



FEDERAL ELECTION COMMISSION  
WASHINGTON D C 20463

December 24, 1991

Gene Karp  
Chief of Staff and Legal Counsel  
Office of the Honorable  
Dennis DeConcini  
United States Senate  
Washington, D.C. 20510-0302

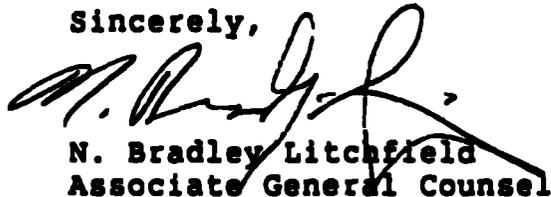
Re: AOR 1991-38

Dear Mr. Karp:

This letter is being sent to confirm your conversations of December 3 and December 16, 1991, with Jonathan Levin of the Office of General Counsel. In those conversations, you agreed to provide further documentation and comment with respect to the arrangements by which Mr. Karlsen would make restitution to the DeConcini committees. You indicated that Mr. Karlsen's restitution obligation arose as a formal condition of his parole.

We would appreciate receiving the requested material by January 3, 1992, so that we may proceed promptly to drafting an advisory opinion. Thank you in advance for your cooperation. If you have any questions, please contact the undersigned.

Sincerely,



N. Bradley Litchfield  
Associate General Counsel

Letter sent by FAX transmission on 12/24/91

# Dennis DeConcini

United States Senator

Washington, D.C. 20510

92-1-7 F.14 25

92 JAN -7 AM 10-05

RECEIVED  
FEB 11 1992  
LEGISLATION

January 6, 1992

Mr. N. Bradley Litchfield  
Associate General Counsel  
Federal Election Commission  
Washington, D.C.

Supplement To  
AOR 1991-38

Dear Mr. Litchfield:

This is in response to your letter of December 24, 1991.

Thomas Karlsen was sentenced in this matter on March 9, 1991 by Judge Roger G. Strand. His sentence (copy enclosed) instructed: "... that defendant make restitution in a sum to be determined by probation".

On March 27, 1991, the bankruptcy court entered a default judgement against Thomas Karlsen to the DeConcini campaigns in the amount of the principal sum of \$506,567 with interest on the principal at the rate of ten percent per annum in the sum \$152,136.34. In addition, punitive damages were awarded in the principal sum of \$100,000, plaintiffs costs were awarded in the amount of \$163.46 and plaintiff's attorney's fees were awarded in the amount \$7213.40 with interest at the rate of ten percent per annum from the date of the judgement until paid in full. There is presently a question as to how much Thomas Karlsen owes the campaign under the restitution order of the court. (A copy of the default judgement is enclosed.)

There was a meeting between the DeConcini Campaign Committee and Thomas Karlsen in which Thomas Karlsen agreed to make the repayment along the percentages outlined in his letter of September 27, 1991. (The letter setting forth the understanding is enclosed.)

There was a subsequent meeting with the probation officer, Thomas Karlsen and the DeConcini Campaign Committee to ratify the tentative agreement between Thomas Karlsen and DeConcini '88 and DeConcini '94 and to determine how much needs to be repaid by Thomas Karlsen pursuant to the probation order. There is no

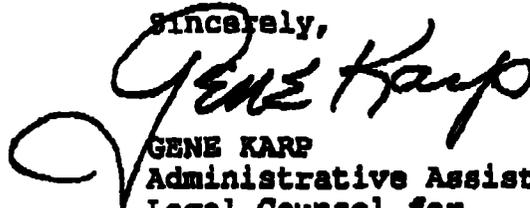
Mr. N. Bradley Litchfield  
January 6, 1992  
page 2

question as to how much Thomas Karlsen owes to the campaign. The amount is set forth in the judgement. Thomas Karlsen has since sent a check for \$208.00 as part of his repayment effort. This payment appears to reflect sales to date. There will, however, be a hearing before Judge Strand to determine how much Karlsen needs to repay in order to satisfy the probation order.

If I need to provide additional information, please contact me at 202/224-4521. As set forth in my original letter, the DeConcini '88 and the DeConcini '94 Committees are looking for direction regarding what action should be taken with the check for \$208.00 and any amounts received hereafter.

Thank you for your prompt attention to this matter.

Sincerely,



GENE KARP  
Administrative Assistant/  
Legal Counsel for  
Senator Dennis DeConcini

Enclosures

AO 248 (Rev. 8/87) Judgment in a Criminal Case

18

# United States District Court

DISTRICT OF ARIZONA

UNITED STATES OF AMERICA

v.

JUDGMENT IN A CRIMINAL CASE

THOMAS FREDERICK KARLSEN

2181 E. Southern, #1070

Mesa, AZ 85205

(SS# 113-34-7858)

(Name and Address of Defendant)

Case Number: CR-89-353-PHX-RCS

Craig Mehrens

Attorney for Defendant

### THE DEFENDANT ENTERED A PLEA OF:

guilty  nolo contendere] as to count(s) One, and  
 not guilty as to count(s) \_\_\_\_\_

### THERE WAS A:

finding  verdict] of guilty as to count(s) \_\_\_\_\_

### THERE WAS A:

finding  verdict] of not guilty as to count(s) \_\_\_\_\_

judgment of acquittal as to count(s) \_\_\_\_\_

The defendant is acquitted and discharged as to this/these count(s).

THE DEFENDANT IS CONVICTED OF THE OFFENSE(S) OF: Mail Fraud in violation of Title 18, United States Code, Section 1341 and 1346 as charged in Count 1 of the Indictment.

IT IS THE JUDGMENT OF THIS COURT THAT: Defendant is committed to the custody of the Bureau of Prisons for a term of TWENTY (20) MONTHS.

FURTHER ORDERED placing defendant on supervised release of THREE (3) YEARS commencing upon release from confinement.

FURTHER ORDERED that defendant make restitution in a sum to be determined by probation.

FURTHER ORDERED that defendant self-surrender on or before 12 Noon, April 2, 1990 at the designated location or at the office of the United States Marshal, Phoenix, AZ.

FURTHER ORDERED dismissing Counts 2 through 5 of the Indictment.

In addition to any conditions of probation imposed above, IT IS ORDERED that the conditions of probation set out on the reverse of this judgment are imposed.

02/92

10:25

0022655036

BRYAN GAYE

003

AG 248 (Revised)

**CONDITIONS OF PROBATION**

Where probation has been ordered the defendant shall

- (1) refrain from violation of any law (federal, state, and local) and get in touch immediately with your probation officer if arrested or questioned by a law-enforcement officer;
- (2) associate only with law-abiding persons and maintain reasonable hours;
- (3) work regularly as a lawful occupation and support your legal dependents, if any, to the best of your ability. (When out of work notify your probation officer at once, and consult him prior to job changes);
- (4) not leave the judicial district without permission of the probation officer;
- (5) notify your probation officer immediately of any changes in your place of residence;
- (6) follow the probation officer's instructions and report as directed.

The court may change the conditions of probation, reduce or extend the period of probation, and at any time during the probation period or within the maximum probation period of 5 years permitted by law, may issue a warrant and revoke probation for a violation occurring during the probation period.

IT IS FURTHER ORDERED that the defendant shall pay a total special assessment of \$ \_\_\_\_\_ pursuant to Title 18, U.S.C. Section 3013 for count(s) \_\_\_\_\_ as follows:

IT IS FURTHER ORDERED THAT counts 2 - 5 are DISMISSED on the motion of the United States.

IT IS FURTHER ORDERED that the defendant shall pay to the United States attorney for this district any amount imposed as a fine, restitution or special assessment. The defendant shall pay to the clerk of the court any amount imposed as a cost of prosecution. Until all fines, restitution, special assessments and costs are fully paid, the defendant shall immediately notify the United States attorney for this district of any change in name and address.

IT IS FURTHER ORDERED that the clerk of the court deliver a certified copy of this judgment to the United States marshal of this district.

The Court orders commitment to the custody of the Attorney General and recommends:

March 19, 1990  
Date of Imposition of Sentence

[Signature]  
Signature of Judicial Officer

ROGER G. STRAND, UNITED STATES DISTRICT JUDGE  
Name and Title of Judicial Officer

March 19, 1990  
Date

CERTIFIED TO BE A TRUE COPY  
DATED: MAR 18 1991

[Signature]  
RICHARD H. WEARE, CLERK  
U.S. DISTRICT COURT

BY: [Signature]  
DEPUTY CLERK

RETURN

I have executed this Judgment as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Defendant delivered on \_\_\_\_\_ to \_\_\_\_\_ at \_\_\_\_\_ Date

\_\_\_\_\_ the institution designated by the Attorney General, with a certified copy of this Judgment in a Criminal Case.

\_\_\_\_\_  
United States Marshal

By \_\_\_\_\_  
Deputy Marshal

E

1 Jonathan H. Randall (I.D. #005489)  
2 Renee P. Roelants (I.D. #012863)  
3 BRYAN, CAVE, McPHEETERS & McROBERTS  
4 2800 North Central Avenue  
5 Suite 2100  
6 Phoenix, Arizona 85004-1019  
7 Phone: (602) 230-7000

8 Attorneys for Plaintiffs

**FILED**

MAR 2 / 1994

CLERK, CLERK  
U.S. STATES  
BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA

9 UNITED STATES BANKRUPTCY COURT

10 DISTRICT OF ARIZONA

11 In re:

12 THOMAS F. KARLSEN,

13 Debtor.

Chapter 7 Proceedings

No. 89-06514 PHX RGM

Adversary No. 89-871

14 THE DENNIS DECONCINI 1982  
15 RE-ELECTION COMMITTEE, a  
16 principal campaign committee;  
17 THE DENNIS DECONCINI 1988  
18 RE-ELECTION COMMITTEE, a  
19 principal campaign committee;  
20 THE DENNIS DECONCINI 1994  
21 RE-ELECTION COMMITTEE, a  
22 principal campaign committee;  
23 and THE ARIZONA LEADERSHIP  
24 FOR AMERICA SEARCH COMMITTEE,  
25 A non-party political committee.

DEFAULT JUDGMENT

21 Plaintiffs,

22 vs.

23 THOMAS F. KARLSEN,

24 Defendant.

25  
26 Thomas F. Karlsen, having been regularly served with  
27 process and having failed to appear and answer the complaint of  
28 THE DENNIS DECONCINI 1982 RE-ELECTION COMMITTEE, a principal

Bryan, Cave, McPheeters & McRoberts  
2800 North Central Avenue - Twenty-First Floor  
Phoenix, Arizona 85004-1019  
PHX 230-7000

1 campaign committee; THE DENNIS DECONCINI 1988 RE-ELECTION  
 2 COMMITTEE, a principal campaign committee; THE DENNIS DECONCINI  
 3 1994 RE-ELECTION COMMITTEE, a principal campaign committee; and  
 4 THE ARIZONA LEADERSHIP FOR AMERICA SEARCH COMMITTEE, a non-party  
 5 political committee ("Plaintiffs") filed herein, and the default  
 6 of said Defendant having been duly entered;

7 NOW, THEREFORE, this Court, upon duly considering the  
 8 premises and the law applicable thereto, finds that the  
 9 allegations in Plaintiffs' complaint have been sustained.

10 IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that  
 11 Plaintiffs be granted judgment against Defendant Thomas F.  
 12 Karlsen as follows:

13 A. Compensatory damages in the principal sum of  
 14 \$506,567.00 together with interest on the principal at the rate  
 15 of ten percent (10%) per annum in the sum of \$152,136.34, as set  
 16 forth on Exhibit "A" attached hereto;

17 B. Punitive damages in the principal sum of  
 18 \$100,000.00;

19 C. For Plaintiffs' costs in the sum of \$163.46;

20 D. For Plaintiffs' attorneys' fees incurred herein in  
 21 the sum of \$7,213.40;

22 E. For accruing costs; and

23 F. That Plaintiffs be awarded interest on the above  
 24 sums at the rate of ten percent 10% per annum from the date of  
 25 judgment until paid in full.

26 IT IS FURTHER ORDERED, ADJUDGED AND DECREED  
 27 specifically denying the discharge in bankruptcy of Defendant  
 28 . . . . .

Byers, Carr, McFadden & McRoberts  
 2000 North Central Avenue - Twenty-Fifth Floor  
 Phoenix, Arizona 85004-0100  
 (602) 223-7000

1 Thomas F. Karlsen with respect to the amounts awarded by this  
2 judgment.

3 DONE IN OPEN COURT this 27 day of March, 1991.

4  
5 

6 THE HONORABLE ROBERT G. MOOREMAN  
7 U. S. Bankruptcy Judge

8 Original Judgment LODGED  
9 this 27 day of March,  
10 1991 and copies mailed to:

11 Mr. Thomas F. Karlsen  
12 c/o Boron Federal Prison Camp  
13 P. O. Box 1000  
14 Boron, California 93516

15 Craig Mehrens, Esq.  
16 1005 N. Second Street  
17 Phoenix, Arizona 85004

18 Mr. Robert Vucurevich  
19 3637 E. Coulter  
20 Phoenix, Arizona 85018

21 Jonathan H. Randall, Esq.  
22 Renee P. Roelants, Esq.  
23 Bryan, Cave, McPheeters & McRoberts  
24 2800 North Central, Suite 2100  
25 Phoenix, AZ 85004-1019

26   
27 \_\_\_\_\_  
28 Deputy Clerk

Bryan, Cave, McPheeters & McRoberts  
2800 North Central Avenue • Tenth Floor  
Phoenix, Arizona 85004-1019  
PHX 253-7028

Violence as of December 31, 1982

	Unauthorized and Unreported Checks to Karlson	Interest @ 10%	Total
December 31, 1982	\$66,511.89	\$33,809.76 (12-31-82 - 07-31-90)	
January 1, 1984 - June 30, 1985	18,152.88	5,160.60 (06-30-85 - 07-31-90)	
December 31, 1985	82,145.00	37,658.50 (12-31-85 - 07-31-90)	
December 31, 1986	64,868.80	23,241.50 (12-31-86 - 07-31-90)	
December 31, 1987	75,222.00	19,432.35 (12-31-87 - 07-31-90)	
December 31, 1988	206,235.88	32,663.38 (12-31-88 - 07-31-90)	
January 1, 1989 - April 30, 1989	<u>1,362.81</u>	<u>178.25 (04-31-89 - 07-31-90)</u>	
	\$506,567.88	\$152,136.34	

EXHIBIT "A"

September 27, 1991

Mr. Ron Ober  
DeConcini Campaign Committee  
1440 East Missouri Avenue, Suite 150  
Phoenix, AZ 85014-2460

Re: Restitution Agreement

Dear Ron:

In accordance with our meeting of September 23, 1991, regarding amounts owing the DeConcini Campaign Committee(s) as restitution, the following is submitted for your review:

A software product known as CAMPAIGN FINANCE SYSTEM was written and is currently titled to Thomas F. Karlson. Karlson agrees to market this software to political entities. Upon a sale to a LICENSEE with the right to use the software Karlson will remit to the DeConcini Campaign Committees certain percentages of the NET sales price of each unit (Licensee) sold. NET sales price is defined as the amount paid by the Licensee to Karlson, or his agent, net of commissions paid, if any, to third parties for referrals that lead to said sales. In addition, NET sales will NOT include amounts paid Karlson, or his agent, representing so-called SUPPORT to Licensees from Karlson or for amounts paid as special programming charges.

These percentages are as follows:

1. For the period September 23, 1991 to March 31, 1992 Karlson or his agent will remit Ten percent (10%) of the net sale price for each unit of software sold. Said amount will be remitted by the fifteenth (15th) of the subsequent month following the month of sale. Thus, the October 1991 remittance will be made no later than November 15, 1991. Said amounts will be forwarded to the DeConcini Campaign Committee at the address specified by you.
2. For the period starting April 1, 1992 and thereafter the percentage of remittance will be forty percent (40%) of the NET sales price of the software.

continued page two

September 27, 1991  
Page Two of Two

**Re: Restitution Agreement**

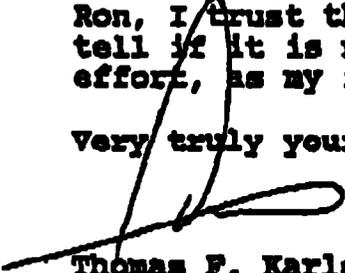
As discussed in our September 23, 1991 meeting, the initial six months at 10% will enable me to get settled and deal with the other financial matters currently facing me.

The exclusion of software support and special programming will hopefully enable me to SURVIVE when the 40% kicks in starting April 1, 1992. As indicated to you, typically 25% of software sales are expended in the direct mail effort (postage, materials, etc.). In addition, I will incur approximately another \$1000 per month for rent, office and administrative. This is based on no payroll costs.

Thus, if net sales of \$10,000 per month is a realistic goal, 40% is remitted to the Deconcini Committee, 25% is marketing, \$1,000 is non-controllable office expenses, a balance of \$2,500 is left to me for living costs, child support, taxes, etc. The exclusion of support and programming charges will provide some leverage, but very little.

Ron, I trust this will meet with your approval. Of course time will tell if it is manageable. Needless to say, it will have 110% of my effort, as my future does not start until full restitution is made.

Very truly yours,

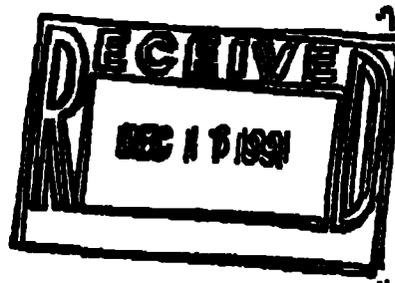


Thomas F. Karlson  
enc.

P.S. Of course, all the backup verifying sales will be submitted with each report. This will include copies of checks, purchase agreements, commissions paid and any other information that you may request. Books and records will be open for inspection at all times.

cc: Mr. David B. Colleran, U.S. Probation Officer  
Telephone 602-379-3184

Thomas F. Karlisen  
456 West Main, Suite J  
Mesa, AZ 85201  
Tel. 602-844-9239



December 14, 1991

Mr. Ron Ober  
DeConcini Campaign Committee  
1440 East Missouri Avenue, Suite 150  
Phoenix, AZ 85014-2460

Re: Restitution Agreement

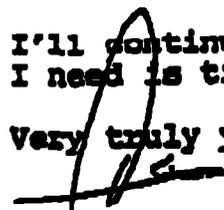
Dear Ron:

Unfortunately, there have been no sales of software since October 18, 1991, which was included on my previous report. I attribute this to the following factors:

1. Lack of financial means for aggressive direct mail effort. I managed to send about four hundred mailers, but at this point several thousand should go out on a monthly basis.
2. A serious problem with John Phillips. I have direct knowledge of extreme bad mouthing by him and really don't understand his personal vendetta against me.
3. The economic situation has declined such that people are just not writing checks until absolutely necessary.

I'll continue the effort and by no means will give up the ship. All I need is time.

Very truly yours,

  
Thomas F. Karlisen  
cc: Mr. David Collieran