAC) and then obtaining reimbursement for those contributions by using falsified customer relations expense reports. The report states that three employees of the Link Flight Simulation Division admitted to making contributions to the Singer PAC and then obtaining reimbursement for the contributions by using false customer relations reports. The internal investigation revealed no evidence of any such contributions and reimbursements being made in the three other Link divisions.

The report states that CAE-Link reviewed Singer PAC contributions records maintained at the Link Flight Simulation Division to determine whether PAC contributions had been made by any of the employees whose expense reports were being investigated. During the personal interviews, these employees were then asked specifically whether they had claimed reimbursement for PAC contributions on company expense reports.

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4. The portions of the lengthy report relevant to election law violations have been labeled and made attachments to this report.

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Three individuals admitted to this violation: Robert Montgomery; Anthony Del Grosso; and George Maxwell.<sup>5</sup> None of these employees acknowledged that company management had ever specifically approved of this practice; rather, each seemed to consider the PAC contributions as another type of "business expense" for which they frequently submitted falsified customer relations reports. See Attachment 2. These three individuals are consistently referred to in the report as "employees", and there is no evidence that they were officers or directors of the company.

In his interview, Robert Montgomery said that he contributed \$260 to the Singer PAC and later obtained reimbursement by submitting false customer relations reports. Singer company records reviewed during the investigation listed Mr. Montgomery as having contributed \$260 to the Singer PAC in 1985. See Attachment 2. A copy of the 1985 Year-End Report filed by Singer PAC shows Mr. Montgomery as having made \$260 in aggregate contributions for the year to date. See Attachment 3. A review of monthly disclosure reports filed with the Commission lists Mr. Montgomery as having made two itemized contributions of \$20 each in November and December of 1985.

Anthony Del Grosso stated during his interview that PAC

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5. In the report submitted by CAE-Link to the Department of Defense, respondent Maxwell is identified as George Maxwell. In materials provided to this Office by counsel for CAE-Link, the respondent is referred to as Willard G. Maxwell.

21040330017

contributions were one of the types of expenses for which he falsified expense reports. See Attachment 2. He is listed as a PAC contributor in Singer's internal records for \$160 in 1987 and \$30 in 1988. A review of reports on file with the Commission did not reveal Del Grosso's name as a Singer PAC contributor during those years, but it should be noted that the annual amounts of his contributions are small enough that they do not require itemization.

George Maxwell states that he contributed \$100 directly to the Singer PAC in 1988, and that he probably obtained reimbursement for that contribution by submitting a false customer relations report. See Attachment 2. Singer company records do not reveal Mr. Maxwell as contributing more than \$100 to Singer PAC between 1984 and 1988. As with Mr. Del Grosso above, the amount of this contribution by Maxwell would not be large enough to require itemization on the reports filed with the Commission.

This Office has been in contact with the Department of Defense's Office of the Inspector General concerning this report. The Department of Defense is now in the process of conducting its own investigation to verify the information contained in the report submitted by CAE-Link. This process will take approximately six months to one year to complete, at which point the Department of Defense will issue a new report with its findings. A copy of this report will be sent to this Office at

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that time. The investigators for the Department of Defense have also agreed to inform this Office of any further information or evidence regarding possible violations of the Act which they might uncover during this investigation that was not disclosed in the previous CAE-Link report. Also, this Office has received correspondence from counsel for CAE-Link regarding its potential liability for the contributions made to the Singer PAC. See Attachment 4.

The information disclosed in the report submitted by CAE-Link appears to be based on an extensive internal investigation, reviewing thousands of receipts and reports over a period of several years, as well as numerous personal interviews. This information is now being verified by the Department of Defense. The information concerning reimbursement for PAC contributions came from the admissions of Montgomery, Maxwell and Del Grosso themselves during their interviews. There is sufficient evidence to find reason to believe that George Maxwell, Robert Montgomery and Anthony Del Grosso made contributions to the Singer PAC in violation of the Act, as well as evidence that CAE-Link Corporation (as successor to the Singer Company) and Bicoastal Corporation Political Action Committee (as successor to the Singer PAC) and David L. Redmond, as treasurer, violated the Act in connection with these contributions.

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**III. RECOMMENDATIONS**

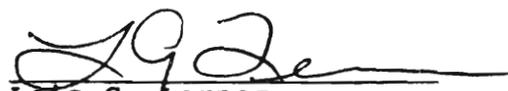
1. Open a MUR.
2. Find reason to believe that George Maxwell violated 2 U.S.C. § 441f.
3. Find reason to believe that Robert Montgomery violated 2 U.S.C. § 441f.
4. Find reason to believe that Anthony Del Grosso violated 2 U.S.C. § 441f.
5. Find reason to believe that CAE-Link Corporation violated 2 U.S.C. § 441f and § 441b.
6. Find reason to believe that Bicoastal Corporation Political Action Committee and David L. Redmond, as treasurer, violated 2 U.S.C. § 441f and § 441b.
7. Approve the appropriate letters and the attached Factual and Legal Analyses.

Lawrence M. Noble  
General Counsel

Date

8/29/90

BY:

  
Lois G. Lerner  
Associate General Counsel

**Attachments:**

1. Portion of CAE-Link report (pages 1-9; 18-22)
2. Portion of CAE-Link report (pages 12, 30-32)
3. Singer PAC disclosure reports
4. Letter from CAE-Link counsel (8/6/90)
5. Factual and Legal Analyses (5)

21040330020



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RECEIVED  
FEDERAL ELECTION COMMISSION  
SEPTEMBER 6 1990

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**SENSITIVE**

September 6, 1990

MEMORANDUM

**TO:** The Commission

**FROM:** Lawrence M. Noble  
General Counsel

**BY:** Lois G. Lerner *LL*  
Assistant General Counsel

**RE:** Pre-MUR 233 -- Addendum to First General Counsel's Report dated September 4, 1990.

The First General Counsel's Report in Pre-MUR 233 may not have been clear in explaining the discovery which this Office plans to conduct with regard to this matter. The First General Counsel's Report states that the Department of Defense in its process of conducting its own investigation to verify the information contained in the report submitted by the CAE-Link Corporation. This Office has been informed that this process will take approximately six months, at which point the Department of Defense will issue its own report in this matter. A copy of such a report will be sent to this Office at that time. The investigators for the Department of Defense have also agreed to inform this Office of any further information or evidence regarding possible violations of the Act which they might uncover during their investigation which was not previously disclosed in the CAE-Link report.

In addition, this Office has prepared five (5) sets of interrogatories which will be sent to the five proposed respondents if the Commission opens a MUR in this matter. This discovery will consist of questions concerning the status of the successor corporation and the successor PAC, as well as any possible involvement of or approval by corporate officers or directors in the use of falsified expense accounts to obtain reimbursement for PAC contributions. This discovery, when combined with the Department of Defense report, should provide a detailed picture of this situation as it relates to possible illegal PAC contributions.

Staff person: John Canfield

91040330021



FEDERAL ELECTION COMMISSION  
WASHINGTON DC 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/DELORES HARRIS *SH*  
COMMISSION SECRETARY

DATE: SEPTEMBER 7, 1990

SUBJECT: PRE-MUR 233 - FIRST GENERAL COUNSEL'S REPORT  
DATED AUGUST 29, 1990

The above-captioned document was circulated to the Commission on Tuesday, September 4, 1990 at 4:00 p.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

Commissioner Aikens \_\_\_\_\_

Commissioner Elliott \_\_\_\_\_

Commissioner Josefiak \_\_\_\_\_

Commissioner McDonald \_\_\_\_\_

Commissioner McGarry \_\_\_\_\_

Commissioner Thomas XXX

This matter will be placed on the meeting agenda for TUESDAY, SEPTEMBER 18, 1990.

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

2140330022

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) Pre-MUR 233  
 Bicoastal Corporation Political Action )  
 Committee and David L. Redmond, as )  
 treasurer; CAE-Link Corporation; )  
 Robert Montgomery; George Maxwell; )  
 Anthony Del Grosso. )

(MUR)  
 3125

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on September 20, 1990, do hereby certify that the Commission decided by a vote of 4-0 to take the following actions with respect to Pre-MUR 233:

1. Open a MUR.
2. Find reason to believe that George Maxwell violated 2 U.S.C. § 441f.
3. Find reason to believe that Robert Montgomery violated 2 U.S.C. § 441f.
4. Find reason to believe that Anthony Del Grosso violated 2 U.S.C. § 441f.
5. Take no action at this time on recommendation 5 in the General Counsel's report dated August 29, 1990.
6. Take no action at this time on recommendation 6 in the General Counsel's report dated August 29, 1990.

(continued)

21040330023

7. Approve the appropriate letters and Factual and Legal Analyses pursuant to the actions noted above.

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

Attest:

9-21-90  
Date

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

21040330024



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 27, 1990

Mr. Anthony Del Grosso  
c/o Kevin A. Forder, Esq.  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 3125  
Anthony Del Grosso

Dear Mr. Del Grosso:

On September 20, 1990, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office along with answers to the enclosed questions 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.

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

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MUR 3125  
Del Grosso  
Page Two

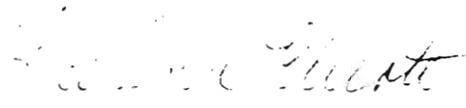
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 John Canfield, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

  
Lee Ann Elliott  
Chairman

Enclosures  
Factual and Legal Analysis  
Procedures  
Designation of Counsel Form  
Questions

21040331026

FEDERAL ELECTION COMMISSION  
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Anthony Del Grosso

MUR: 3125

I. GENERATION OF MATTER

This matter was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities. 2 U.S.C. § 437g(a)(2).

II. FACTUAL AND LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended (the "Act"), provides that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another. 2 U.S.C. § 441f. See also 11 C.F.R. § 110.4(b). This prohibition includes a corporation's payment, reimbursement, or other compensation to any person for his or her contribution to any federal candidate or political committee. See Advisory Opinion 1986-41. The Commission has also determined that persons or entities that assist in the making of a contribution in the name of another may be found in violation of Section 441f. The Act defines the term "person" to include a corporation. 2 U.S.C. § 431(11).

The Act further prohibits any corporation from making a

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contribution or expenditure in connection with any federal election. A candidate and political committee are prohibited from accepting or receiving any corporate contribution, and any officer or director of any corporation are prohibited from consenting to such contribution or expenditure by the corporation. 2 U.S.C. § 441b(a).

CAE-Link Corporation ("CAE-Link") is based in Binghamton, New York and is a subsidiary of CAE Industries, Ltd., of Ontario, Canada. The CAE-Link Corporation consists of four divisions: Link Flight Simulation Division; Link Tactical Simulation Division; Link Training Services Division; and Allen Corporation of America. CAE Industries, Ltd., of Canada purchased all four of these divisions from the Singer Company ("Singer") in August of 1988 and merged the four divisions into a single corporate entity, CAE-Link Corporation. CAE-Link supplies flight and tactical simulators, training and support services to customers such as the Department of Defense and the National Aeronautics and Space Administration (NASA).

A majority of the corporate stock of Singer was purchased in February of 1988 by Paul A. Bilzerian. After selling off the above mentioned divisions to CAE Industries, Ltd., Bilzerian took the remainder of Singer and renamed it Bicoastal Corporation ("Bicoastal"). Before its purchase and subsequent reorganization, Singer maintained a political action committee for its employees and officers, the Singer Company Political Action Committee ("Singer PAC"). This committee has since been renamed the Bicoastal Corporation Political Action Committee

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("Bicoastal PAC"). When they were still part of Singer, the employees of the various Link divisions were eligible to participate in the Singer PAC, either by making direct contributions or contributions via regular payroll deductions. The Singer PAC was established in 1984. Once the Link divisions were sold and became CAE-Link, the divisions were no longer affiliated with and did not participate in the Singer PAC or the Bicoastal PAC. CAE-Link does not have a political action committee of its own. <sup>1</sup>

In September, 1989, officials at CAE-Link became aware of a problem involving false receipts and falsified expense reports within its Link Flight Simulation Division after a routine audit. CAE-Link decided to conduct a comprehensive internal investigation of its expense reporting practices. The investigation conducted by CAE-Link consisted primarily of reviewing receipts and expense records of its four divisions, and then interviewing various employees.

The investigation revealed evidence of employees making contributions to the Singer PAC (when the four divisions were still a part of Singer and participating in the Singer PAC) and then obtaining reimbursement for those contributions by using falsified customer relations expense reports. Three employees of the Link Flight Simulation Division admitted to making

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1. The allegations of possible election law violations took place within the Link Flight Simulation Division when it was a part of Singer and was affiliated with the Singer PAC. Bicoastal PAC is the successor of the Singer PAC.

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contributions to the Singer PAC and then obtaining reimbursement for the contributions by using false customer relations reports. The internal investigation revealed no evidence of any such contributions and reimbursements being made in the three other Link divisions.

CAE-Link reviewed Singer PAC contributions records maintained at the Link Flight Simulation Division to determine whether PAC contributions had been made by any of the employees whose expense reports were being investigated. During the personal interviews, these employees were then asked specifically whether they had claimed reimbursement for PAC contributions on company expense reports. Among the individuals who admitted to this violation was Anthony Del Grosso. None of these employees acknowledged that company management had ever specifically approved of this practice; rather, each seemed to consider the PAC contributions as another type of "business expense" for which they frequently submitted falsified customer relations reports. Montgomery is consistently referred to throughout the investigation as an "employee" and there is no evidence that he was an officer or director of the company.

In his interview, Anthony Del Grosso said that PAC contributions were one of the type of expenses for which he falsified expense reports. He is listed as a PAC contributor in Singer PAC's internal records for \$160 in 1987 and \$30 in 1988. Contributions of this size would not be large enough to require itemization on the reports filed with the Commission.

The information disclosed appears to be based on an

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extensive internal investigation, reviewing thousands of receipts and reports over a period of several years, as well as numerous personal interviews. The information concerning reimbursement for PAC contributions came from the admissions of Del Grosso during his interview. Therefore, there is reason to believe that Anthony Del Grosso violated 2 U.S.C. § 441f.

21040830031

**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of

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MUR 3125

**INTERROGATORIES AND REQUEST  
FOR PRODUCTION OF DOCUMENTS**

TO: Mr. Anthony Del Grosso  
c/o Kevin A. Forder, Esq.  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

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Mr. Anthony Del Grosso  
MUR 3125  
Page 2

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, 1984 to December 31, 1988.

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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Mr. Anthony Del Grosso  
MUR 3125  
Page Four

INTERROGATORIES AND REQUEST FOR DOCUMENTS

1. State whether or not you made any contributions to the Singer Company Political Action Committee ("Singer PAC"). If so, please provide the dates and amount of each such contribution. **PRODUCE** all checks and records in your possession or control relating to such contributions.
2. State whether or not you ever received reimbursement from any source for such PAC contributions. If so, please identify the source and dates of such reimbursements. **PRODUCE** all records in your possession or control relating to such reimbursements.
3. State whether or not you ever utilized company expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify the amounts and dates involved in such reports. **PRODUCE** all copies of such reports and all records in your possession or control relating to such reports.
4. State whether or not you made any contributions to any political action committee other than the Singer PAC. If so, please identify all such recipients, and provide the dates and amounts of each such contribution. **PRODUCE** all checks and records in your possession or control relating to such contributions.
5. State whether or not any officers or directors of The Singer Company or The Singer Company Political Action were aware or had knowledge of employees using expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify each such officer or director by name and address, and describe the extent of his or her involvement and knowledge of such activity. **PRODUCE** all documents in your possession or control relating to officer or director involvement in such activity.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 27, 1990

Mr. George Maxwell  
c/o Charles Roistacher, Esq.  
Powell, Goldstein, Frazer & Murphy  
1001 Pennsylvania Avenue, N.W.; Suite 600  
Washington, D.C. 20004

RE: MUR 3125  
George Maxwell

Dear Mr. Maxwell:

On September 20, 1990, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office along with answers to the enclosed questions 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.

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

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MUR 3125  
Maxwell  
Page Two

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 John Canfield the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

  
Lee Ann Elliott  
Chairman

Enclosures  
Factual and Legal Analysis  
Procedures  
Designation of Counsel Form  
Questions

21040331037

**FEDERAL ELECTION COMMISSION  
FACTUAL AND LEGAL ANALYSIS**

**RESPONDENT:** George Maxwell

**MUR:** 3125

**I. GENERATION OF MATTER**

This matter was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities. 2 U.S.C. § 437g(a)(2).

**II. FACTUAL AND LEGAL ANALYSIS**

The Federal Election Campaign Act of 1971, as amended (the "Act"), provides that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another. 2 U.S.C. § 441f. See also 11 C.F.R. § 110.4(b). This prohibition includes a corporation's payment, reimbursement, or other compensation to any person for his or her contribution to any federal candidate or political committee. See Advisory Opinion 1986-41. The Commission has also determined that persons or entities that assist in the making of a contribution in the name of another may be found in violation of Section 441f. The Act defines the term "person" to include a corporation. 2 U.S.C. § 431(11).

The Act further prohibits any corporation from making a

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contribution or expenditure in connection with any federal election. A candidate and political committee are prohibited from accepting or receiving any corporate contribution, and any officer or director of any corporation are prohibited from consenting to such contribution or expenditure by the corporation. 2 U.S.C. § 441b(a).

CAE-Link Corporation ("CAE-Link") is based in Binghamton, New York and is a subsidiary of CAE Industries, Ltd., of Ontario, Canada. The CAE-Link Corporation consists of four divisions: Link Flight Simulation Division; Link Tactical Simulation Division; Link Training Services Division; and Allen Corporation of America. CAE Industries, Ltd., of Canada purchased all four of these divisions from the Singer Company ("Singer") in August of 1988 and merged the four divisions into a single corporate entity, CAE-Link Corporation. CAE-Link supplies flight and tactical simulators, training and support services to customers such as the Department of Defense and the National Aeronautics and Space Administration (NASA).

A majority of the corporate stock of Singer was purchased in February of 1988 by Paul A. Bilzerian. After selling off the above mentioned divisions to CAE Industries, Ltd., Bilzerian took the remainder of Singer and renamed it Bicoastal Corporation ("Bicoastal"). Before its purchase and subsequent reorganization, Singer maintained a political action committee for its employees and officers, the Singer Company Political Action Committee ("Singer PAC"). This committee has since been renamed the Bicoastal Corporation Political Action Committee

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("Bicoastal PAC"). When they were still part of Singer, the employees of the various Link divisions were eligible to participate in the Singer PAC, either by making direct contributions or contributions via regular payroll deductions. The Singer PAC was established in 1984. Once the Link divisions were sold and became CAE-Link, the divisions were no longer affiliated with and did not participate in the Singer PAC or the Bicoastal PAC. CAE-Link does not have a political action committee of its own. <sup>1</sup>

In September, 1989, officials at CAE-Link became aware of a problem involving false receipts and falsified expense reports within its Link Flight Simulation Division after a routine audit. CAE-Link decided to conduct a comprehensive internal investigation of its expense reporting practices. The investigation conducted by CAE-Link consisted primarily of reviewing receipts and expense records of its four divisions, and then interviewing various employees.

The investigation revealed evidence of employees making contributions to the Singer PAC (when the four divisions were still a part of Singer and participating in the Singer PAC) and then obtaining reimbursement for those contributions by using falsified customer relations expense reports. Three employees of the Link Flight Simulation Division admitted to making

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1. The allegations of possible election law violations took place within the Link Flight Simulation Division when it was a part of Singer and was affiliated with the Singer PAC. Bicoastal PAC is the successor of the Singer PAC.

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contributions to the Singer PAC and then obtaining reimbursement for the contributions by using false customer relations reports. The internal investigation revealed no evidence of any such contributions and reimbursements being made in the three other Link divisions.

CAE-Link reviewed Singer PAC contributions records maintained at the Link Flight Simulation Division to determine whether PAC contributions had been made by any of the employees whose expense reports were being investigated. During the personal interviews, these employees were then asked specifically whether they had claimed reimbursement for PAC contributions on company expense reports. Among the individuals who admitted to this violation was George Maxwell.<sup>2</sup> None of these employees acknowledged that company management had ever specifically approved of this practice; rather, each seemed to consider the PAC contributions as another type of "business expense" for which they frequently submitted falsified customer relations reports. Montgomery is consistently referred to throughout the investigation as an "employee" and there is no evidence that he was an officer or director of the company.

In his interview, George Maxwell said that he contributed \$100 to the Singer PAC, and that he probably obtained reimbursement by submitting false customer relations reports. Singer company records reviewed during the investigation do not

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2. In materials prepared by CAE-Link Corporation, this respondent is alternately referred to as George Maxwell and Willard G. Maxwell.

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reveal Maxwell as contributing more than \$100 to the Singer PAC between 1984 and 1988. The amount of this contribution by Maxwell would not be large enough to require itemization on the reports filed with the Commission.

The information disclosed appears to be based on an extensive internal investigation, reviewing thousands of receipts and reports over a period of several years, as well as numerous personal interviews. The information concerning reimbursement for PAC contributions came from the admissions of Maxwell during his interview. Therefore, there is reason to believe that George Maxwell violated 2 U.S.C. § 441f.

21040830042

**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of

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MUR 3125

**INTERROGATORIES AND REQUEST  
FOR PRODUCTION OF DOCUMENTS**

TO: Mr. George Maxwell  
c/o Charles Roistacher, Esq.  
Powell, Goldstein, Frazer & Murphy  
1001 Pennsylvania Avenue, N.W.; Suite 600  
Washington, D.C. 20004

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

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Mr. George Maxwell  
MUR 3125  
Page 2

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, 1984 to December 31, 1988.

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.

21040830045

Mr. George Maxwell  
MUR 3125  
Page Four

INTERROGATORIES AND REQUEST FOR DOCUMENTS

1. State whether or not you made any contributions to the Singer Company Political Action Committee ("Singer PAC"). If so, please provide the dates and amount of each such contribution. **PRODUCE** all checks and records in your possession or control relating to such contributions.
2. State whether or not you ever received reimbursement from any source for such PAC contributions. If so, please identify the source and dates of such reimbursements. **PRODUCE** all records in your possession or control relating to such reimbursements.
3. State whether or not you ever utilized company expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify the amounts and dates involved in such reports. **PRODUCE** all copies of such reports and all records in your possession or control relating to such reports.
4. State whether or not you made any contributions to any political action committee other than the Singer PAC. If so, please identify all such recipients, and provide the dates and amounts of each such contribution. **PRODUCE** all checks and records in your possession or control relating to such contributions.
5. State whether or not any officers or directors of The Singer Company or The Singer Company Political Action Committee were aware or had knowledge of employees using expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify each such officer or director by name and address, and describe the extent of his or her involvement and knowledge of such activity. **PRODUCE** all documents in your possession or control relating to officer or director involvement in such activity.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 27, 1990

Mr. Robert Montgomery  
c/o Henry F. Schuelke, III, Esq.  
Janis, Schuelke, Weschler  
1728 Massachusetts Avenue, N.W.  
Washington, D.C. 20036

RE: MUR 3125  
Robert Montgomery

Dear Mr. Montgomery:

On September 20, 1990, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against you. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office along with answers to the enclosed questions 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.

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

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MUR 3125  
Montgomery  
Page Two

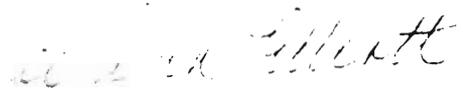
Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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 John Canfield the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

  
Lee Ann Elliott  
Chairman

Enclosures  
Factual and Legal Analysis  
Procedures  
Designation of Counsel Form  
Questions

210403048

FEDERAL ELECTION COMMISSION  
FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Robert Montgomery

MUR: 3125

I. GENERATION OF MATTER

This matter was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities.

2 U.S.C. § 437g(a)(2).

II. FACTUAL AND LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended (the "Act"), provides that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another.

2 U.S.C. § 441f. See also 11 C.F.R. § 110.4(b). This prohibition includes a corporation's payment, reimbursement, or other compensation to any person for his or her contribution to any federal candidate or political committee. See Advisory Opinion 1986-41. The Commission has also determined that persons or entities that assist in the making of a contribution in the name of another may be found in violation of Section 441f. The Act defines the term "person" to include a corporation. 2 U.S.C. § 431(11).

The Act further prohibits any corporation from making a

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contribution or expenditure in connection with any federal election. A candidate and political committee are prohibited from accepting or receiving any corporate contribution, and any officer or director of any corporation are prohibited from consenting to such contribution or expenditure by the corporation. 2 U.S.C. § 441b(a).

CAE-Link Corporation ("CAE-Link") is based in Binghamton, New York and is a subsidiary of CAE Industries, Ltd., of Ontario, Canada. The CAE-Link Corporation consists of four divisions: Link Flight Simulation Division; Link Tactical Simulation Division; Link Training Services Division; and Allen Corporation of America. CAE Industries, Ltd., of Canada purchased all four of these divisions from the Singer Company ("Singer") in August of 1988 and merged the four divisions into a single corporate entity, CAE-Link Corporation. CAE-Link supplies flight and tactical simulators, training and support services to customers such as the Department of Defense and the National Aeronautics and Space Administration (NASA).

A majority of the corporate stock of Singer was purchased in February of 1988 by Paul A. Bilzerian. After selling off the above mentioned divisions to CAE Industries, Ltd., Bilzerian took the remainder of Singer and renamed it Bicoastal Corporation ("Bicoastal"). Before its purchase and subsequent reorganization, Singer maintained a political action committee for its employees and officers, the Singer Company Political Action Committee ("Singer PAC"). This committee has since been renamed the Bicoastal Corporation Political Action Committee

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("Bicoastal PAC"). When they were still part of Singer, the employees of the various Link divisions were eligible to participate in the Singer PAC, either by making direct contributions or contributions via regular payroll deductions. The Singer PAC was established in 1984. Once the Link divisions were sold and became CAE-Link, the divisions were no longer affiliated with and did not participate in the Singer PAC or the Bicoastal PAC. CAE-Link does not have a political action committee of its own. <sup>1</sup>

In September, 1989, officials at CAE-Link became aware of a problem involving false receipts and falsified expense reports within its Link Flight Simulation Division after a routine audit. CAE-Link decided to conduct a comprehensive internal investigation of its expense reporting practices. The investigation conducted by CAE-Link consisted primarily of reviewing receipts and expense records of its four divisions, and then interviewing various employees.

The investigation revealed evidence of employees making contributions to the Singer PAC (when the four divisions were still a part of Singer and participating in the Singer PAC) and then obtaining reimbursement for those contributions by using falsified customer relations expense reports. Three employees of the Link Flight Simulation Division admitted to making

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1. The allegations of possible election law violations took place within the Link Flight Simulation Division when it was a part of Singer and was affiliated with the Singer PAC. Bicoastal PAC is the successor of the Singer PAC.

21040330051

contributions to the Singer PAC and then obtaining reimbursement for the contributions by using false customer relations reports. The internal investigation revealed no evidence of any such contributions and reimbursements being made in the three other Link divisions.

CAE-Link reviewed Singer PAC contributions records maintained at the Link Flight Simulation Division to determine whether PAC contributions had been made by any of the employees whose expense reports were being investigated. During the personal interviews, these employees were then asked specifically whether they had claimed reimbursement for PAC contributions on company expense reports. Among the individuals who admitted to this violation was Robert Montgomery. None of these employees acknowledged that company management had ever specifically approved of this practice; rather, each seemed to consider the PAC contributions as another type of "business expense" for which they frequently submitted falsified customer relations reports. Montgomery is consistently referred to throughout the investigation as an "employee" and there is no evidence that he was an officer or director of the company.

In his interview, Robert Montgomery said that he contributed \$260 to the Singer PAC and later obtained reimbursement by submitting false customer relations reports. Singer company records reviewed during the investigation listed Mr. Montgomery as having contributed \$260 to the Singer PAC in 1985. A copy of the 1985 Year-End Report filed by Singer PAC shows Mr. Montgomery as having made \$260 in aggregate.

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contributions for the year to date. A review of monthly disclosure reports filed with the Commission lists Mr. Montgomery as having made two itemized contributions of \$20 each in November and December of 1985.

The information disclosed appears to be based on an extensive internal investigation, reviewing thousands of receipts and reports over a period of several years, as well as numerous personal interviews. The information concerning reimbursement for PAC contributions came from the admissions of Montgomery during his interview. Therefore, there is reason to believe that Robert Montgomery violated 2 U.S.C. § 441f.

2104033053

**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of

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)  
)

MUR 3125

**INTERROGATORIES AND REQUEST  
FOR PRODUCTION OF DOCUMENTS**

TO: Mr. Robert Montgomery  
c/o Henry F. Schuelke, III, Esq.  
Janis, Schuelke, Weschler  
1728 Massachusetts Avenue, N.W.  
Washington, D.C. 20036

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you submit answers in writing and under oath to the questions set forth below within 15 days of your receipt of this request. In addition, the Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, Room 659, 999 E Street, N.W., Washington, D.C. 20463, on or before the same deadline, and continue to produce those documents each day thereafter as may be necessary for counsel for the Commission to complete their examination and reproduction of those documents. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

21040331054

Mr. Robert Montgomery  
MUR 3125  
Page 2

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, 1984 to December 31, 1988.

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.

210403055

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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Mr. Robert Montgomery  
MUR 3125  
Page Four

INTERROGATORIES AND REQUEST FOR DOCUMENTS

1. State whether or not you made any contributions to the Singer Company Political Action Committee ("Singer PAC"). If so, please provide the dates and amount of each such contribution. **PRODUCE** all checks and records in your possession or control relating to such contributions.
2. State whether or not you ever received reimbursement from any source for such PAC contributions. If so, please identify the source and dates of such reimbursements. **PRODUCE** all records in your possession or control relating to such reimbursements.
3. State whether or not you ever utilized company expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify the amounts and dates involved in such reports. **PRODUCE** all copies of such reports and all records in your possession or control relating to such reports.
4. State whether or not you made any contributions to any political action committee other than the Singer PAC. If so, please identify all such recipients, and provide the dates and amounts of each such contribution. **PRODUCE** all checks and records in your possession or control relating to such contributions.
5. State whether or not any officers or directors of The Singer Company or The Singer Company Political Action Committee were aware or had knowledge of employees using expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify each such officer or director by name and address, and describe the extent of his or her involvement and knowledge of such activity. **PRODUCE** all documents in your possession or control relating to officer or director involvement in such activity.

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1110 VERMONT AVENUE, N.W. • WASHINGTON, D.C. 20005 • (202) 887-9030

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RECEIVED  
FEDERAL ELECTION COMMISSION  
MAIL ROOM

90 OCT -4 AM 9:44

October 2, 1990

John Canfield, Esquire  
Federal Election Commission  
Washington, D.C. 20463

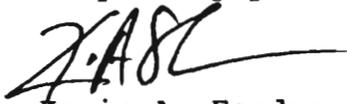
RE: MUR 3125  
Anthony DelGrosso

Dear Mr. Canfield:

This is to confirm our conversation today wherein we agreed that Mr. DelGrosso's response to you will be due on Wednesday, October 24, 1990. At your suggestion, we will at that time inform you whether or not we will seek pre-probable cause conciliation. I am today forwarding to Mr. DelGrosso a Designation of Counsel form with instructions that he immediately forward to you the the signed original.

Please call me if you have any questions.

Very truly yours,



Kevin A. Forder

KAF:dd

cc: Mr. Tony DelGrosso

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OFFICE OF GENERAL COUNSEL  
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MAIL ROOM

**STATEMENT OF DESIGNATION OF COUNSEL**

90 OCT -9 AM 11:27

**MUR** 3125

**NAME OF COUNSEL:** John P. Hume, Esquire  
Kevin A. Forder, Esquire

**ADDRESS:** Perkins Coie  
1110 Vermont Avenue, N.W., Suite 1200  
Washington, D.C. 20005

**TELEPHONE:** (202) 887-9030

6 #2

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF GENERAL COUNSEL  
90 OCT -9 PM 4:03

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.

3 Oct 90  
Date

*Anthony DelGrosso*  
Signature

**RESPONDENT'S NAME:** Anthony DelGrosso

**ADDRESS:** Concurrent Computer Corporation  
1499 W. Palmetto Park Road, Suite 212  
Boca Raton, Florida 33486

**HOME PHONE:** (607) 748-8938

**BUSINESS PHONE:** (407) 392-8018

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FEDERAL ELECTION COMMISSION  
OCT 15 1990

LAW OFFICES  
**JANIS, SCHUELKE & WECHSLER**  
1726 MASSACHUSETTS AVENUE, N.W.  
WASHINGTON, D.C. 20036

90 OCT 15 PM 12:05

S. ROBERT SUTTON

TELEPHONE  
(202) 881-0600

October 10, 1990

John Canfield, Esquire  
Office of the General Counsel  
Federal Election Commission  
Washington, D.C. 20463

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF GENERAL COUNSEL  
90 OCT 16 PM 3:38

Re: MUR 3125 - Robert Montgomery

Dear Mr. Canfield:

By letter dated September 27, 1990, addressed to Mr. Robert Montgomery in care of Henry F. Schuelke, III, of this law firm, the Federal Election Commission advised Mr. Montgomery that it had found that there is reason to believe that Mr. Montgomery may have violated 2 U.S.C. § 441(f), a provision of the Federal Election Campaign Act of 1971. Through that letter, Mr. Montgomery was invited to submit any factual or legal materials that might be relevant to the Commission's consideration of this matter within fifteen (15) days following receipt of the above-referenced letter.

Mr. Montgomery's counsel, Henry F. Schuelke, III, is currently representing a client in trial in Federal District Court in Chicago, Illinois. That trial, which began in early September, is expected to last for another two to three weeks. Under these circumstances, we request that Mr. Montgomery be granted an extension of time within which to advise you whether he is interested in pursuing pre-probable cause conciliation, and within which to submit any relevant materials, until Monday, November 5, 1990. If you should have any questions concerning this request, please feel free to contact the undersigned.

Yours truly,

*S. Robert Sutton*

S. Robert Sutton

SRS/lt

cc: Robert Montgomery  
Henry F. Schuelke, III

310403060



FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

October 12, 1990

Robert Sutton, Esquire  
Janis, Schuelke & Weschler  
1728 Massachusetts Avenue, N.W.  
Washington, D.C. 20036

RE: MUR 3125  
Robert Montgomery

Dear Mr. Sutton:

This is in response to your telephone conversation with John Canfield of this office, requesting an extension of time to respond to the Commission's findings and inquiry in the above referenced matter. After considering the circumstances explained in your conversation, I have granted the requested extension. Accordingly, the response in this matter is due by the close of business on November 5, 1990.

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

Sincerely,

Lawrence M. Noble  
General Counsel

A handwritten signature in cursive script, appearing to read "George F. Rishel".

BY: George F. Rishel  
Assistant General Counsel

21040331061



FEDERAL ELECTION COMMISSION  
WASHINGTON D.C. 20463

October 12, 1990

Kevin A. Forder, Esquire  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 3125  
Anthony Del Grosso

Dear Mr. Forder:

This is in response to your telephone conversation with John Canfield of this office, requesting an extension of time to respond to the Commission's findings and inquiry in the above referenced matter. After considering the circumstances explained in your conversation, I have granted the requested extension. Accordingly, the response in this matter is due by the close of business on October 24, 1990.

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

Sincerely,

Lawrence M. Noble  
General Counsel

BY: George F. Rishel  
Assistant General Counsel

21040330062



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 12, 1990

Charles Roistacher, Esquire  
Powell, Goldstein, Frazer & Murphy  
1001 Pennsylvania Avenue, N.W.; Suite 600  
Washington, D.C. 20004

RE: MUR 3125  
George Maxwell

Dear Mr. Roistacher:

This is in response to your telephone conversation with John Canfield of this office, requesting an extension of time to respond to the Commission's findings and inquiry in the above referenced matter. After considering the circumstances explained in your conversation, I have granted the requested extension. Accordingly, the response in this matter is due by the close of business on October 24, 1990.

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

Sincerely,

Lawrence M. Noble  
General Counsel

A handwritten signature in cursive script, appearing to read "George F. Rishel".

BY: George F. Rishel  
Assistant General Counsel

214033063

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1110 VERMONT AVENUE, N.W. • WASHINGTON, D.C. 20005 • (202) 887-9030

90 OCT 17 PM 12:53

October 15, 1990

George F. Rishel, Esquire  
Assistant General Counsel  
Federal Election Commission  
Washington, D.C. 20463

RE: MUR 3125  
Anthony DelGrosso

Dear Mr. Rishel:

A small point regarding your letter of October 12, 1990 (enclosed): Mr. Canfield and I agreed that the original response period would expire on October 24, 1990. While I intend to file a response by that date, I would like the record clear in the event it becomes necessary to seek an extension.

Very truly yours,  
  
Kevin A. Forder

KAF:dd  
Enclosure

cc: Lawrence M. Noble, Esquire  
John Canfield, Esquire

0147Y

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF GENERAL COUNSEL  
90 OCT 17 PM 3:30

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**HAND DELIVERED**

**POWELL, GOLDSTEIN, FRAZER & MURPHY**

**ATTORNEYS AT LAW**

SIXTH FLOOR  
1001 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20004

202 347-0066  
TELEX 650 2510 330  
TELECOPIER 202 624-7222

90 OCT 19 11:13 AM

ELEVENTH FLOOR  
THE CITIZENS & SOUTHERN NATIONAL BANK BUILDING  
35 BROAD STREET, N.W.  
ATLANTA, GEORGIA 30335  
404 572-8600

266 324

SUITE 800  
900 CIRCLE 75 PARKWAY  
ATLANTA, GEORGIA 30339  
404 951-5800

SUITE 1050  
400 PERIMETER CENTER TERRACE  
ATLANTA, GEORGIA 30346  
404 399-2800

October 18, 1990

VIA FEDERAL EXPRESS

CONFIDENTIAL

John Canfield, Esq.  
Office of General Counsel  
Federal Election Commission  
Washington, DC 20463

Re: Willard George Maxwell (MUR 3125)

90 OCT 19 PM 3:23

FEDERAL ELECTION COMMISSION  
RECEIVED

Dear Mr. Canfield:

Reference is made to the Federal Election Commission's (FEC) letter of September 27, 1990, to Mr. Maxwell and its enclosures, and to our telephone conversation of October 5, 1990.

Enclosed herewith please find: (1) An executed "Statement of Designation of Counsel" form (Attachment A) signed by Mr. Maxwell authorizing me to communicate in this matter on his behalf; and (2) Answers to the "Interrogatories and Request for Production of Documents" made to Mr. Maxwell by the FEC.

As I told you when we talked, at this time we believe that it is in Mr. Maxwell's best interest to request a pre-probable cause conciliation. As you recognized when we discussed this matter, Mr. Maxwell made a small contribution (\$100) to the Singer PAC on July 22, 1987. (Attachment D). He probably received a reimbursement for this contribution by submitting a Customer Relations Report to CAE-Link Corporation, although he has no specific recollection of this, nor does he have any documentation of this. He made no other Singer PAC contributions between 1984 and 1988.

For your information, because of the unauthorized use of Customer Relations Requests, Mr. Maxwell was required to reimburse the company \$100 for the PAC contribution. (See Memorandum of February 5, 1990, from Charles R. Monachello, President of the Link Flight Simulation Division). Mr. Maxwell promptly complied with this request and paid the company \$100, by check dated February 12, 1990. I have enclosed a copy of Mr. Monachello's memorandum

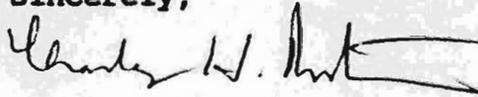
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John Canfield, Esq.  
October 18, 1990  
Page 2

(Attachment B) and Mr. Maxwell's reimbursement check.  
(Attachment C).

Mr. Maxwell has cooperated fully with the company's internal investigation, and of course will cooperate fully with the FEC. If you have any questions concerning this letter or the answer to the interrogatories and document request, please give me a call.

Sincerely,



Charles H. Roistacher

CHR:mo  
Enclosures  
cc: Mr. Willard George Maxwell

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**BEFORE THE FEDERAL ELECTION COMMISSION**

In the matter of

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MUR 3125

**INTERROGATORIES AND REQUEST  
FOR PRODUCTION OF DOCUMENTS**

TO: John Canfield, Esq.  
Federal Election Commission  
Washington, DC 20463

In furtherance of its investigation in the above matter, the respondent, Willard George Maxwell hereby submits answers in writing and under oath to the questions set forth in the Federal Election Commission's Interrogatories and Request for Production of Documents.

**INTERROGATORIES AND REQUEST FOR DOCUMENTS**

1. State whether or not you made any contributions to the Singer Company Political Action Committee ("Singer PAC"). If so, please provide the dates and amount of each such contribution, **PRODUCE** all checks and records in your possession or control relating to such contributions.

**Answer.** On or about July 22, 1987, I made a \$100 contribution to the Singer PAC. I made this by check 1430 payable to the Singer PAC for \$100. A copy of this check is enclosed herewith

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as Attachment D. I made no other contributions to the Singer PAC.

2. State whether or not you ever received reimbursement from any source for such PAC contributions. If so, please identify the source and dates of such reimbursements. **PRODUCE** all records in your possession or control relating to such reimbursements.

**Answer:** I probably received a reimbursement from the company by using a customer relations supplement and business conference supplement expense report form (expense report forms). It would have been submitted shortly after I made the contribution to the Singer PAC. I have no records in my possession or control relating to this reimbursement.

3. State whether or not you ever utilized company expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify the amounts and dates involved in such reports. **PRODUCE** all copies of such reports and all records in your possession or control relating to such reports.

**Answer:** See my answer to 2, above.

4. State whether or not you made any contribution to any political action committee other than the Singer PAC. If so, please identify all such recipients, and provide the dates and amounts of each such contribution. **PRODUCE** all checks and records in your possession or control relating to such contributions.

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**Answer:** I have never made a contribution to any political action committee other than the Singer PAC.

5. State whether or not any officers or directors The Singer Company or The Singer Company Political Action Committee were aware or had knowledge of employees using expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify each such officer or director by name and address, and describe the extent of his or her involvement and knowledge of such activity. **PRODUCE** all documents in your possession or control relating to officer or director involvement in such activity.

**Answer:** I do not know whether or not any officers or directors of the Singer Company or the Singer Company Political Action Committee were aware or had knowledge of any employees using expense reports or customer relations reports in order to obtain reimbursement for PAC contributions.

*Cynthia Elizabeth Southon*

17 Oct 90

**MY COMMISSION EXPIRES  
JAN. 6, 1993**

*Willard George Maxwell*

Willard George Maxwell  
Route 4  
P.O. Box 202  
Ozark, Alabama 36360  
(205) 598-2418

*Charles H. Roistacher*

Charles H. Roistacher  
Powell, Goldstein, Frazer & Murphy  
1001 Pennsylvania Ave., N.W.  
Sixth Floor  
Washington, DC 20004  
(202) 624-7218

91040330069

STATEMENT OF DESIGNATION OF COUNSELNR 3125NAME OF COUNSEL: Charles H. Roistacher, Esq.ADDRESS: Powell, Goldstein, Frazer & Murphy  
1001 Pennsylvania Ave., N.W., 6th Fl.  
Washington, DC 20004TELEPHONE: (202) 624-7218

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.

10/15/90  
Date

*Willard George Maxwell*  
Signature

RESPONDENT'S NAME: Mr. Willard George MaxwellADDRESS: Rte. 4, P.O. Box 202  
Ozark, Alabama 36360HOME PHONE: (205) 774-6884BUSINESS PHONE: (205) 598-2418

21040830070

ATTACHMENT B OF MR. ROISTACHER'S OCTOBER 18, 1990 RESPONSE  
HAS BEEN DELETED FROM THE FILE.

21040830071

WILLARD G. MAXWELL  
 JUDITH D. MAXWELL  
 RT. 4, BOX 304  
 OZARK, AL 36060

1485

2-12-90

8-01/1911

PAY TO THE ORDER OF Leak & Light \$ 100.00

One hundred and 00/100 DOLLARS

ARMY NATIONAL BANK

Willard G. Maxwell

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The Singer **PAC**

To: Gordon Stred

Singer PAC Representative

ATTACHMENT D

WILLARD G. MAXWELL JUDITH D. MAXWELL RT. 4, BOX 304 OZARK, AL 36360	1430	83-831/1011
PAY TO THE ORDER OF	<u>Had</u>	19 <u>82</u>
<u>Willard and Judith Maxwell</u>	<input checked="" type="checkbox"/>	\$ <u>100.00</u>
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# PERKINS COIE

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS  
1110 VERMONT AVENUE, N.W. • WASHINGTON, D.C. 20005 • (202) 887-9030

October 24, 1990

John Canfield, Esquire  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

**CONFIDENTIAL**

Re: MUR 3125

Dear Mr. Canfield:

This letter is in response to the Federal Election Commission's (FEC) September 27, 1990 letter to Mr. Del Grosso. Provided with our response is Mr. Del Grosso's reply to the FEC's Interrogatories and Request for Production of Documents, which were included in your September 27 letter. You should have received by now a Statement of Designation of Counsel executed by Mr. Del Grosso and forwarded to you under separate cover. A photocopy of that form is included for your convenience.

It is our belief that a review of this incident supplemented by the attached evidence from Mr. Del Grosso will reveal that Mr. Del Grosso engaged in no violations of 2 U.S.C. § 441f, contrary to the conclusion stated in the FEC's September 27 letter. We, therefore, respectfully request the FEC to reconsider those conclusions in light of this new evidence.

Our concern is with the FEC's juxtaposition of the following two sentences on page 4 of that letter: "In his interview [with CAE-Link counsel], Anthony Del Grosso said that PAC contributions were one of the type of expenses for which he falsified expense reports[,] and, "He is listed as a PAC contributor in Singer PAC's internal records for \$160 in 1987 and \$30 in 1988." To the extent this excerpt appears to imply that Mr. Del Grosso falsified expense reports relative to a total of \$190 of contributions in 1987 and 1988, it is incorrect.

The FEC's letter at page 3, note 1, states that the FEC is concerned with "possible election law violations . . . within the Link Flight Simulation Division when it was a part of Singer and was affiliated with the Singer PAC." As the FEC's letter states at page 2, this affiliation was radically restructured in February 1988 with Paul A. Bilzerian's purchase that month of a majority of the corporate stock of Singer.

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John Canfield, Esquire  
October 24, 1990  
Page 2

During that period relevant to your inquiry -- 1987 into February 1988 -- Mr. Del Grosso did indeed contribute \$190 to the Singer PAC, \$160 in 1987 and \$30 by mid-February 1988. From January through August 1988, when Link Flight's affiliation with Singer PAC was terminated (per your letter, pages 2-3), Mr. Del Grosso actually contributed approximately \$160 to Singer PAC. Thus, his total 1987 to August 1988 PAC contributions were about \$320. However, as Mr. Del Grosso's pay stubs (Appendix A) for this period indicate, all these contributions were made by deductions from his paycheck. Mr. Del Grosso did not seek reimbursement of these contributions through expense reports or in any other fashion.

Mr. Del Grosso did make general statements in interviews with Link counsel that PAC contributions were among the types of expenditures for which expense reports were falsified. Indeed, it was not unusual for Link managers or employees to implicitly or explicitly direct others at Link to cover certain out-of-pocket marketing expenditures -- including expenditures such as providing cash to those same managers or employees for their various marketing purposes -- with less than clinically accurate expense reports. Mr. Del Grosso candidly stated that he participated in transactions of this type. He further stated that had he made any PAC contributions in this type of transaction, he likely would have falsified an expense report to receive reimbursement. Payroll deductions, however, were simply not the type of out-of-pocket expenditures for which expense reports might have been falsified.

Subsequent to his last interview with Link counsel, Mr. Del Grosso reviewed his records in light of the questions he was asked about PAC contributions. His recollection was refreshed to the extent he realized that regardless of how he expressed himself to Link counsel, he had no specific recollection of ever falsifying an expense report to cover a PAC contribution, or of even making a PAC contribution beyond his payroll deductions. Bear in mind that this reflection was likely not fully expressed in Link's report as Mr. Del Grosso resigned from Link in December 1989 -- substantially before the report was finished -- and declined to participate further in the interview process.

As evidenced by Mr. Del Grosso's Response to the FEC's Interrogatories and Request for Production of Documents (attached), it is, therefore, Mr. Del Grosso's position that he engaged in no violations of 2 U.S.C. § 441f. Accordingly, we hope you will conclude that his matter requires no further attention by the FEC.

21540330075

John Canfield, Esquire  
October 24, 1990  
Page 3

If you require any further cooperation, or if you have any questions regarding this letter or the answer to the interrogatories and request for documents, please do not hesitate to call me.

Very truly yours,

  
Kevin A. Forder

KAF/td  
Enclosure

0172Y

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**STATEMENT OF DESIGNATION OF COUNSEL**

**MUR** 3125  
**NAME OF COUNSEL:** John P. Hume, Esquire  
Kevin A. Forder, Esquire  
**ADDRESS:** Perkins Coie  
1110 Vermont Avenue, N.W., Suite 1200  
Washington, D.C. 20005  
**TELEPHONE:** (202) 887-9030

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

2 Oct 90  
**Date**

*Anthony DelGrosso*  
**Signature**

**RESPONDENT'S NAME:** Anthony DelGrosso  
**ADDRESS:** Concurrent Computer Corporation  
1499 W. Palmetto Park Road, Suite 212  
Boca Raton, Florida 33486  
**HOME PHONE:** (607) 748-8938  
**BUSINESS PHONE:** (407) 392-8018

2154033077

BEFORE THE FEDERAL ELECTION COMMISSION

In the matter of )  
 )  
Anthony Del Grosso ) MUR 3125  
c/o Kevin A. Forder, Esq. )  
Perkins Coie )  
Suite 1200 )  
1110 Vermont Avenue, N.W. )  
Washington, D.C. 20005 )

ANTHONY DEL GROSSO'S RESPONSE TO  
THE FEDERAL ELECTION COMMISSION'S  
INTERROGATORIES AND REQUEST FOR  
PRODUCTION OF DOCUMENTS

TO: John Garfield, Esq.  
Federal Election Commission  
Washington, D.C. 20463

In furtherance of the Federal Election Commission's (FEC) investigation in the above matter, the respondent, Anthony Del Grosso hereby submits answers in writing and under oath to the questions set forth in the FEC's Interrogatories and Request for Production of Documents.

INTERROGATORIES AND REQUEST FOR DOCUMENTS

1. State whether or not you made any contributions to the Singer Company Political Action Committee ("Singer PAC"). If so, please provide the dates and amount of each such contribution. PRODUCE all checks and records in your possession or control relating to such contributions.

Response. Beginning in early 1987 and continuing into 1988, I contributed by payroll deduction \$10.00 per bi-weekly

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paycheck to Singer PAC. From early 1987 through mid-February 1988, I contributed a total of \$190.00. In 1987 through August 1988, I contributed a total of approximately \$320.00. These totals can be corroborated by examining (in Appendix A) my payroll stubs dated January 1, 1988 and February 12, 1988, and by extrapolating forward from those stubs through August 1988 at the rate of \$10.00 per pay period. The attached payroll stubs are copies of the only Singer/Link 1987-1988 payroll stubs in my possession.

2. State whether or not you ever received reimbursement from any source for such PAC contributions. If so, please identify the source and dates of such reimbursements. PRODUCE all records in your possession or control relating to such reimbursements.

Response. I never received reimbursement from any source for such PAC contributions.

3. State whether or not you ever utilized company expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify the amounts and dates involved in such reports. PRODUCE all copies of such reports and all records in your possession or control relating to such reports.

Response. I never utilized company expense reports or customer relations reports in order to obtain reimbursement for PAC contributions.

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4. State whether or not you made any contributions to any political action committee other than the Singer PAC. If so, please identify all such recipients, and provide the dates and amounts of each such contribution. PRODUCE all checks and records in your possession or control relating to such contributions.

Response. I never made any contributions to any political action committee other than the Singer PAC.

5. State whether or not any officers or directors of The Singer Company or The Singer Company Political Action Committee were aware or had knowledge of employees using expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify each such officer or director by name and address, and describe the extent of his or her involvement and knowledge of such activity. PRODUCE all documents in your possession or control relating to officer or director involvement in such activity.

Response. Subsequent to Link commencing its investigation of expense reporting practices and prior to my discussions with Link counsel, I heard from an individual whose name I cannot recall that Willard George Maxwell was under suspicion for seeking reimbursement through an expense report for a PAC contribution. Other than this, I do not know whether or not any officers or directors of The Singer Company or The Singer Company Political Action Committee were aware or had knowledge

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of employees using expense reports or customer relations reports in order to obtain reimbursement for PAC contributions.

  
*Anthony Del Grosso*  
Anthony Del Grosso  
c/o Kevin A. Forder, Esq.  
Perkins Coie  
Suite 1200  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

*Kevin A. Forder*  
Kevin A. Forder, Esq.  
Perkins Coie  
Suite 1200  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

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NOTARY PUBLIC, STATE OF FLORIDA AT LARGE  
MY COMMISSION EXPIRES JUNE 26, 1992  
BONDED THRU HUCKLEBERRY & ASSOCIATES

October 25, 1990  
*Camela J. Green*

APPENDIX A

25% COTTON FIBER

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APPENDIX A OF MR. FORDER'S OCTOBER 24, 1990 RESPONSE HAS BEEN  
DELETED FROM THE FILE.

2104033J083

OGC 8552

LAW OFFICES  
**JANIS, SCHUELKE & WECHSLER**  
1728 MASSACHUSETTS AVENUE, N.W.  
WASHINGTON, D.C. 20036

S. ROBERT SUTTON

TELEPHONE  
(202) 861-0600

November 5, 1990

**CONFIDENTIAL**

90 NOV -5 PM 4:36

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF ATTORNEY GENERAL  
COUNSEL

**BY MESSENGER**

John Canfield, Esquire  
Office of the General Counsel  
Federal Election Commission  
Room 659  
999 E Street, N.W.  
Washington, D.C. 20463

Re: Robert S. Montgomery, Jr. (MUR 3125)

Dear Mr. Canfield:

This letter is submitted in response to the September 27, 1990 letter from Lee Ann Elliott, Chairman of the Federal Election Commission, to my client, Robert S. Montgomery, Jr. Enclosed please find Mr. Montgomery's executed "Statement of Designation of Counsel" authorizing me, inter alia, to respond on his behalf.

Initially, please let me advise you that Mr. Montgomery wishes to pursue pre-probable cause conciliation of this matter. Although Mr. Montgomery contributed a total of \$1,160.00 to The Singer PAC, he is certain that he never sought reimbursement from any source with respect to \$900.00 of those contributions. With regard to the remaining \$260.00, a cash contribution made by Mr. Montgomery to the Singer PAC on May 4, 1984 (his first contribution to the PAC), Mr. Montgomery believes that he may have received reimbursement from his employer. At that time, Mr. Montgomery believed that a PAC contribution was an "expense", for which he was entitled to receive reimbursement. Given (1) the small amount involved, (2) the absence of any intent to do anything improper, much less to circumvent the law, (3) the one time nature of this possible violation, and (4) the fact that any improper reimbursement would have been received more than six years ago, we believe that pre-probable cause conciliation is the most appropriate alternative.

We believe that the fact that Mr. Montgomery has "reimbursed" his employer in the amount of \$260.00, representing

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John Canfield, Esquire  
November 5, 1990  
Page Two

the amount that he may have improperly received (notwithstanding his uncertainty as to whether he received that amount in the first place), also militates in favor of conciliation. (Mr. Montgomery was requested to make such a payment to his employer following an internal investigation concluded earlier this year. Mr. Montgomery of course cooperated fully with the company's internal investigation.) As soon as Mr. Montgomery was advised that he may have acted improperly he took steps to rectify any such impropriety. Mr. Montgomery similarly views conciliation as an appropriate mechanism by which to rectify any impropriety that he may have committed.

Also enclosed for your review are Mr. Montgomery's responses to the interrogatories and request for production of documents posed by the Federal Election Commission. Attached to those responses are copies of what we believe to be all of the relevant documents within Mr. Montgomery's possession or control (with the exception of two documents which are specifically identified, and which we will produce promptly if our efforts to locate one of the documents and obtain a copy of the other document should prove successful).

If upon review of the enclosures you should have any questions concerning those enclosures, or if you should have any other questions concerning any other matters relating to this proceeding, please feel free to give me a call.

Yours truly,



S. Robert Sutton

SRS/lt

Enclosure

cc: Robert S. Montgomery, Jr.

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 3125

NAME OF COUNSEL: S. Robert Sutton

ADDRESS: Janis Schuelke & wechsler  
1728 Mass Ave. N.W.  
Washington, D.C. 20036

TELEPHONE: 202 861 0600

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

  
Signature

Robert S. Montgomery, Jr.

RESPONDENT'S NAME: Robert S. Montgomery, Jr

ADDRESS: 42 Grand Blvd.  
Binghamton, NY 13905

HOME PHONE: 607-729-6200

BUSINESS PHONE: 607-723-2977 or 607-729-6200

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of 1984 as a "year to date" total. Those contributions are also reflected on Mr. Montgomery's federal tax return for 1984. Copies of that pay stub and of the relevant portion of Mr. Montgomery's federal tax return for 1984 are appended to these responses as Attachments 2 and 3.

During 1985, Mr. Montgomery contributed \$5.00 per week to The Singer PAC in the form of payroll deductions. Those contributions (totalling \$260.00) are reflected on Mr. Montgomery's pay stub for the final pay period of 1985 as a "year to date" total. Those contributions are also reflected on Mr. Montgomery's federal tax return for 1985. Copies of that pay stub and of the relevant portion of Mr. Montgomery's federal tax return for 1985 are appended to these responses as Attachments 4 and 5.<sup>2/</sup>

From January through April of 1986, Mr. Montgomery contributed \$5.00 per week to The Singer PAC in the form of payroll deductions. Those contributions (totalling \$80.00) are reflected on Mr. Montgomery's pay stub for the final pay period of 1986 as a "year to date" total. A copy of that pay stub is appended to these responses as Attachment 6.

On April 23, 1986, Mr. Montgomery made a \$200.00 contribution to The Singer PAC by check. A copy of that check

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<sup>2/</sup> To date Mr. Montgomery has been unable to locate his pay stub for the final pay period of 1985. Accordingly, we have substituted (as Attachment 4) a copy of his pay stub for the next-to-last pay period of 1990. A copy of Mr. Montgomery's pay stub for the final pay period of 1985 will be produced if Mr. Montgomery should be able to locate it in the future.

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(No. 1482, drawn on Mr. Montgomery's account at Chase Lincoln First) is appended to these Responses as Attachment 7. Mr. Montgomery's 1986 contributions are also reflected on his federal tax return for 1986, a copy of the relevant portion of that tax return is appended to these responses as Attachment 8.

On May 21, 1987, Mr. Montgomery made a \$200.00 contribution to The Singer PAC in the form of a personal check. Mr. Montgomery has made arrangements to obtain that cancelled check (No. 1789 drawn on Mr. Montgomery's account with Chase Lincoln First). A copy of that check will be produced as soon as practicable.

Inquiry No. 2.

State whether or not you ever received reimbursement from any source for such PAC contributions. If so, please identify the source and dates of such reimbursements. **PRODUCE** all records in your possession or control relating to such reimbursements.

Response to Inquiry No. 2.

With the exception of the cash contribution that Mr. Montgomery made to The Singer PAC on May 4, 1984, Mr. Montgomery did not receive reimbursement from any source for any of his contributions to The Singer PAC. With respect to the May 4, 1984 cash contribution, Mr. Montgomery believes that he may have utilized an expense report to obtain reimbursement from his employer for this contribution. Mr. Montgomery is unable specifically to recall whether he ever sought, and received, such reimbursement, and is unable to identify any documentation

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which might indicate whether such reimbursement was sought or received. At one point, Mr. Montgomery believed that PAC contributions were an "expense" with regard to which he was permitted to obtain reimbursement from his employer. Mr. Montgomery has no records in his possession or control relating to any such reimbursement. Mr. Montgomery never intended to do anything improper, much less to violate the law.

Following an internal investigation conducted by the company, Mr. Montgomery was requested to pay \$260.00 to his employer. That amount represented repayment of the sum that Mr. Montgomery may have improperly received from his employer as "reimbursement" for the above referenced PAC contribution. A copy of the check (No. 2512 drawn on Mr. Montgomery's account with Chase Lincoln First) representing repayment by Mr. Montgomery of the amount that he may have improperly received from the company is appended to these responses as Attachment 9.

Inquiry No. 3.

State whether or not you ever utilized company expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify the amounts and dates involved in such reports. **PRODUCE** all copies of such reports and all records in your possession or control relation to such reports.

Response to Inquiry No. 3.

Please see our Response to Inquiry No. 2.

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Inquiry No. 4.

State whether or not you made any contributions to any political action committee other than the Singer PAC. If so, please identify all such recipients, and provide the dates and amounts of each such contribution. **PRODUCE** all checks and records in your possession or control relation to such contributions.

Response to Inquiry No. 4.

Mr. Montgomery has never made any contributions to any political action committee other than The Singer PAC.

Inquiry No. 5.

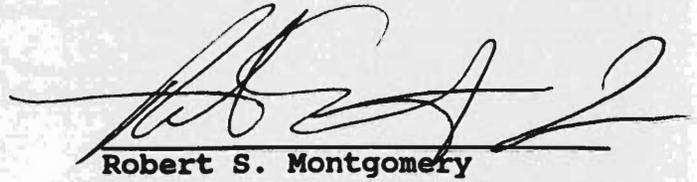
State whether or not any officers or directors of The Singer Company or The Singer Company Political Action Committee were aware or had knowledge of employees using expense reports or customer relations reports in order to obtain reimbursement for PAC contributions. If so, please identify each such officer or director by name and address, and describe the extent of his or her involvement and knowledge of such activity. **PRODUCE** all documents in your possession or control relating to officer or director involvement in such activity.

Response to Inquiry No. 5.

Mr. Montgomery has no knowledge that any officers or directors of The Singer Company or The Singer Company PAC were aware of or had specific knowledge of employees obtaining reimbursement for PAC contributions through the use of expense reports or customer relations reports.

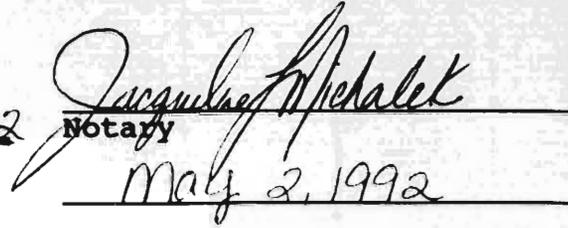
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The foregoing is true to the best of my knowledge,  
information, and belief.

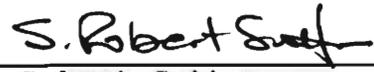
  
Robert S. Montgomery

Subscribed and sworn to before me this 2nd day of  
November, 1990.

JACQUELINE L. MICHALEK  
Notary Public, State of New York  
Residing in Broome County  
My commission expires May 2, 1992

  
Notary  
May 2, 1992

My commission expires:

  
S. Robert Sutton  
JANIS, SCHUELKE & WECHSLER  
1728 Massachusetts Avenue, N.W.  
Washington, D.C. 20036  
(202) 861-0600

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ATTACHMENTS 1-9 OF MR. SUTTON'S NOVEMBER 5, 1990 RESPONSE  
HAVE BEEN DELETED FROM THE FILE.

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**SENSITIVE**

**BEFORE THE FEDERAL ELECTION COMMISSION**

In The Matter Of	)	
	)	
Robert S. Montgomery, Jr.	)	
Willard George Maxwell	)	MUR 3125
Anthony Del Grosso	)	
	)	

**GENERAL COUNSEL'S REPORT**

**I. BACKGROUND**

This matter was initiated by a sua sponte report submitted to the Office of the Inspector General of the United States Department of Defense by the CAE-Link Corporation on June 22, 1990, concerning expense report practices within that corporation. CAE-Link Corporation, in preparing this report, had notified the General Counsel that issues involving federal election laws had arisen, and accordingly submitted a copy of its report to the Office of the General Counsel on June 22, 1990.

On September 20, 1990, the Commission found reason to believe that Robert S. Montgomery, Jr., Willard George Maxwell and Anthony Del Grosso each violated 2 U.S.C. § 441f by making contributions to the Singer Company Political Action Committee ("Singer PAC") and then obtaining corporate reimbursement for those contributions through the use of corporate expense reports. Interrogatories were sent and answers received from each respondent. Montgomery and Maxwell have requested pre-probable cause conciliation.

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II. FACTUAL AND LEGAL ANALYSIS

The Federal Election Campaign Act of 1971, as amended (the "Act"), provides that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another.

2 U.S.C. § 441f. See also 11 C.F.R. § 110.4(b). This prohibition includes a corporation's payment, reimbursement, or other compensation to any person for his or her contribution to any federal candidate or political committee. See Advisory Opinion 1986-41. The Commission has also determined that persons or entities that assist in the making of a contribution in the name of another may be found in violation of Section 441f. The Act defines the term "person" to include a corporation. 2 U.S.C. § 431(11).

CAE-Link Corporation ("CAE-Link") is based in Binghamton, New York and is a subsidiary of CAE Industries, Ltd., of Ontario, Canada.<sup>1</sup> CAE Industries, Ltd., of Canada purchased all four of the Link divisions from The Singer Company ("Singer") in August of 1988 and merged them into a single corporate entity, CAE-Link Corporation.

A majority of the corporate stock of Singer was purchased in February of 1988 by Paul A. Bilzerian. After selling off the

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1. The events in question in this matter occurred prior to CAE-Link's purchase of the divisions, and thus this MUR does not implicate any issues under 2 U.S.C. § 441e.

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above mentioned divisions to CAE Industries, Ltd., Bilzerian took the remainder of Singer and renamed it Bicoastal Corporation ("Bicoastal"). Before its purchase and subsequent reorganization, Singer maintained a political action committee for its employees and officers, The Singer Company Political Action Committee ("Singer PAC"). This committee has since been renamed the Bicoastal Corporation Political Action Committee ("Bicoastal PAC"). When they were still part of Singer, the employees of the various Link divisions were eligible to participate in the Singer PAC, either by making direct contributions or contributions via regular payroll deductions. The Singer PAC was established in 1984. Once the Link divisions were sold and became CAE-Link, the divisions were no longer affiliated with and did not participate in the Singer PAC or the Bicoastal PAC.

In September, 1989, officials at CAE-Link became aware of a problem involving false receipts and falsified expense reports within its Link Flight Simulation Division after a routine audit. CAE-Link decided to conduct a comprehensive internal investigation of its expense reporting practices. On October 13, 1989, CAE-Link notified the Department of Defense Inspector General of its preliminary findings and, on December 19, 1989, its intent to conduct a more thorough investigation.

On December 22, 1989, counsel for CAE-Link met with the Associate General Counsel of the Federal Election Commission to notify the Commission of its investigation and of possible violations of the Act. The investigation conducted by CAE-Link

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consisted primarily of reviewing receipts and expense records of its four divisions, and then interviewing various employees. The investigation report was submitted to the Commission and to the Department of Defense on June 22, 1990.

According to the report, the investigation revealed evidence of employees making contributions to the Singer PAC (when the four divisions were still a part of Singer and participating in the Singer PAC) and then obtaining reimbursement for those contributions by using falsified customer relations expense reports. The report states that three employees of the Link Flight Simulation Division admitted to making contributions to the Singer PAC and then obtaining reimbursement for the contributions by using false customer relations reports.

The report states that CAE-Link reviewed Singer PAC contributions records maintained at the Link Flight Simulation Division to determine whether PAC contributions had been made by any of the employees whose expense reports were being investigated. During the personal interviews, these employees were then asked specifically whether they had claimed reimbursement for PAC contributions on company expense reports. Three individuals allegedly admitted to this violation: Robert S. Montgomery, Jr.; Willard George Maxwell; and Anthony Del Grosso. None of these employees acknowledged that anyone in the company management had ever specifically approved of this practice; rather, each seemed to consider the PAC contributions as another type of "business expense" for which they frequently submitted falsified customer relations reports.

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On September 20, 1990, the Commission found reason to believe that Robert S. Montgomery, Jr., Willard George Maxwell and Anthony Del Grosso each violated 2 U.S.C. § 441f by making contributions to the Singer PAC and then obtaining reimbursement for those contributions through the use of corporate expense accounts. This Office also prepared interrogatories which were sent to each respondent concerning each person's contributions, reimbursements, and any possible involvement or knowledge of this scheme on the part of corporate officers. Responses to these interrogatories have been received from all three respondents.

A. Robert S. Montgomery, Jr.

In his response to the Commission's findings and his answers to interrogatories, Robert Montgomery admits to making a \$260 cash contribution to the Singer PAC on May 4, 1984 for which he was reimbursed. He states that at the time, he believed PAC contributions were an "expense" for which he was eligible to seek reimbursement from his employer, and he further states that he believes he may have utilized an expense report in order to obtain this reimbursement.

Following the CAE-Link internal investigation, Montgomery was instructed to refund \$260 back to his employer, which he did, representing the amount of the improper PAC contribution. Thus, Robert S. Montgomery, Jr. violated 2 U.S.C. § 441f by making a contribution in the name of another person. Mr. Montgomery has requested pre-probable cause conciliation.

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**B. Willard George Maxwell**

In his response to the Commission's findings and his answers to interrogatories, Willard George Maxwell admits that he made a \$100 contribution to the Singer PAC on or about July 22, 1987. Maxwell further states that he "probably" received reimbursement for that contribution by submitting a corporate expense report to his employer.

Following the CAE-Link internal investigation, Maxwell was instructed to refund \$100 back to his employer, which he did, representing the amount of the improper PAC contribution. Thus, Willard George Maxwell violated 2 U.S.C. § 441f by making a contribution in the name of another person. Mr. Maxwell has requested pre-probable cause conciliation.

**C. Anthony Del Grosso**

In his response to the Commission's findings and his answers to interrogatories, Anthony Del Grosso states that from January or 1987 through August of 1988, he contributed a total of \$320 to the Singer PAC. However, Del Grosso states under oath that these contributions were through regular payroll deductions, and not through any cash contributions for which he could obtain reimbursement. Del Grosso has provided copies of various paycheck stubs during the period in question, and these records do indicate that Del Grosso had \$10 per paycheck deducted from his salary for contributions to the Singer PAC. He states that he made no other contributions to any other PAC.

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During his interview with CAE-Link officials conducting their internal investigation, Del Grosso did state that PAC contributions were a "type of expense" for which he falsified corporate expense reports. However, in preparing his answers to the Commission's interrogatories, he states that he has no recollection of ever having actually falsified records to obtain reimbursements for PAC contributions, and in fact discovered that his PAC contributions had been made through regular monthly payroll deductions.

Anthony Del Grosso has denied obtaining any reimbursement for his contributions to the Singer PAC. He has also produced evidence that his contributions were made to the Singer PAC through regular monthly payroll deductions. Therefore, it appears that Anthony Del Grosso did not violate 2 U.S.C. § 441f. This Office will prepare a brief recommending no probable cause to believe regarding Mr. Del Grosso.

III. ISSUE OF POSSIBLE CORPORATE INVOLVEMENT

When the Commission found reason to believe that the respondents violated the Act, it took no action at that time against CAE-Link Corporation or The Bicoastal PAC (as successor to The Singer PAC). In its interrogatories to the three respondents, the Commission inquired as to whether they had any information or knowledge that corporate or PAC officers or directors approved of or had knowledge of this scheme by which employees obtained reimbursements for contributions via falsified expense reports. All three respondents indicated that they have

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no knowledge of any officer or director involvement or knowledge of this illegal activity.

This Office still anticipates receiving a copy of the Department of Defense's report of its own investigation into the falsified records at CAE-Link Corporation. The purpose of this investigation is to confirm the accuracy of CAE-Link's internal investigation. This report should be received by this Office within the next few months. If that report reveals other individuals who made PAC contributions for which they were reimbursed, or if it reveals any evidence of involvement by corporate officers or directors, then this Office can open a new matter. However, given the information presently available, the General Counsel makes no further recommendations regarding CAE-Link Corporation or The Bicoastal Political Action Committee.

IV. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

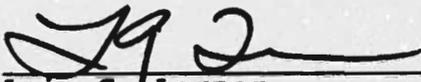
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V. RECOMMENDATIONS

1. Enter into conciliation with Robert S. Montgomery and Willard George Maxwell prior to a finding of probable cause to believe.
2. Approve the attached conciliation agreements and the appropriate letters.

Lawrence M. Noble  
General Counsel

11-29-90  
Date

BY:   
Lois G. Lerner  
Associate General Counsel

Attachments:

1. Montgomery response
2. Maxwell response
3. Del Grosso response
4. Proposed conciliation agreements (2)

Staff assigned: John Canfield

21040830102



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/ DONNA ROACH *DR*  
COMMISSION SECRETARY

DATE: DECEMBER 5, 1990

SUBJECT: MUR 3125 - GENERAL COUNSEL'S REPORT  
DATED NOVEMBER 29, 1990

The above-captioned document was circulated to the Commission on Monday, December 3, 1990 at 11:00 a.m.

Objection(s) have been received from the Commissioner(s) as indicated by the name(s) checked below:

- Commissioner Aikens \_\_\_\_\_
- Commissioner Elliott \_\_\_\_\_
- Commissioner Josefiak \_\_\_\_\_
- Commissioner McDonald \_\_\_\_\_
- Commissioner McGarry \_\_\_\_\_
- Commissioner Thomas XXXXX

This matter will be placed on the meeting agenda for Tuesday, December 11, 1990.

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

91040330103

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 3125  
Robert S. Montgomery, Jr.; )  
William George Maxwell; )  
Anthony Del Grosso. )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on December 11, 1990, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 3125:

1. Enter into conciliation with Robert S. Montgomery and Willard George Maxwell prior to a finding of probable cause to believe.
2. Approve the conciliation agreements and the appropriate letters as recommended in the General Counsel's report dated November 29, 1990.

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

Attest:

12-13-90  
Date

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

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RECEIVED  
FEDERAL ELECTION COMMISSION  
SECRETARIAT

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**SENSITIVE**

December 12, 1990

**MEMORANDUM**

**TO:** The Commission

**FROM:** Lawrence M. Noble *LMN*  
General Counsel

**SUBJECT:** MUR 3125

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondent of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe were mailed on December 12, 1990. Following receipt of the respondent's reply to this notice, this Office will make a further report to the Commission.

**Attachments**

1. Brief
2. Letter to respondent

9104030105



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 12, 1990

Kevin A. Forder, Esquire  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 3125  
Anthony Del Grosso

Dear Mr. Forder:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, on September 20, 1990, the Federal Election Commission found reason to believe that your client, Anthony Del Grosso, violated 2 U.S.C. § 441f, and instituted an investigation in this matter.

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find no probable cause to believe that a violation has occurred.

The Commission may or may not approve the General Counsel's recommendation. Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within 15 days of your receipt of this notice, you may file with the Secretary of the Commission a brief (ten copies if possible) stating your position on the issues and replying to the brief of the General Counsel. (Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible.) The General Counsel's brief and any brief which you may submit will be considered by the Commission before proceeding to a vote of whether there is probable cause to believe a violation has occurred.

If you are unable to file a responsive brief within 15 days, you may submit a written request for an extension of time. All requests for extensions of time must be submitted in writing five days prior to the due date, and good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

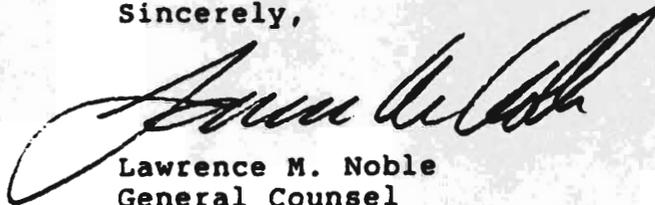
A finding of probable cause to believe requires that the Office of the General Counsel attempt for a period of not less than 30, but not more than 90 days, to settle this matter through a conciliation agreement.

21040830106

Page Two  
Del Grosso

Should you have any questions, please contact John  
Canfield, the attorney assigned to this matter, at (202)  
376-8200.

Sincerely,



Lawrence M. Noble  
General Counsel

Enclosure  
Brief

21040330107

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 3125  
Anthony Del Grosso )

GENERAL COUNSEL'S BRIEF

I. STATEMENT OF THE CASE

On September 20, 1990, the Commission found that there was reason to believe that Anthony Del Grosso violated 2 U.S.C. § 441f, a provision of the Act. This finding related to the alleged making and reimbursement of contributions by Mr. Del Grosso to The Singer Company Political Action Committee ("Singer PAC").

In his response to interrogatories and a request for documents, Mr. Del Grosso denies making any cash contributions to any political action committee, and states that his only contributions to the Singer PAC were made through regular biweekly payroll deductions.

II. ANALYSIS

The Federal Election Campaign Act of 1971, as amended (the "Act"), provides that no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another. 2 U.S.C. § 441f. See also 11 C.F.R. § 110.4(b). This prohibition includes a corporation's payment, reimbursement, or

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other compensation to any person for his or her contribution to any federal candidate or political committee. See Advisory Opinion 1986-41. The Commission has also determined that persons or entities that assist in the making of a contribution in the name of another may be found in violation of Section 441f. The Act defines the term "person" to include a corporation. 2 U.S.C. § 431(11).

As an employee of The Singer Company,<sup>1</sup> Mr. Del Grosso was able to participate in and contribute to the Singer PAC. The records of the Singer PAC showed that Del Grosso contributed \$160 to the PAC in 1987 and another \$160 to the PAC between January and August, 1988.

In September, 1989, officials of CAE-Link Corporation ("CAE-Link")<sup>2</sup> became aware of a problem with employees falsifying corporate expense records and receipts in order to obtain reimbursement for certain expenditures. CAE-Link conducted its own internal investigation, the results of which were submitted to the Department of Defense and to the Federal Election Commission. The CAE-Link report indicated that one of the expenses for which employees had falsified records was

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1. The Singer Company was purchased by Paul A. Bilzerian in February, 1988. Four divisions were later sold to CAE Industries, Ltd., and the remainder of the company was renamed Bicoastal Corporation. The activities at issue in this matter occurred while Mr. Del Grosso was an employee of The Singer Company.

2. CAE-Link Corporation is the successor entity of The Singer Company division where Mr. Del Grosso was employed. Once this division became a part of CAE-Link Corporation, all affiliation and participation by its employees in the Singer PAC was terminated.

21040330109

contributions to the Singer PAC when the Link division was still a part of The Singer Company.

Upon completing its internal investigation, CAE-Link reported that three employees had "admitted" to making contributions to the Singer PAC and then obtaining reimbursement through the use of falsified expense reports. One of the individuals named as having made such an admission was respondent Anthony Del Grosso. The report states that Del Grosso had made contributions to the Singer PAC in 1987 and 1988, and he stated during his interview that PAC contributions were "one of the types of expenses for which he falsified expense reports."

Based on the PAC records and his own statements contained in the CAE-Link report, the Commission found reason to believe that Anthony Del Grosso violated 2 U.S.C. § 441f by making contributions in the name of another. Interrogatories and a request for documents were prepared by this Office and submitted to Del Grosso. In his response, Del Grosso maintains that while he did say PAC contributions were a "type" of expense for which he falsified expense reports, he denies ever actually using any expense report to obtain reimbursement for any PAC contribution. Mr. Del Grosso further states that he reviewed his personal records in order to respond to the interrogatories and discovered that his contributions to the Singer PAC had been made through regular biweekly payroll deductions from January, 1987 through August, 1988. In support of his position, Del Grosso submitted various paycheck stubs which show that a \$10 PAC contribution was deducted from each paycheck. The amounts which were deducted

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during 1987 and 1988 are consistent with the amounts disclosed in the PAC records.

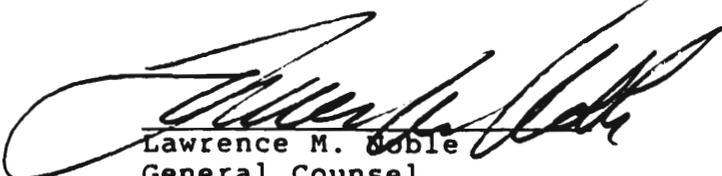
Anthony Del Grosso has denied under oath that he ever obtained reimbursement for contributions which he made to the Singer PAC. He has also submitted evidence that his contributions to the PAC were made through payroll deductions. Therefore, based on the evidence available, the General Counsel concludes that there is no probable cause to believe that Anthony Del Grosso violated 2 U.S.C. § 441f.

III. GENERAL COUNSEL'S RECOMMENDATIONS

1. Find no probable cause to believe that Anthony Del Grosso violated 2 U.S.C. § 441f.

Date

12/10/90

  
Lawrence M. Noble  
General Counsel

21040330111



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 17, 1990

S. Robert Sutton, Esquire  
Janis, Schuelke and Wechsler  
1728 Massachusetts Avenue, N.W.  
Washington, D.C. 20036

RE: MUR 3125  
Robert S. Montgomery, Jr.

Dear Mr. Sutton:

On September 20, 1990, the Federal Election Commission found reason to believe that Robert S. Montgomery, Jr., violated 2 U.S.C. § 441f. At your request, on December 11, 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 John Canfield, 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 17, 1990

Charles H. Roistacher, Esquire  
Powell, Goldstein, Frazer and Murphy  
1001 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

RE: MUR 3125  
Willard George Maxwell

Dear Mr. Roistacher:

On September 20, 1990, the Federal Election Commission found reason to believe that Willard George Maxwell violated 2 U.S.C. § 441f. At your request, on December 11, 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 John Canfield, 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

31040330113

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# PERKINS COIE

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE SERVICES BRANCH

A LAW PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS  
1110 VERMONT AVENUE, N.W. • WASHINGTON, D.C. 20005 • (202) 887-9030

90 DEC 20 AM 11:13

December 19, 1990

**CONFIDENTIAL**

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

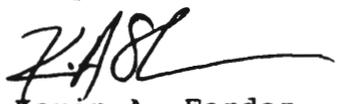
Re: MUR 3125  
Anthony Del Grosso

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE SERVICES BRANCH  
90 DEC 20 AM 11:55

Dear Mr. Noble:

Mr. Del Grosso and I have reviewed your letter to me dated December 12, 1990, and your brief in MUR 3125, which was signed by you on December 10, 1990. We find your brief to be a fair and accurate summary of our position. Naturally, we agree with and appreciate the Office of the General Counsel's recommendation therein that the Federal Election Commission find no probable cause to believe that a violation has occurred. Accordingly, in response to your letter of December 12, 1990, we will not file a brief with the Secretary of the Commission. We ask only that you forward to the Commission a copy of this letter.

If you have any questions, please feel welcome to call me.

Very truly yours,  
  
Kevin A. Forder

KAF/ch

0040c/24

cc: John Canfield, Esq.

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EGC 9171

**POWELL, GOLDSTEIN, FRAZER & MURPHY**

**ATTORNEYS AT LAW**

SUITE 800  
900 CIRCLE 75 PARKWAY  
ATLANTA, GEORGIA 30339  
404 981-5800

SIXTH FLOOR  
1001 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20004

202 347-0066  
TELEX 650 2510 330  
TELECOPIER 202 624-7222

ELEVENTH FLOOR  
THE CITIZENS & SOUTHERN NATIONAL BANK BUILDING  
38 BROAD STREET, N.W.  
ATLANTA, GEORGIA 30335  
404 572-6800

SUITE 1050  
400 PERIMETER CENTER TERRACE  
ATLANTA, GEORGIA 30346  
404 399-2800

December 27, 1990

CONFIDENTIAL

FEDERAL EXPRESS

Lois G. Lerner  
Associate General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Room 657  
Washington, DC 20463

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE OF THE CLERK  
91 JAN -2 AM 8:16

Re: MUR 3125  
Willard George Maxwell

Dear Ms. Lerner:

Pursuant to your letter of December 17, 1990, I am sending you the appropriate Conciliation Agreement signed by Mr. Maxwell. Also enclosed is Mr. Maxwell's personal check made payable to the FEC for \$100.

Please sign and date the agreement and return it to me so that we may finally close this matter.

Mr. Maxwell and I appreciate the cooperation and professionalism of your office.

If you have any questions or need any further information, please give me a call at 202-624-7218.

Very truly yours,

*Charles H. Roistacher*

Charles H. Roistacher

cc: John Canfield, Esq.  
Willard George Maxwell

CHR:fla

RECEIVED  
FEDERAL ELECTION COMMISSION  
OFFICE SERVICES BRANCH  
90 DEC 28 PM 12:31

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91 JAN -8 AM 11:12

BEFORE THE FEDERAL ELECTION COMMISSION

**SENSITIVE**

In the Matter of  
Anthony Del Grosso

)  
) MUR 3125  
)  
)

**JAN 15 1991**

GENERAL COUNSEL'S REPORT

**EXECUTIVE SESSION**

I. BACKGROUND

On September 20, 1990, the Commission found reason to believe that Anthony Del Grosso violated 2 U.S.C. § 441f. Mr. Del Grosso filed a response and answers to the Commission's interrogatories on October 24, 1990.

On December 12, 1990, the General Counsel circulated a brief recommending that the Commission find no probable cause to believe that Anthony Del Grosso violated 2 U.S.C. § 441f. Mr. Del Grosso submitted a letter to this Office on December 19, 1990, concurring with the General Counsel's recommendation. See Attachment 1.

II. ANALYSIS

The factual and legal analysis for the General Counsel's recommendation was set forth in the General Counsel's Brief of December 12, 1990. Anthony Del Grosso produced documents in his answers to interrogatories which demonstrated that all contributions he made to The Singer PAC were made through regular monthly payroll deductions. Mr. Del Grosso denied under oath that he ever received reimbursement for such contributions. Therefore, it appears that Anthony Del Grosso did not violate 2 U.S.C. § 441f.

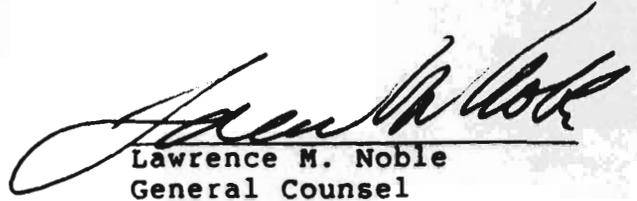
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**III. RECOMMENDATION**

1. Find no probable cause to believe that Anthony Del Grosso violated 2 U.S.C. § 441f.
2. Close the file as it pertains to Anthony Del Grosso.
3. Approve the appropriate letter.

Date

1/7/98

  
Lawrence M. Noble  
General Counsel

**Attachment**

1. Del Grosso response (12/19/90)

**Staff Assigned: John Canfield**

9154033J117

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Anthony Del Grosso. ) MUR 3125

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on January 17, 1991, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in MUR 3125:

1. Find no probable cause to believe that Anthony Del Grosso violated 2 U.S.C § 441f.
2. Close the file as it pertains to Anthony Del Grosso.
3. Approve the appropriate letter as recommended in the General Counsel's report dated January 7, 1991.

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

Attest:

Jan. 22, 1991  
Date

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

2104033118



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

January 23, 1991

Kevin A. Forder, Esquire  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 3125  
Anthony Del Grosso

Dear Mr. Forder:

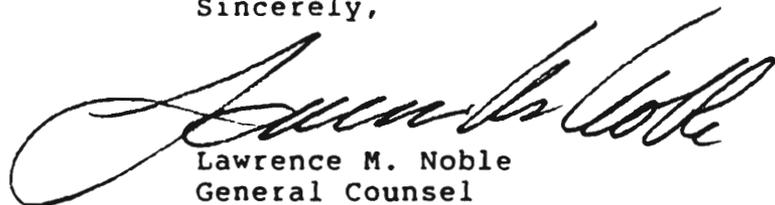
This is to advise you that on January 17, 1991, the Federal Election Commission found that there is no probable cause to believe your client violated 2 U.S.C. § 441f. Accordingly, the file in this matter has been closed as it pertains to your client.

The file will be made part of the public record within 30 days after it 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. Such materials should be sent to the Office of the General Counsel.

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.

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

Sincerely,



Lawrence M. Noble  
General Counsel

21 J 4 0 3 0 1 1 9

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Willard George Maxwell ) MUR 3125  
Robert S. Montgomery, Jr. )  
)

GENERAL COUNSEL'S REPORT

I. BACKGROUND

Attached are two conciliation agreements which have been signed by respondents Willard George Maxwell and Robert S. Montgomery, Jr.

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The General Counsel recommends that the Commission accept both of these signed conciliation agreements and the civil penalties.

II. RECOMMENDATIONS

1. Accept the attached conciliation agreements with Willard George Maxwell and Robert S. Montgomery, Jr.
2. Close the file.
3. Approve the appropriate letters.

Lawrence M. Noble  
General Counsel

Date

1/24/91

BY:

  
Lois G. Lerner  
Associate General Counsel

Attachments

1. Maxwell agreement and civil penalty check
2. Montgomery agreement and civil penalty check

Staff Assigned: John Canfield

21040330121

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 3125  
Willard George Maxwell; )  
Robert S. Montgomery, Jr. )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 30, 1991, the Commission decided by a vote of 5-0 to take the following actions in MUR 3125:

1. Accept the conciliation agreements with Willard George Maxwell and Robert S. Montgomery, Jr., as recommended in the General Counsel's Report dated January 24, 1991.
2. Close the file.
3. Approve the appropriate letters, as recommended in the General Counsel's Report dated January 24, 1991.

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

Attest:

Jan. 30, 1991  
Date

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

Received in the Secretariat: Friday, Jan. 25, 1991 10:09 a.m.  
Circulated to the Commission: Monday, Jan. 28, 1991 11:00 a.m.  
Deadline for vote: Wednesday, Jan. 30, 1991 11:00 a.m.

91040330122



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 4, 1991

William A. Kmetz  
Voluntary Disclosure Program Manager  
U.S. Department of Defense  
Office of the Inspector General  
400 Army Navy Drive  
Arlington, Virginia 22202-2884

RE: MUR 3125  
CAE-Link Corporation, et al.

Dear Mr. Kmetz:

This is in reference to the matter involving possible violations of the Federal Election Campaign Act of 1971, as amended, by the CAE-Link Corporation, which your office referred to the Federal Election Commission.

On September 20, 1990, the Commission found that there was reason to believe Willard George Maxwell, Robert S. Montgomery, Jr., and Anthony Del Grosso each violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. The Commission also determined to take no action against CAE-Link Corporation or the Bicoastal Corporation Political Action Committee and David L. Redmond, as treasurer. On January 17, 1991, the Commission found no probable cause to believe that Anthony Del Grosso had violated 2 U.S.C. § 441f. On January 30, 1991, the Commission entered into conciliation agreements with Willard George Maxwell and Robert S. Montgomery, Jr. Copies of these agreements are enclosed for your information.

We appreciate your cooperation in helping the Commission meet its enforcement responsibilities under the Federal Election Campaign Act of 1971, as amended.

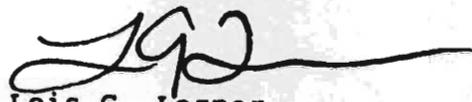
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MUR 3125  
Page Two

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

Sincerely,

Lawrence M. Noble  
General Counsel



BY: Lois G. Lerner  
Associate General Counsel

Enclosures  
Conciliation Agreements (2)  
Del Grosso Brief

21040330124



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 4, 1991

D. Rix Edwards, Esquire  
U.S. Department of Justice  
D.O.D. Procurement Fraud Unit  
1400 New York Avenue, N.W.; Room 2100  
Washington, D.C. 20530

RE: MUR 3125  
CAE-Link Corporation, et al.

Dear Mr. Edwards:

This is in reference to the matter involving possible violations of the Federal Election Campaign Act of 1971, as amended, by the CAE-Link Corporation, about which your office made an inquiry to the Federal Election Commission.

On September 20, 1990, the Commission found that there was reason to believe Willard George Maxwell, Robert S. Montgomery, Jr., and Anthony Del Grosso each violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. The Commission also determined to take no action against CAE-Link Corporation or the Bicoastal Corporation Political Action Committee and David L. Redmond, as treasurer. On January 17, 1991, the Commission found no probable cause to believe that Anthony Del Grosso had violated 2 U.S.C. § 441f. On January 30, 1991, the Commission entered into conciliation agreements with Willard George Maxwell and Robert S. Montgomery, Jr. Copies of these agreements are enclosed for your information. The Commission's file in this matter has now been closed.

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

Sincerely,

Lawrence M. Noble  
General Counsel

  
BY: Lois G. Lerner  
Associate General Counsel

Enclosures  
Conciliation Agreements (2)  
Del Grosso Brief

21040830125



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

February 4, 1991

Kevin A. Forder, Esquire  
Perkins Coie  
1110 Vermont Avenue, N.W.  
Washington, D.C. 20005

RE: MUR 3125  
Anthony Del Grosso

Dear Mr. Forder:

This is to advise you that the entire file in this matter has now been closed and will become part of the public record within 30 days. Should you wish to submit any legal or factual materials to be placed on the public record in connection with this matter, please do so within ten days. Such materials should be sent to the Office of the General Counsel.

Should you have any questions, contact John Canfield, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble  
General Counsel

A handwritten signature in dark ink, appearing to read "Lerner", written over a horizontal line.

BY: Lois G. Lerner  
Associate General Counsel

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

February 4, 1991

Charles H. Roistacher, Esquire  
Powell, Goldstein, Frazer & Murphy  
1001 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004

RE: MUR 3125  
Willard George Maxwell

Dear Mr. Roistacher:

On January 30, 1991, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter.

This matter will become a part of the public record within 30 days. 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.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact John Canfield, 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

2104033J127

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
Willard George Maxwell ) MUR 3125  
)  
)

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 Willard George Maxwell ("Respondent") violated 2 U.S.C. § 441f.

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

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

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

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

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

1. Willard George Maxwell is a person within the meaning of 2 U.S.C. § 431(11).

2. The Federal Election Campaign Act of 1971, as amended ("the Act"), provides that no person shall make a

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contribution in the name of another or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another. 2 U.S.C. § 441f. A contribution in the name of another includes giving money or anything of value, all or part of which is provided to the contributor by another person without disclosing the source of the money or the thing of value to the recipient candidate or committee at the time the contribution is made. 11 C.F.R. § 110.4(b)(2)(i). A contributor may not be paid for his or her contribution through a corporate bonus, expense account, or other form of direct or indirect compensation. 11 C.F.R. § 114.5(b).

3. Respondent made a \$100 contribution to The Singer Political Action Committee on July 22, 1987.

4. Respondent was reimbursed for his contribution by his employer, The Singer Company, through the respondent's use of a corporate expense report.

V. Respondent knowingly permitted his name to be used to effect a contribution made in the name of another person by obtaining reimbursement for his contribution to The Singer Company Political Action Committee, in violation of 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of one hundred dollars (\$100), 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

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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.

IX. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement 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*  
Lois G. Lerner  
Associate General Counsel

1/31/91  
Date

FOR THE RESPONDENT:

*Willard George Maxwell*  
Willard George Maxwell

12/21/90  
Date

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**CLOSED**

February 4, 1991

S. Robert Sutton, Esquire  
Janis, Schuelke & Wechsler  
1728 Massachusetts Avenue, N.W.  
Washington, D.C. 20036

RE: MUR 3125  
Robert S. Montgomery, Jr.

Dear Mr. Sutton:

On January 30, 1991, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your client's behalf in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter.

This matter will become a part of the public record within 30 days. 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.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact John Canfield, 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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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 3125  
Robert S. Montgomery, Jr. )  
 )

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 Robert S. Montgomery, Jr. ("Respondent") violated 2 U.S.C. § 441f.

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

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

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

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

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

1. Robert S. Montgomery, Jr. is a person within the meaning of 2 U.S.C. § 431(11).

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2. The Federal Election Campaign Act of 1971, as amended ("the Act"), provides that no person shall make a contribution in the name of another or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly accept a contribution made by one person in the name of another. 2 U.S.C. § 441f. A contribution in the name of another includes giving money or anything of value, all or part of which is provided to the contributor by another person without disclosing the source of the money or the thing of value to the recipient candidate or committee at the time the contribution is made. 11 C.F.R. § 110.4(b)(2)(i). A contributor may not be paid for his or her contribution through a corporate bonus, expense account, or other form of direct or indirect compensation. 11 C.F.R. § 114.5(b).

3. Respondent made a \$260 contribution to The Singer Political Action Committee on May 4, 1984.

4. Respondent was reimbursed for his contribution by his employer, The Singer Company, through the Respondent's use of corporate expense reports.

5. Respondent contends that any violation on his part was not conducted in a knowing and willful manner. In addition, Respondent contends that he has no present recollection of the specific reimbursement in question.

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V. Respondent knowingly permitted his name to be used to effect a contribution made in the name of another person by obtaining reimbursement for his contribution to The Singer Company Political Action Committee, in violation of 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Federal Election Commission in the amount of one hundred dollars (\$100), 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.

IX. Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

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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

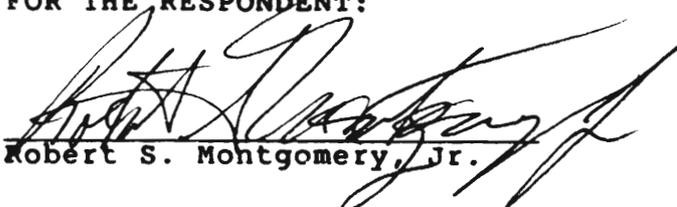
BY:

  
Lois G. Lerner  
Associate General Counsel

Date

1/31/91

FOR THE RESPONDENT:

  
Robert S. Montgomery, Jr.

Date

9 Feb 91

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 3/25

DATE FILMED 2/27/91 CAMERA NO. 4

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