FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

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THIS IS THE END OF MUR # 1589

Date Filmed 8/3/84 Camera No. --- 2

Cameraman JRL

FEDERAL ELECTION COMMISSION

Posting Slips; 12 day Reports; Comment sheets;

The above-described material was removed from this file pursuant to the following exemption provided in the Freedom of Information Act; 5 U.S.C. Section 552(b):

___	(1) Classified Information	___	(6) Personal privacy
✓	(2) Internal rules and practices	___	(7) Investigatory files
___	(3) Exempted by other statute	___	(8) Banking Information
___	(4) Trade secrets and commercial or financial information	___	(9) Well Information (geographic or geophysical)
✓	(5) Internal Documents		

Signed _____

date Aug 1 1984

FEC 9-21-77

8404047I133

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 26, 1984

David A. Linn, Esquire
Lindley, Linn and Walton
China Creek Professional Building
P.O. Box 2328
Oakhurst, California 93644

RE: MUR 1589

Dear Mr. Linn:

This is in reference to the complaint your clients filed with the Commission on September 16, 1983, concerning a loan to Mr. Charles Kenney.

Based on this complaint, the Commission determined there was reason to believe that Mr. Kenney and Kenney for Congress, Esther M. Goff, treasurer, violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9. The Commission also determined there was reason to believe that your clients, Raymond and Sylvia Krinsky, violated 2 U.S.C. § 441a(a)(1)(A).

After an investigation was conducted, the Commission concluded on July 24, 1984, that there is no probable cause to believe that your clients or the other Respondents violated the Act. Accordingly the file in this matter, numbered MUR 1589, has been closed. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, contact Lisa Klein the attorney assigned to handle this matter at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

8404047134

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 25, 1984

George L. Rogers, Esquire
Rogers and Dib
17111 Beach Boulevard, Suite 103
Huntington Beach, California 92647-5999

Re: MUR 1589
Charles Kenney
Kenney for Congress
Esther M. Goff, as treasurer,

Dear Mr. Rogers:

This is to advise you that after an investigation was conducted, the Commission concluded on July 24, 1984, that there is no probable cause to believe that your clients violated the Act. Accordingly the file in this matter, numbered MUR 1589, has been closed. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

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Sincerely,

Charles N. Steele
General Counsel

8404047135

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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Lindley, Linn and Walton
China Creek Professional Building
P.O. Box 2328
Oakhurst, California 93644

RE: MUR 1589

Dear Mr. Linn:

This is in reference to the complaint your clients filed with the Commission on September 16, 1983, concerning a loan to Mr. Charles Kenney.

Based on this complaint, the Commission determined there was reason to believe that Mr. Kenney and Kenney for Congress, Esther M. Goff, treasurer, violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9. The Commission also determined there was reason to believe that your clients, Raymond and Sylvia Krinsky, violated 2 U.S.C. § 441a(a)(1)(A).

After an investigation was conducted, the Commission concluded on , 1984, that there is no probable cause to believe that your clients or the other Respondents violated the Act. Accordingly the file in this matter, numbered MUR 1589, has been closed. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

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Sincerely,

Charles N. Steele
General Counsel

3404047136

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

George L. Rogers, Esquire
Rogers and Dib
17111 Beach Boulevard, Suite 103
Huntington Beach, California 92647-5999

Re: MUR 1589
Charles Kenney
Kenney for Congress
Esther M. Goff, as treasurer,

Dear Mr. Rogers:

This is to advise you that after an investigation was conducted, the Commission concluded on , 1984, that there is no probable cause to believe that your clients violated the Act. Accordingly the file in this matter, numbered MUR 1589, has been closed. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, contact Lisa Klein the attorney assigned to handle this matter at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

8404047 1137

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: July 17, 1984

SUBJECT: MUR 1589 - General Counsel's Report

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

Open Session

Closed Session

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

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Raymond and Sylvia Krinsky	)	MUR 1589
Charles Kenney	)	
Kenney for Congress	)	
Esther M. Goff, Treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on July 24, 1984, the Commission decided by a vote of 5-0 to take the following actions in MUR 1589:

1. Find no probable cause to believe that Raymond Krinsky violated 2 U.S.C. § 441a(a)(1)(A).

2. Find no probable cause to believe that Sylvia Krinsky violated 2 U.S.C. § 441a(a)(1)(A).

3. Find no probable cause to believe that Charles Kenney violated 2 U.S.C. § 441a(f) or 11 C.F.R. § 110.9.

4. Find no probable cause to believe that Kenney for Congress and Esther M. Goff, as treasurer, violated 2 U.S.C. § 441a(f) or 11 C.F.R. § 110.9.

5. Close the file in this matter.

(Continued)

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6. Approve the letters as attached to the General Counsel's Report signed July 16, 1984.

Commissioners Aikens, Elliott, Harris, McDonald and McGarry voted affirmatively in this matter; Commissioner Reiche did not cast a vote.

Attest:

7-24-84
Date

Marjorie W. Emmons
Secretary of the Commission

8404047140

Received in Office of Commission Secretary: 7-17-84, 9:18
Circulated on tally vote basis: 7-17-84, 4:00

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Raymond and Sylvia Krinsky)
Charles Kenney,) MUR 1589
Kenney for Congress and)
Esther M. Goff, as treasurer)

84 JUL 17 A 9:18

SENSITIVE

GENERAL COUNSEL'S REPORT

On June 8, 1983, Raymond and Sylvia Krinsky filed their initial complaint with the Commission. The complainants alleged that in November 1981, Charles Kenney, a California congressional candidate, borrowed $40,000 from them for his congressional campaign and failed to properly report the loan to the Commission. The Commission determined that there was no reason to believe a violation of the Act had been committed based on the information provided by the complainants and the respondents (MUR 1553).

Mr. and Mrs. Krinsky filed a second complaint with the Commission on September 16, 1983, citing additional facts in support of the allegations in their earlier complaint. As a result, the Commission opened the present MUR. On December 13, 1983, the Commission found reason to believe that: 1) Charles Kenney violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9; 2) Kenney for Congress and Esther Goff, as treasurer, violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9; and 3) Raymond and Sylvia Krinsky violated 2 U.S.C. § 441a(a)(1)(A). Letters and interrogatories approved by the Commission were sent to Respondents in an attempt to determine whether the loan was made for campaign purposes. Because Respondents' responses failed

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to clarify the situation, the Commission issued subpoenas to Respondents to appear for deposition in April, 1984.

Based on the information acquired by deposing the Respondents, the Office of the General Counsel sent briefs to Respondents on June 18, 1984, notifying them of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe. Respondents have not responded to these briefs within the time allotted.

II. LEGAL ANALYSIS

For the Legal Analysis, see the Office of the General Counsel's Briefs to Raymond Krinsky, Sylvia Krinsky, Charles Kenney, and Kenney for Congress, Esther M. Goff, Treasurer.

III. RECOMMENDATIONS

1. Find no probable cause to believe that Raymond Krinsky violated 2 U.S.C. § 441a(a)(1)(A).
2. Find no probable cause to believe that Sylvia Krinsky violated 2 U.S.C. § 441a(a)(1)(A).
3. Find no probable cause to believe that Charles Kenney violated 2 U.S.C. § 441a(f) or 11 C.F.R. § 110.9.
4. Find no probable cause to believe that Kenney for Congress and Esther M. Goff, as treasurer, violated 2 U.S.C. § 441a(f) or 11 C.F.R. § 110.9.
5. Close the file in this matter.
6. Approve the attached letters.

16 July 1984
Date

Charles N. Steele
General Counsel

3 4 0 4 0 4 7 1 1 4 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

George L. Rogers, Esquire
Rogers and Dib
17111 Beach Boulevard, Suite 103
Huntington Beach, California 92647-5999

Re: MUR 1589
Charles Kenney
Kenney for Congress
Esther M. Goff, as treasurer,

Dear Mr. Rogers:

This is to advise you that after an investigation was conducted, the Commission concluded on , 1984, that there is no probable cause to believe that your clients violated the Act. Accordingly the file in this matter, numbered MUR 1589, has been closed. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, contact Lisa Klein the attorney assigned to handle this matter at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

8404047 1143

Attachment I - (1)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David A. Linn, Esquire
Lindley, Linn and Walton
China Creek Professional Building
P.O. Box 2328
Oakhurst, California 93644

RE: MUR 1589

Dear Mr. Linn:

This is in reference to the complaint your clients filed with the Commission on September 16, 1983, concerning a loan to Mr. Charles Kenney.

Based on this complaint, the Commission determined there was reason to believe that Mr. Kenney and Kenney for Congress, Esther M. Goff, treasurer, violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9. The Commission also determined there was reason to believe that your clients, Raymond and Sylvia Krinsky, violated 2 U.S.C. § 441a(a)(1)(A).

After an investigation was conducted, the Commission concluded on , 1984, that there is no probable cause to believe that your clients or the other Respondents violated the Act. Accordingly the file in this matter, numbered MUR 1589, has been closed. This matter will become part of the public record within 30 days. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days.

If you have any questions, contact Lisa Klein the attorney assigned to handle this matter at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

8404047114

Attachment I-(2)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: June 18, 1984

SUBJECT: MUR 1589 - Memorandum and General Counsel's Briefs

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

Open Session _____

Closed Session _____

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

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

MEMORANDUM TO: THE COMMISSION

FROM: MARJORIE W. EMMONS/ SUSAN M. TEIR SMT

DATE: JUNE 19, 1984

SUBJECT: GENERAL COUNSEL'S BRIEF - MUR 1589,
Memorandum to the Commission dated 6-18-84

The attached documents are circulated for your information.

Attachments:
Memo, Brief and Letter

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RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

34 JUN 18 P 1: 47

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 18, 1984

MEMORANDUM TO: The Commission

FROM: Charles N. Steele
General Counsel

SUBJECT: MUR 1589

Attached for the Commission's review are briefs stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. Copies of these briefs and letters notifying the Respondents of the General Counsel's intent to recommend to the Commission a finding of no probable cause to believe were mailed on June 18, 1984. Following receipt of the Respondents' replies to this notice, this Office will make a further report to the Commission.

Attachments
1. Briefs
2. Letters to Respondents

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Charles Kenney)
) MUR 1589
)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On June 8, 1983, Raymond and Sylvia Krinsky filed their initial complaint with the Commission. The complainants alleged that in November 1981 Charles Kenney, a California congressional candidate, borrowed $40,000 from them for his congressional campaign and failed to properly report the loan to the Commission. The Commission determined that there was no reason to believe a violation of the Act had been committed based on the information provided by the complainants and the respondents (MUR 1553).

Mr. and Mrs. Krinsky filed a second complaint with the Commission on September 16, 1983, citing additional facts in support of the allegations in their earlier complaint. The Commission opened the present MUR and on December 13, 1983, found reason to believe that, inter alia, Charles Kenney had violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9 by knowingly accepting an excessive contribution, in the form of a loan, from Raymond and Sylvia Krinsky.

The Office of the General Counsel reviewed the information provided by Mr. Kenney in his response to the complaint and in his answers to the Commission's interrogatories served on

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him in December 1983. He maintained that Mr. and Mrs. Krinsky lent him $40,000 for business purposes in November 1981. Mr. Kenney asserted that these funds were never intended to be used and never were used in connection with his congressional campaign.

Mr. and Mrs. Krinsky disputed Mr. Kenney's version of this loan transaction. In both of their complaints and in their answers to the Commission's interrogatories, the Krinskys insisted that Mr. Kenney requested their help in his congressional campaign and that the loan negotiations were undertaken with this objective in view. On February 17, 1984, this office received narrative summaries sworn and attested to by Mr. and Mrs. Krinsky. Neither summary directly or completely retracted the earlier statements made regarding the purported purpose of the November 1981 loan.

Information acquired by deposing respondents indicates that the loan transaction was not undertaken to assist Mr. Kenney in his congressional campaign, but instead represented an investment transaction involving real estate. In addition, the November 1981 loan does not constitute an isolated business transaction involving the Krinskys and Mr. Kenney. The Krinskys had engaged in real estate investment transactions arising from Mr. Kenney's real estate business prior to the November 1981 loan.

During his deposition, Mr. Kenney reiterated his position that the loan proceeds were never intended to be used and were

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never used in connection with his campaign. The testimony of Raymond and Sylvia Krinsky corroborated this. Both spouses testified that they did not intend to loan Mr. Kenney money for his campaign when they entered the transaction. In fact, neither was aware that Mr. Kenney intended to run for this congressional seat until after the transaction was consummated. According to their testimony, they filed complaints with the Commission because they suspected Mr. Kenney had used their funds for campaign purposes. This suspicion arose long after the loan was made when they discovered that Mr. Kenney lent his committee a sum of money identical to the amount he had borrowed from them. That loan, however, occurred several months after the Krinsky loan.

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II. Legal Analysis

Title 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9 prohibit a candidate, a political committee, and an officer or employee of a political committee from knowingly accepting any contribution in violation of Section 441a. The Commission found reason to believe that Charles Kenney violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9 based upon the assertions of Raymond and Sylvia Krinsky. When deposed, the complainants clarified these assertions and negated the premise upon which the Commission based its reason to believe finding.

(4)

III. General Counsel's Recommendation

The Office of the General Counsel recommends that the Commission find no probable cause that Charles Kenney violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9.

14 June 1984
Date

Charles N. Steele
General Counsel

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Attachment I-(4)

(5)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Kenney for Congress	)	
Esther M. Goff, Treasurer	)	MUR 1589
	)	

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On June 8, 1983, Raymond and Sylvia Krinsky filed their initial complaint with the Commission. The complainants alleged that in November 1981 Charles Kenney, a California congressional candidate, borrowed $40,000 from them for his congressional campaign and failed to properly report the loan to the Commission. The Commission determined that there was no reason to believe a violation of the Act had been committed based on the information provided by the complainants and the respondents (MUR 1553).

Mr. and Mrs. Krinsky filed a second complaint with the Commission on September 16, 1983, citing additional facts in support of the allegations in their earlier complaint. The Commission opened the present MUR and on December 13, 1983, found reason to believe that, inter alia, Kenney for Congress and Esther M. Goff, as treasurer, had violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9 by knowingly accepting an excessive contribution, in the form of a loan, from Raymond and Sylvia Krinsky.

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Attachment I_(5)

The Office of the General Counsel reviewed the information provided by Mr. Kenney in his response to the complaint and in his answers to the Commission's interrogatories served on him in December 1983. He maintained that Mr. and Mrs. Krinsky lent him $40,000 for business purposes in November 1981. Mr. Kenney asserted that these funds were never intended to be used and never were used in connection with his congressional campaign.

Mr. and Mrs. Krinsky disputed Mr. Kenney's version of this loan transaction. In both of their complaints and in their answers to the Commission's interrogatories, the Krinskys insisted that Mr. Kenney requested their help in his congressional campaign and that the loan negotiations were undertaken with this objective in view. On February 17, 1984, this office received narrative summaries sworn and attested to by Mr. and Mrs. Krinsky. Neither summary directly or completely retracted the earlier statements made regarding the purported purpose of the November 1981 loan.

Information acquired by deposing respondents indicates that the loan transaction was not undertaken to assist Mr. Kenney in his congressional campaign, but instead represented an investment transaction involving real estate. In addition, the November 1981 loan does not constitute an isolated business transaction involving the Krinskys and Mr. Kenney. The Krinskys had engaged in real estate investment transactions arising from Mr. Kenney's real estate business prior to the November 1981 loan.

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During his deposition, Mr. Kenney reiterated his position that the loan proceeds were never used in connection with his campaign. The testimony of Raymond and Sylvia Krinsky corroborated this. Both spouses testified that they did not intend to loan Mr. Kenney money for his campaign when they entered into the transaction. In fact, neither was aware that Mr. Kenney intended to run for this congressional seat until the transaction was consummated. According to their testimony, they filed complaints with the Commission because they suspected Mr. Kenney had used their funds for campaign purposes. This suspicion arose long after the loan was made when they discovered that Mr. Kenney lent his committee a sum of money identical to the amount he had borrowed from them. That loan, however, occurred several months after the Krinsky loan.

The deposition of Esther M. Goff focused on the reporting of Mr. Kenney's March 1982 loan to his campaign committee and on Ms. Goff's inconsistent statements regarding the source of this loan. Ms. Goff testified that she was not the treasurer at the time Mr. Kenney made the March 1982 loan and was not involved in its initial reporting. Ms. Goff further testified that she had merely assumed that Mr. Kenney's loan to the committee was derived from a single source unrelated to the Krinskys and reported it as such in her July 1983 letter to the Commission. When it became apparent that a breakdown of the loan's sources was needed, Ms. Goff consulted with Mr. Kenney and learned that

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her assumption had been erroneous. She attempted to correct this mistake in an October 1983 letter to the Commission by incorporating by reference the sources listed in Mr. Kenney's October 12, 1983 letter to the Commission. The Krinskys loan was not among those sources.

II. Legal Analysis

Title 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9 prohibit a candidate, a political committee, and an officer or employee of a political committee from knowingly accepting a contribution in violation of Section 441a. The Commission found reason to believe that the Kenney for Congress Committee and Esther M. Goff, as treasurer, violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9 based upon the assertions of Raymond and Sylvia Krinsky. Ms. Goff's testimony adequately explained the discrepancy in the manner in which she reported the sources of Mr. Kenney's March 1982 loan to his committee. Moreover, when deposed, Sylvia and Raymond Krinsky denied that the $40,000 loan to Mr. Kenney was for campaign purposes and explained that it was only after they learned that Mr. Kenney had loaned his committee $40,000 that they thought their loan might have been used for campaign purposes. The information obtained during the investigation negates the premise upon which the Commission based its reason to believe finding.

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(9)

III. General Counsel's Recommendation

The Office of the General Counsel recommends that the Commission find there is no probable cause to believe that Kenney for Congress and Esther M. Goff, as treasurer, violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9.

14 June 1984
Date

Charles N. Steele
General Counsel

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Attachment I - (9)

(10)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Raymond Krinsky)
) MUR 1589
)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On June 8, 1983, Raymond and Sylvia Krinsky filed their initial complaint with the Commission. The complainants alleged that in November 1981 Charles Kenney, a California congressional candidate, borrowed $40,000 from them for his congressional campaign and failed to properly report the loan to the Commission. The Commission determined that there was no reason to believe a violation of the Act had been committed based on the information provided by the complainants and the respondents (MUR 1553).

Mr. and Mrs. Krinsky filed a second complaint with the Commission on September 16, 1983, citing additional facts in support of the allegations in their earlier complaint. The Commission opened the present MUR and on December 13, 1983, found reason to believe that, inter alia, Raymond Krinsky had violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution, in the form of a loan, to Charles Kenney for his campaign.

The Office of the General Counsel reviewed the information provided by Mr. Kenney in his response to the complaint and in his answers to the Commission's interrogatories served on

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Attachment I - (10)

him in December 1983. He maintained that Mr. and Mrs. Krinsky lent him $40,000 for business purposes in November 1981. Mr. Kenney asserted that these funds were never intended to be used and never were used in connection with his congressional campaign.

Mr. and Mrs. Krinsky disputed Mr. Kenney's version of this loan transaction. In both of their complaints and in their answers to the Commission's interrogatories, the Krinskys insisted that Mr. Kenney requested their help in his congressional campaign and that the loan negotiations were undertaken with this objective in view. On February 17, 1984, this office received narrative summaries sworn and attested to by Mr. and Mrs. Krinsky. Neither summary directly or completely retracted the earlier statements made regarding the purported purpose of the November 1981 loan.

Information acquired by deposing respondents indicates that the loan transaction was not undertaken to assist Mr. Kenney in his congressional campaign, but instead represented an investment transaction involving real estate. In addition, the November 1981 loan does not constitute an isolated business transaction involving the Krinskys and Mr. Kenney. The Krinskys had engaged in real estate investment transactions arising from Mr. Kenney's real estate business prior to the November 1981 loan.

During his deposition, Mr. Kenney reiterated his position that the loan proceeds were never intended to be used and were never used in connection with his campaign. The testimony of

8404047-158

Attachment I (11)

Raymond and Sylvia Krinsky corroborated this. Mr. Krinsky confirmed the terms of his November 1981 loan to Mr. Kenney in the course of his deposition. He denied, however, that the loan was made for campaign purposes as the following excerpts from his testimony demonstrate:

> Q WAS THERE ANYTHING THAT MADE YOU FEEL IN NOVEMBER OF 1981 THAT HE (KENNEY) WANTED TO BORROW THE MONEY FOR HIS CAMPAIGN?
>
> A NO. I DIDN'T FEEL THAT WAY AT THAT TIME. IT WAS LATER ON THAT I FELT THAT WAY, AFTER (T)HIS TRANSACTION.
>
> Q WHEN YOU MADE THE LOAN, THE NOVEMBER 1981 LOAN, DID YOU THINK YOU WERE HELPING HIM IN HIS CAMPAIGN BY LENDING HIM THE MONEY?
>
> A NO.
>
> Q MR. KRINSKY, DID MR. KENNEY EVER SAY ANYTHING OR DO ANYTHING THAT GAVE YOU THE IMPRESSION THAT HE WANTED TO BORROW MONEY FROM YOU TO USE IN HIS CAMPAIGN?
>
> A NO, NOT WHEN WE LENT HIM THE MONEY ORIGINALLY. WHEN WE LOANED HIM THE MONEY ON THE PROPERTY, HE NEVER SAID ANYTHING LIKE THAT.
>
> Q MR. KRINSKY, DID YOU EVER INTEND TO HELP MR. KENNEY IN HIS CONGRESSIONAL CAMPAIGN BY MAKING HIM THAT LOAN?
>
> A NO.

When asked to explain the discrepancy between the purpose of the loan as stated in his complaints filed with the Commission and his testimony during the deposition, Mr. Krinsky replied:

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A WELL, THE ONLY WAY THAT I COULD EXPLAIN IT IS THAT WHEN I PUT THIS DOWN (THE PURPOSE STATED IN THE COMPLAINTS) I PUT DOWN WHAT I FEEL THAT HE LET ME KNOW LATER ON. ACTUALLY -- CAN I FINISH, PLEASE? ACTUALLY, HE DIDN'T SAY THAT HE NEEDED THE MONEY FOR THE CAMPAIGN AT THAT TIME. HE HAD SAID THAT LATER ON. AND BY SOME ERROR, EVIDENTLY, I COMBINED THE THING IN HERE (THE COMPLAINTS) TO SHORTEN SPACE OR SOMETHING. BUT AT THE TIME HE DID NOT SAY THAT HE NEEDED IT FOR HIS CONGRESSIONAL CAMPAIGN....

II. Legal Analysis

Pursuant to 2 U.S.C. § 441a(a)(1)(A), an individual's contributions to any candidate for Federal office may not, in the aggregate exceed $1,000 per election. Mr. Krinsky's testimony at the April 1984 deposition indicates that the November 1981 loan to Mr. Kenney was not extended for campaign purposes. His testimony also substantiates Mr. Kenney's position that the loan was never intended to be used for campaign purposes. The information acquired through deposition negates the premise upon which the Commission based its reason to believe finding.

III. General Counsel's Recommendation

The Office of the General Counsel recommends that the Commission find that there is no probable cause to believe that Raymond Krinsky violated 2 U.S.C. § 441a(a)(1)(A).

14 Jan 1985
Date

Charles N. Steele
General Counsel

8404047 1160

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Sylvia Krinsky)
) MUR 1589
)

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

On June 8, 1983, Raymond and Sylvia Krinsky filed their initial complaint with the Commission. The complainants alleged that in November 1981 Charles Kenney, a California congressional candidate, borrowed $40,000 from them for his congressional campaign and failed to properly report the loan to the Commission. The Commission determined that there was no reason to believe a violation of the Act had been committed based on the information provided by the complainants and the respondents (MUR 1553).

Mr. and Mrs. Krinsky filed a second complaint with the Commission on September 16, 1983, citing additional facts in support of the allegations in their earlier complaint. The Commission opened the present MUR and on December 13, 1983, found reason to believe that, inter alia, Sylvia Krinsky had violated 2 U.S.C. § 441a(a)(1)(A) by making an excessive contribution, in the form of a loan, to Charles Kenney for his campaign.

The Office of the General Counsel reviewed the information provided by Mr. Kenney in his response to the complaint and in his answers to the Commission's interrogatories served on him in December 1983. He maintained that Mr. and Mrs. Krinsky

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(15)

lent him $40,000 for business purposes in November 1981. Mr. Kenney asserted that these funds were never intended to be used and never were used in connection with his congressional campaign.

Mr. and Mrs. Krinsky disputed Mr. Kenney's version of this loan transaction. In both of their complaints and in their answers to the Commission's interrogatories, the Krinskys insisted that Mr. Kenney requested their help in his congressional campaign and that the loan negotiations were undertaken with this objective in view. On February 17, 1984, this office received narrative summaries sworn and attested to by Mr. and Mrs. Krinsky. Neither summary directly or completely retracted the earlier statements made regarding the purported purpose of the November 1981 loan.

Information acquired by deposing respondents indicates that the loan transaction was not undertaken to assist Mr. Kenney in his congressional campaign, but instead represented an investment transaction involving real estate. In addition, the November 1981 loan does not constitute an isolated business transaction involving the Krinskys and Mr. Kenney. The Krinskys had engaged in real estate investment transactions arising from Mr. Kenney's real estate business prior to the November 1981 loan.

During his deposition, Mr. Kenney reiterated his position that the loan proceeds were never intended to be used and were never used in connection with his campaign. The testimony of

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Attachment I (15)

(16)

Raymond and Sylvia Krinsky corroborated this. Mrs. Krinsky confirmed the terms of the November 1981 loan to Mr. Kenney. She denied, however, that the loan was made for campaign purposes as the following excerpts from her testimony demonstrate:

Q DID MR. KENNEY EVER TELL YOU THAT HE WAS GOING TO USE THE MONEY HE HAD BORROWED FROM YOU FOR HIS CONGRESSIONAL CAMPAIGN?

A NO.

Q WHEN YOU MADE THE LOAN TO HIM IN NOVEMBER OF '81, DID YOU THINK THAT YOU WERE GOING TO BE HELPING HIS CAMPAIGN?

A NO.

Q EXCUSE ME IF I'VE ALREADY ASKED YOU THIS. BUT AT THE TIME THAT YOU GAVE HIM THE MONEY, THE TIME THAT YOU AND YOUR HUSBAND LENT MR. KENNEY THE $40,000 IN NOVEMBER OF 1981, DID YOU INTEND FOR IT TO BE A CONTRIBUTION TO HIS CAMPAIGN?

A NOT AT ALL.

Q DID YOU INTEND FOR IT TO BE FOR HIS USE IN CONNECTION WITH HIS CAMPAIGN?

A NOT AT ALL.

Q DID YOU INTEND FOR IT TO BE STRICTLY A BUSINESS DEAL?

A DEFINITELY.

When asked to explain the discrepancy between the purpose of the loan as stated in her complaints filed with the Commission and her testimony during the deposition, Mrs. Krinsky replied:

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(17)

A WHAT WE TRIED TO SAY WAS THAT WE WANTED TO KNOW WHAT HAPPENED TO THE $40,000. IT WAS STRICTLY A REAL ESTATE LOAN, AND THE MONEY WAS NOT MADE OUT TO HIM. IT WAS MADE OUT TO AN ESCROW COMPANY....

MY HUSBAND FELT THAT HE MIGHT HAVE USED THAT MONEY, BECAUSE WE SAW THAT $40,000 ON HIS -- WHAT DO YOU CALL THAT THING? THAT FILING WITH THE FEDERAL GOVERNMENT. THERE WAS $40,000 PUT IN ONE DAY, AND AS I SAID, TAKEN OUT THREE DAYS LATER, WHICH MADE IT VERY SUSPICIOUS. SO WE ASSUMED THAT MAYBE HE USED THAT MONEY FOR THAT.

II. Legal Analysis

Pursuant to 2 U.S.C. § 441a(a)(1)(A), an indiviual's contributions to any candidate for Federal office may not, in the aggregate exceed $1,000 per election. Mrs. Krinsky's testimony at the April 1984 deposition indicates that the November 1981 loan to Mr. Kenney was not extended for campaign purposes. Her testimony substantiates Mr. Kenney's position that the loan was never intended to be used for campaign purposes. The information acquired through deposition negates the premise upon which the Commission based its reason to believe finding.

III. General Counsel's Recommendation

The Office of the General Counsel recommends that the Commission find that there is no probable cause to believe that Sylvia Krinsky violated 2 U.S.C. § 441a(a)(1)(A).

14 June 1984
Date

Charles N. Steele
General Counsel

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Attachment I-(17)

(18)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

George L. Rogers, Esquire
Rogers & Dib
17111 Beach Boulevard, Suite 103
Huntington Beach, California 92647-5999

RE: MUR 1589
Charles Kenney
Kenney for Congress
Esther M. Goff, Treasurer

Dear Mr. Rogers:

Based on a complaint filed with the Commission on September 16, 1983, and on information supplied by your clients, the Commission determined on December 13, 1983, that there was reason to believe that your clients had violated 2 U.S.C. § 441a(f), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act") and 11 C.F.R. § 110.9, a provision of the Code of Federal Regulations.

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 are briefs stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your clients' position on the issues and replying to the briefs of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel, if possible. The General Counsel's briefs and any brief which you submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

8404047 1165

Attachment II (1)

Should you have any questions, please contact Lisa Klein, the attorney assigned to handle this matter, at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Briefs

8404047 1165

Attachment II (2)

(20)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

David A. Linn, Esquire
Lindley, Linn & Walton
China Creek Professional Building
P.O. Box 2328
Oakhurst, California 93644

Re: MUR 1589
Raymond Krinsky
Sylvia Krinsky

Dear Mr. Linn:

Based on a complaint filed with the Commission on September 16, 1983, and on information supplied by your clients, the Commission determined on December 13, 1983, that there was reason to believe that Raymond and Sylvia Krinsky had violated 2 U.S.C. § 441a(a)(1)(A), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act").

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 are briefs stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your clients' position on the issues and replying to the briefs of the General Counsel. Three copies of such brief should also be forwarded to the Office of General Counsel, if possible. The General Counsel's briefs and any brief which you submit will be considered by the Commission before proceeding to a vote of no probable cause to believe a violation has occurred.

8404047111 67

Attachment II (3)

Should you have any questions, please contact Lisa Klein, the attorney assigned to handle this matter, at (202)523-4000.

Sincerely,

Charles N. Steele
General Counsel

Enclosure
Briefs

8404047 1168

Attachment II (4)

Mr.& Mrs.R. Krinsky
23542 Via Benavente
Mission Viejo,CA 92692

8404719

Attention:
Lisa Klein

CERTIFIED
P 244 311 978
MAIL

RETURN RECEIPT
REQUESTED

FIRST CLASS MAIL

Federal Election Commission
1325 "K" St N.W.
Washington, D.C 20463

See over

BEFORE THE FEDERAL ELECTION COMMISSION

IN RE

MUR 1589

ORIGINAL

DEPOSITION OF: SYLVIA KRINSKY

TAKEN ON: APRIL 10, 1984

APR 12 A3:30

Pelletier & Jones / Orange County

CERTIFIED SHORTHAND REPORTERS

3138 S. RITA WAY
SANTA ANA, CALIFORNIA 92704
(714) 641-8451

REPORTED BY: LINDA A. PAYAN, CSR #4426

FILE: 4-129/OC

8404047117 9

DEPOSITION OF SYLVIA KRINSKY, TAKEN AT 24000 AVILA ROAD, LAGUNA HILLS, CALIFORNIA 92677, COMMENCING AT 12:30 P.M., ON TUESDAY, APRIL 10, 1984, BEFORE LINDA A. PAYAN, CSR NO. 4426, A NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA, PURSUANT TO SUBPOENA.

APPEARANCES OF COUNSEL:

FOR THE FEDERAL ELECTION COMMISSION:	LOIS G. LERNER, ATTORNEY AT LAW AND LISA KLEIN, ATTORNEY AT LAW WASHINGTON, D.C. 20463
FOR SYLVIA KRINSKY AND RAYMOND KRINSKY:	DAVID A. LINN, ESQ. P.O. BOX 2328 OAKHURST, CALIFORNIA 93644

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SYLVIA KRINSKY,

AFTER HAVING BEEN DULY SWORN, WAS

EXAMINED AND TESTIFIED AS FOLLOWS:

EXAMINATION

BY MS. LERNER:

Q MRS. KRINSKY, I WILL JUST TELL YOU A FEW THINGS ABOUT THE DEPOSITION BEFORE WE START. FIRST OF ALL, IF YOU ARE GOING TO ANSWER "YES" OR "NO" TO A QUESTION, YOU HAVE TO DO IT VERBALLY RATHER THAN SHAKING YOUR HEAD, BECAUSE THE COURT REPORTER HAS TO HEAR YOUR ANSWER.

A I UNDERSTAND.

Q HAVE YOU EVER BEEN DEPOSED BEFORE?

A NO.

Q I AM JUST GOING TO ASK YOU A SERIES OF QUESTIONS, AND ANSWER THEM TO YOUR BEST ABILITY. IF YOU DON'T UNDERSTAND MY QUESTION, LET ME KNOW, AND I WILL TRY TO REPHRASE IT SO YOU WILL UNDERSTAND IT. AND IF YOU HAVE A QUESTION OF WHAT I AM DOING, YOU CAN ASK ME THAT, TOO, AND I WILL TRY TO EXPLAIN THAT TO YOU.

A FINE.

Q COULD YOU PLEASE STATE YOUR FULL NAME FOR THE RECORD.

A SYLVIA KRINSKY.

Q WHAT IS YOUR PRESENT ADDRESS?

A 23542 VIA BENAVENTE. GOT THAT? A SPANISH NAME. B-E-N-A-V-E-N-T-E, MISSION VIEJO.

Q AND ARE YOU THE WIFE OF RAYMOND KRINSKY?

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A YES, I AM.

Q ARE YOU REPRESENTED BY COUNSEL HERE TODAY?

A YES.

Q AND WHAT IS YOUR COUNSEL'S NAME?

A DAVID LINN.

MR. LINN: FOR THE RECORD, MY NAME IS DAVID LINN. I AM A MEMBER OF THE BAR OF THE STATE OF CALIFORNIA, AND I AM HERE REPRESENTING MR. AND MRS. KRINSKY.

BY MS. LERNER:

Q ARE YOU PRESENTLY EMPLOYED, MRS. KRINSKY?

A NO.

Q DO YOU KNOW A GENTLEMAN BY THE NAME OF CHARLES KENNEY?

A YES.

Q HOW DO YOU KNOW MR. KENNEY?

A FROM BUSINESS WITH MY HUSBAND.

Q DO YOU RECALL WHEN YOU FIRST MET MR. KENNEY?

A SOME TIME AGO.

Q THE YEAR, DO YOU REMEMBER THE YEAR, APPROXIMATELY?

A I THINK 1981.

Q AND HOW DID YOU FIRST MEET HIM?

A HE CAME TO MY HOME AND OFFERED MY HUSBAND A REAL ESTATE DEAL.

Q DO YOU REMEMBER WHAT THE DEAL HAD TO DO WITH?

A A LOAN ON HIS HOME.

Q DO YOU RECALL WHAT MONTH THIS WAS?

A NOT REALLY.

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Q WAS IT IN THE SUMMER OR THE FALL OR THE SPRING?

A IT COULD HAVE BEEN THE FALL, BUT I'M NOT SURE.

Q HAD YOU EVER MET MR. KENNEY PRIOR TO THAT TIME?

A NO.

Q HAD YOUR HUSBAND KNOWN MR. KENNEY PRIOR TO THAT TIME?

A YES.

Q DO YOU KNOW HOW YOUR HUSBAND MET HIM?

A HE RAN FOR THE MUNICIPAL ADVISORY COUNCIL. THEY BOTH RAN FOR THE SAME. AND THAT IS HOW HE MET HIM.

Q DO YOU KNOW WHEN THAT WAS?

A NOT REALLY, NO. IT WAS EITHER THAT YEAR OR THE YEAR BEFORE. I'M NOT SURE.

Q DID YOU EVER SEE MR. KENNEY SOCIALLY?

A ONLY ON TWO OCCASIONS.

Q WHAT WERE THOSE OCCASIONS?

A ONE WAS AN AMERICAN LEGION CHRISTMAS DINNER. HE BELONGED TO THE SAME ORGANIZATION WE DID. AND ONE TIME AT THE NAVY DAY DINNER. HE WAS INTERESTED IN THAT TYPE OF THING, AND HE CAME.

Q WAS THAT CHRISTMAS DINNER SHORTLY AFTER YOU FIRST MET HIM OR WAS IT SOMETIME AFTER THAT?

A I DON'T REMEMBER.

Q DO YOU KNOW MR. KENNEY'S WIFE?

A I MET HER.

Q DID YOU MEET HER AT THOSE TWO OCCASIONS YOU

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JUST DESCRIBED?

A YES.

Q PRIOR TO THE TIME THAT MR. KENNEY CAME TO YOUR HOME IN 1981 WHEN YOU MET HIM, HAD YOUR HUSBAND HAD ANY BUSINESS DEALINGS WITH HIM?

A NO. WHEN HE HAD APPROACHED HIM TO IF HE WOULD BE INTERESTED IN INVESTING IN REAL ESTATE, BECAUSE THAT WAS HIS BUSINESS AT THE TIME.

Q THIS WAS MR. KENNEY APPROACHING YOUR HUSBAND?

A UH-HUH.

Q WHAT HAD OCCURRED IN REFERENCE TO THOSE APPROACHES THAT MR. KENNEY HAD MADE WITH YOUR HUSBAND?

A I WASN'T THERE, SO I COULDN'T ANSWER.

Q DID YOUR HUSBAND EVER DISCUSS THEM WITH YOU?

A HE MENTIONED THAT HE WANTED HIM TO INVEST IN PROPERTY, AND THAT WAS ABOUT IT.

Q DID YOUR HUSBAND MENTION WHAT TYPE OF PROPERTY, WHETHER IT WAS RESIDENTIAL OR COMMERCIAL?

A RESIDENTIAL.

Q ARE YOU AWARE OF MR. KENNEY'S REPUTATION IN THE COMMUNITY IN REAL ESTATE, OF WHAT IT IS?

A I DON'T UNDERSTAND WHAT YOU MEAN. REPUTATION AS WHAT?

Q YOU MENTIONED THAT MR. KENNEY WAS IN THE REAL ESTATE BUSINESS AT THE TIME WHEN HE DISCUSSED THESE DEALS WITH YOUR HUSBAND.

A YES.

Q AT THAT TIME WHEN HE WAS DISCUSSING DEALINGS

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WITH YOUR HUSBAND OR AT THE TIME THAT HE CAME TO YOUR HOME, WERE YOU AWARE OF HIS REPUTATION AS A REAL ESTATE PERSON IN THE COMMUNITY?

A YES. HE HAD A RATHER LARGE REAL ESTATE OFFICE WITH A NUMBER OF EMPLOYEES, FROM WHAT I UNDERSTAND.

Q SO HE WAS KNOWN AS A REAL ESTATE PERSON?

A YES.

Q DID YOUR HUSBAND EVER INDICATE TO YOU THAT HE HAD EITHER POSITIVE OR NEGATIVE FEELINGS ABOUT MR. KENNEY'S REAL ESTATE BUSINESS?

A HE DIDN'T KNOW HIM THAT WELL.

Q DO YOU KNOW WHETHER YOUR HUSBAND CONSIDERED ENTERING INTO A BUSINESS DEAL WITH MR. KENNEY PRIOR TO THE TIME MR. KENNEY CAME TO YOUR HOME?

A WELL, HE EVIDENTLY HAD APPROACHED HIM ABOUT IT, AND HE CAME TO THE HOME TO TALK TO BOTH OF US. HE NEEDED MONEY FOR HIS OWN PROPERTY.

Q I OBVIOUSLY WASN'T CLEAR WITH MY QUESTION.

YOU MENTIONED THAT MR. KENNEY HAD APPROACHED YOUR HUSBAND SEVERAL TIMES PRIOR TO THE TIME HE CAME TO YOUR HOME.

A RIGHT.

Q AND THAT YOUR HUSBAND HAD NOT ENTERED ANY DEALS PURSUANT TO THOSE APPROACHES. BUT HAD YOUR HUSBAND EVER CONSIDERED ENTERING INTO ANY DEALING AND THEN NOT TO, THAT YOU ARE AWARE OF?

A YES. HE HAD GIVEN HIM SOME PROPERTY TO LOOK AT, AND HE FELT IT WASN'T WORTH THE MONEY, SO HE DIDN'T

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INVEST IN IT.

Q NOW GOING TO THE 1981 SITUATION WHERE MR. KENNEY CAME TO YOUR HOME, WHAT OCCURRED WHEN MR. KENNEY CAME TO YOUR HOME?

A I DON'T UNDERSTAND WHAT YOU MEAN BY WHAT OCCURRED.

Q HE CAME IN. DID YOU DISCUSS A POSSIBLE DEAL?

A YES, THAT WE DID. HE WANTED MONEY FOR REAL ESTATE, AND HE SAID HE WOULD WANT A SECOND ON HIS OWN HOME, WHICH WE GAVE HIM.

Q DID YOU THINK THAT IT WAS UNUSUAL THAT HE WANTED --

A NO. HE WAS TIED UP WITH A LOT OF REAL ESTATE, AND THAT IT WOULD BE BEST, YOU KNOW, THAT HE WOULD BE ABLE TO PAY IT. WE DIDN'T KNOW WHAT CONDITION HE WAS IN. I MEAN, WHEN YOU TAKE A LOAN ON THE PROPERTY, YOU GET AN APPRAISAL, WHICH THE BANK GAVE US, THAT IT WAS SUPPOSED TO BE WORTH "X" NUMBER OF DOLLARS. AND WE GAVE HIM THE MONEY ON THAT PREMISE.

Q DURING THE FIRST DISCUSSION AT YOUR HOME, WAS ANYTHING DECIDED AS FAR AS THIS LOAN GOES IN TERMS OF A FINAL DEAL, OR DID THAT OCCUR LATER?

A I DON'T KNOW WHAT YOU MEAN.

Q HE CAME AND DISCUSSED THE MATTER WITH YOU?

A RIGHT.

Q IT SOUNDS AS IF YOU WANTED AN APPRAISAL ON THE PROPERTY.

A RIGHT.

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Q SO I ASSUME AT SOME POINT AN APPRAISAL WAS DONE?

A RIGHT.

Q WERE THERE FURTHER DISCUSSIONS WITH MR. KENNEY CONCERNING THE LOAN?

A WELL, MY HUSBAND MADE A DEAL WITH HIM AS FAR AS THE MONEY WAS CONCERNED.

Q DO YOU KNOW WHAT THE TERMS OF THAT DEAL WERE?

A HE WAS SUPPOSED TO PAY IT OFF IN THE FOLLOWING YEAR, ONE YEAR.

Q AND WAS THERE AN INTEREST TO BE CHARGED ON IT?

A YES.

Q WHAT WAS THE INTEREST RATE?

A I CAN'T REMEMBER. WAS IT 28 PERCENT?

MR. LINN: YOU CAN'T ASK ME QUESTIONS.

BY MS. LERNER:

Q TO YOUR BEST RECOLLECTION.

A I THINK SO. I'M NOT SURE.

Q DO YOU KNOW HOW MANY DISCUSSIONS YOUR HUSBAND HAD WITH MR. KENNEY AFTER HE HAD COME TO YOUR HOME?

A SEVERAL.

Q AND WERE ANY OF THEM AT YOUR HOME?

A TWICE HE CAME TO MY HOME. THE SECOND TIME WAS WHEN THE DEAL WAS CONSUMMATED.

Q DO YOU REMEMBER WHEN THAT WAS?

A IT WOULD BE PRIOR TO SOMETIME IN NOVEMBER, BEGINNING OF NOVEMBER OF 1981.

Q DO YOU KNOW IF YOUR HUSBAND HAD ANY DISCUSSIONS

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WITH MR. KENNEY IN BETWEEN THE TIME THE FIRST AND SECOND TIME HE CAME TO YOUR HOME?

A DISCUSSIONS ABOUT WHAT?

Q ABOUT THIS PARTICULAR BUSINESS DEAL.

A WELL, THE DISCUSSION WAS IF THE PROPERTY WAS RIGHT, THE MONEY, AND WHICH WE HAD AN APPRAISAL, AND THAT WAS IT. AND HE SAID THAT HE WOULD BE ABLE TO PAY HIM IN FULL THE FOLLOWING YEAR, THAT HE HAD OTHER INTERESTS AND THAT HE WOULD BE ABLE TO PAY HIM THEN.

Q DO YOU KNOW IF MR. KENNEY HAD MORE THAN ONE PERSONAL RESIDENCE?

A I HAVE NO IDEA.

Q HOW MUCH MONEY DID YOU ULTIMATELY LOAN HIM IN NOVEMBER OF 1981?

A WE GAVE HIM $40,000 IN CASH AND A TRUST DEED THAT WE HAD ON A PIECE OF PROPERTY, WHICH HE WAS SUPPOSED TO HOLD. IF HE DEFAULTED, HE WAS SUPPOSED TO PAY IT BACK, GIVE US BACK THE TRUST DEED. AND HE DIDN'T. HE SOLD IT IN THE INTERIM.

Q DO YOU KNOW WHAT THE WORTH OF THAT TRUST DEED WAS?

A WE GAVE IT TO HIM FOR TWELVE FOUR, BUT THE VALUE OF IT WAS 16,000. BUT IF HE DEFAULTED ON HIS OWN HOME, HE WAS SUPPOSED TO RETURN THAT PARTICULAR TRUST DEED, WHICH HE DIDN'T. HE SOLD IT IN THE INTERIM, WHICH HE WAS NOT SUPPOSED TO DO.

Q SO ACTUALLY THE LOAN WAS MORE THAN $40,000? IT WOULD HAVE BEEN ABOUT $56,000, BECAUSE HE GOT THE TRUST

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DEED?

A ULTIMATELY, ULTIMATELY. BUT THAT HAD NOTHING TO DO WITH THE OTHER THING.

Q WHICH OTHER THING?

A CASH MONEY IS WHAT WE GAVE HIM.

Q WHY DID YOU ALSO GIVE HIM HIS TRUST DEED?

A IT WAS ONE THAT HE HAD SOLD TO MY HUSBAND. THE PEOPLE WERE NOT PAYING. IT WAS A VERY LONG-PAYING TRUST DEED. AND THE PEOPLE COULDN'T AFFORD TO PAY. AND IN ORDER TO GIVE HIM THAT MONEY, I SAID, WELL, IF HE WANTS THE $40,000, LET HIM TAKE THE TRUST DEED BACK. SO HE SAID OKAY. HE COULDN'T PAY ME RIGHT AWAY, BUT HE WOULD PAY THE WHOLE THING THE FOLLOWING YEAR. BUT IN THE INTERIM, EVIDENTLY HE NEEDED MONEY, SO HE SOLD IT, WHICH HE WASN'T SUPPOSED TO DO.

Q DO YOU KNOW WHEN HE SOLD IT?

A I BELIEVE IT WAS IN FEBRUARY OF '82.

MR. LINN: COUNSEL, JUST FOR YOUR INFORMATION, ON THAT PARTICULAR ASPECT OF THE TRANSACTION, THERE IS A CASE IN THE ORANGE COUNTY SUPERIOR COURT, CASE NO. 411 977, RAYMOND AND SYLVIA KRINSKY VERSUS DELORES CARLYLE, MAJESTIC ESCROW COMPANY, INCORPORATED. I THINK THAT'S IT. THAT'S PRIMARILY THE CASE TITLE. I BELIEVE THERE WAS ANOTHER PARTY INVOLVED.

BY MS. LERNER:

Q AT THE TIME WHEN THE FIRST TIME WHEN MR. KENNEY CAME TO YOUR HOME IN THE FALL OF '81, DID HE TELL YOU WHAT HE WANTED THE MONEY FOR?

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A NO. HE SAID HE NEEDED IT FOR A BUSINESS DEAL.

Q DID THERE COME ANY TIME BETWEEN THAT MEETING AND THE TIME THAT HE ULTIMATELY RECEIVED THE MONEY FROM YOU THAT HE INDICATED HE WANTED IT FOR ANY OTHER PURPOSE?

A WELL, HE INDICATED HE MIGHT WANT TO RUN FOR A CONGRESSIONAL SEAT, BUT HE HADN'T FILED FOR IT AT THE TIME. BUT THAT HAD NO INTEREST AS FAR AS WE WERE CONCERNED. WE GAVE HIM A TRUST DEED, AND THAT WAS IT.

Q DO YOU REMEMBER WHEN HE TOLD YOU HE MIGHT BE RUNNING FOR A CONGRESSIONAL SEAT?

A PROBABLY IN NOVEMBER, NOVEMBER OR DECEMBER OR SOMETHING LIKE THAT.

Q DID MR. KENNEY EVER TELL YOU THAT HE WANTED THE LOAN FROM YOU SO THAT HE COULD USE IT IN HIS CAMPAIGN FOR HIS RACE?

A NO.

Q DID MR. KENNEY EVER ASK YOU TO MAKE A CONTRIBUTION TO HIS CAMPAIGN?

A YES.

Q WHEN DID THAT HAPPEN?

A IT WAS THE END OF DECEMBER, THE BEGINNING OF JANUARY.

MS. LERNER: OFF THE RECORD.

(OFF THE RECORD.)

MS. LERNER: BACK ON THE RECORD.

Q DID MR. KENNEY EVER TELL YOU THAT HE WAS GOING TO USE THE MONEY HE HAD BORROWED FROM YOU FOR HIS CONGRESSIONAL

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CAMPAIGN?

A NO.

Q WHEN YOU MADE THE LOAN TO HIM IN NOVEMBER OF '81, DID YOU THINK THAT YOU WERE GOING TO BE HELPING HIS CAMPAIGN?

A NO.

Q DO YOU KNOW WHY MR. KENNEY WANTED TO BORROW THE MONEY FROM YOU RATHER THAN GOING TO A BANK?

A WELL, HE EVIDENTLY -- MAYBE HE WAS OVER-EXTENDED. I DON'T KNOW. I HAVE NO IDEA WHY HE WOULD WANT TO BORROW MONEY. HE NEEDED IT FOR A SHORT PERIOD. AND MOST BANKS WON'T GIVE IT TO YOU FOR A SHORT PERIOD, FOR ONE YEAR.

Q DID HE EXPLAIN WHY HE NEEDED IT?

A WELL, HE WAS INVOLVED IN OTHER PROPERTY IN SAN CLEMENTE WHICH HE HAD WANTED US TO GET INVOLVED IN, AND MY HUSBAND SAID NO. WELL, HE SAID THEN HE WOULD GIVE HIM AN OPPORTUNITY TO PUT A SECOND ON HIS OWN HOME, AND HE SAID FINE. THAT WAS IT.

Q DID MR. KENNEY EVER TELL YOU THAT HE WANTED TO SATISFY HIS FINANCIAL DEBTS SO THAT HE WOULD BE ABLE TO GET A LOAN POSSIBLY FOR HIS CONGRESSIONAL CAMPAIGN?

A WE HAD NO DISCUSSION ABOUT IT.

Q DID MR. KENNEY EVER INDICATE TO YOU AND YOUR HUSBAND THAT HE MIGHT HAVE TO CURTAIL HIS REAL ESTATE ACTIVITY DURING THE TIME HE WAS RUNNING FOR CONGRESS?

MR. LINN: COUNSEL, I WILL HAVE TO OBJECT TO THAT QUESTION. SHE WOULDN'T KNOW WHETHER HE INDICATED TO HER HUSBAND.

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MS. LERNER: I BELIEVE THE QUESTION WAS PUT IN TERMS OF SHE AND HER HUSBAND, NOT SHE OR HER HUSBAND, MEANING THEM TOGETHER.

THE WITNESS: NO.

MR. LINN: FINE.

BY MS. LERNER:

Q DID YOU AGREE WITH YOUR HUSBAND'S DECISION TO LEND MR. KENNEY THE MONEY?

A NO.

Q WHY WAS THAT?

A I DON'T KNOW. YOU HAVE SOMETIMES A FEELING ABOUT PEOPLE. I JUST DIDN'T WANT TO.

Q HAVE YOU AND YOUR HUSBAND ENTERED OTHER REAL ESTATE TRANSACTIONS WITH OTHER PEOPLE?

A YES.

Q HAVE YOU RECEIVED ANY OF THE MONEY YOU LENT TO MR. KENNEY?

A NO. WE HAD FORECLOSED A HOME IN ORDER TO, BUT WE COULDN'T SELL THE HOUSE. SO WE GAVE IT BACK TO THE BANK.

Q WHY DID YOU AND YOUR HUSBAND DECIDE TO FILE THE COMPLAINT WITH THE FEDERAL ELECTION COMMISSION?

A WELL, MR. KENNEY CLAIMED HE LOST ALL HIS MONEY IN THE CAMPAIGN. AND MY HUSBAND WENT DOWN TO THE REGISTRAR'S OFFICE AND BOUGHT THE FILINGS. YOU KNOW, YOU CAN BUY THEM. AND HE WENT THROUGH THE PAPERS AND FOUND THERE WAS AN AMOUNT OF $40,000 WHICH HE PUT IN ONE DAY AND TOOK OUT THREE DAYS LATER, WHICH MADE IT VERY SUSPICIOUS.

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Q WHEN YOU ARE TALKING ABOUT THE FILINGS, YOU ARE TALKING ABOUT THE REPORTS TO THE FEDERAL ELECTION COMMISSION?

A RIGHT. AND WHEN HE MENTIONED IT TO HIM, HE SAYS HIS BUSINESS WENT DOWN AND HE JUST DIDN'T HAVE THE MONEY TO PAY BACK ANYBODY AND HE LOST ALL THE MONEY IN THE CAMPAIGN.

Q WHEN YOU FILED THE COMPLAINT WITH THE FEDERAL ELECTION COMMISSION, DID YOU THINK THAT THE FEDERAL ELECTION COMMISSION WOULD BE ABLE TO ASSIST YOU IN REGAINING OF THE MONEY MR. KENNEY OWED YOU?

A NO. THAT WAS NOT THE ISSUE. WE WANTED TO KNOW HOW TO BE ABLE TO PUT IT THROUGH OUR INCOME TAX, WHETHER TO TAKE IT OFF AS A LOSS OR WHAT. WE HAD NO IDEA WHAT HE DID WITH THE MONEY.

Q DID MR. KENNEY EVER TELL YOU THAT THE $40,000 HE HAD FILED IN HIS REPORT WAS THE SAME 40,000 HE HAD BORROWED FROM YOU?

A NO.

Q MRS. KRINSKY, I NOW HAND YOU WHAT HAS BEEN MARKED EXHIBIT "A" FOR IDENTIFICATION, WHICH APPEARS TO BE A ONE-PAGE DOCUMENT TO THE FEDERAL ELECTION COMMISSION SIGNED BY RAYMOND AND SYLVIA KRINSKY AND DATED MAY 16TH, 1983. DO YOU RECOGNIZE THAT DOCUMENT?

A YES.

Q DID YOU SIGN THAT DOCUMENT?

A YES.

Q WAS THIS YOUR FIRST COMPLAINT TO THE FEDERAL

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ELECTION COMMISSION?

A I BELIEVE SO.

Q GOING DOWN TO THE FIRST PARAGRAPH, IT SAYS, "ON TWO SEPARATE OCCASIONS BETWEEN OCTOBER 1, AND NOVEMBER 9, 1981, MR. CHARLES KENNEY VISITED MY HOME TO DISCUSS A LOAN OF $40,000, FOR A PERIOD OF ONE YEAR WHICH HE CLAIMED HE NEEDED FOR HIS CONGRESSIONAL CAMPAIGN, AS HE CLAIMED HE INTENDED TO RUN AS A CANDIDATE FOR THE 43RD CONGRESSIONAL DISTRICT RACE PRIMARY."

DID MR. KENNEY TELL YOU THAT HE WANTED THAT LOAN FOR HIS CONGRESSIONAL CAMPAIGN DURING THOSE TIMES?

A NO. HE SAID HE MIGHT RUN. BUT HE HADN'T EVEN FILED. IT WAS ONLY AN INTENTION.

Q WERE YOU PRESENT DURING THE FULL DISCUSSION BETWEEN MR. KENNEY AND YOUR HUSBAND ON THOSE OCCASIONS?

A YEAH.

Q IF MR. KENNEY DID NOT ASK FOR THE LOAN SO THAT HE COULD USE IT FOR HIS CONGRESSIONAL CAMPAIGN, WHY DID YOU INCLUDE THAT IN YOUR COMPLAINT TO THE FEDERAL ELECTION COMMISSION?

A WHAT WE TRIED TO SAY WAS THAT WE WANTED TO KNOW WHAT HAPPENED TO THE $40,000. IT WAS STRICTLY A REAL ESTATE LOAN, AND THE MONEY WAS NOT MADE OUT TO HIM. IT WAS MADE OUT TO AN ESCROW COMPANY.

Q EXCUSE ME IF I'VE ALREADY ASKED YOU THIS. BUT AT THE TIME THAT YOU GAVE HIM THE MONEY, THE TIME THAT YOU AND YOUR HUSBAND LENT MR. KENNEY THE $40,000 IN NOVEMBER OF 1981, DID YOU INTEND FOR IT TO BE A CONTRIBUTION TO HIS

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Ma 16, 1983

8 P3:08

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

To Whom It May Concern:

On two separate occasions between October 1, and November 9, 1981, Mr. Charles Kenney visited my home to discuss a loan of $40,000, for a period of one year which he claimed he needed for his Congressional Campaign, as he claimed he intended to run as a Candidate for the 43rd Congressional District race primary.

At both of these meetings he appeared before my wife and myself, alone and when questioned as to what security he could offer for this loan, he stated he could offer a second note and trust deed on his own personal residence of 22992 Lovios, Mission Viejo, CA 92691.

After further questioning as to whether his house, in the event of foreclosure would cover the added loan, he informed us that he would not have to lose the house as he had other holdings and would have no trouble in meeting his committment.

In November 10, 1982 the loan was due and in default and Mr. Kenney claimed he lost all his funds in the campaign. After checking with my attorney, he advised me to go to the County Recorder's office and get copies of the complete campaign report. After receiving said report, I found one entry in the sum of $40,000, which Mr. Kenney stated was his; he deposited this sum on March 31, 1982 and withdrew it on April 4, 1982, four days later. My attorney and accountant termed this action suspicious and a possible laundering of campaign funds, and advised me to report it to the various government agencies concerned therewith. In no way does the campaign report show that the $40,000 was borrowed from my wife and myself.

Thank you for your cooperation and consideration in this matter.

Very truly yours,

Raymond Krinsky
RAYMOND KRINSKY

Sylvia Krinsky
SYLVIA KRINSKY
23542 Via Benavente
Mission Viejo, CA 92692

Encl: (1)
$40,000 Entry &
Withdrawal

State of California }
County of Orange } ss

Subscribed and sworn to before me on June 2,1983.

Debbie Markham
Debbie Markham

OFFICIAL SEAL
DEBBIE MARKHAM
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Feb. 27, 1984

Raymond Krinsky
Raymond Krinsky

Sylvia Kronsky
Sylvia Kronsky

Exhibit A for I.D.
Linda A. Payan, N.P.
Date 7-10-84

EXHIBIT A

8404047 1188

GCC #808

September 12, 1983

83 SEP 16 P12:18

Finch

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

ATTN: Mr. Charles N. Steele, General Counsel
Mr. Kenneth A. Gross, Associate General Counsel
Mr. G.A. Finch, Staff Member

Subject: Response to MUR #1553 and request for additional information.

Dear Mr. Steele:

This letter is in response to the opinions rendered by the Office of General Counsel (page 4 para. 2).

My wife and I are responding to both your cover letter of August 8, 1983 (4th paragraph), and statement made to me by your Staff Member Mr. G.A. Finch on our last telephone call, that is if any additional information comes to our attention to forward it to you.

Please be advised your report is not accurate and is not acceptable to both of us, our reasons are as follows:

(1) According to your page (2) last paragraph in which you state that we have made no political contributions to any Federal Candidate, including Charles Kenney, this is either your error or Mr. Kenney's, as I have enclosed a copy of campaign statement as filed with the Orange County California's County Registrar's Office and the California Sec'y of State, which shows the sum of $625.00.

(2) Your page (2) paragraph (1) in which Mr. Kenney responds to the complaint that the purpose of the loan was known to Raymond and Sylvia Krinsky, is not true as we only knew what Mr. Kenney told us in our home. When he requested our help towards his Congressional Campaign; we also realize that we had no control over the funds loaned, once he received the $40,000.00. We knew nothing of Mr. Kenney's Real Estate business, except his statement that he was doing well. We don't know what loan Mr. Kenney is talking about as he had taken out a number of them on various real estate transactions, but the 2nd note and trust deed of 22992 Lovios, Mission Viejo, CA 92691, which was his own personal residence, and was signed by him and his wife and Majestic Escrow Co., in which he held a partnership interest, without my knowledge, which is also a violation of the State of California's Corporations laws, when not disclosed. There was only (1) 1st trust deed holder at 22992 Lovios and the 1st trust deed holder was Downey Savings & Loan Association, 3200 Bristol St., Costa Mesa, CA 92626., and you can verify this information with Mr. Rick Wilson, Loan Service Manager, at the same address.

(3) According to your page (3) paragraph (1) statement that the loan in question $40,000.00, came from Consolidated Home Loans; the following information refutes that statement. According to Mr. Randolph Brusca, President of Consoldiated Home Loans, (copy enclosed) the $58,000 loan was taken out by Mr. & Mrs. Kenney to satisfy a Junior loan on property of 3004 Calle Grande Vista, San Clemente, CA and that the check was made out to Mission Viejo Nat' ional Bank in the sum of $40,950.28. I am sure you are aware that this sum

Exhibit B (1)

exhibit B-1 for I.D.
Linda A. Payan, N.P.
Date 4-10-84

was transferred in escrow and the only funds then available to Mr. Kenney was the sum of $7,466.17.

This information was made available to me by Mr. Brusca as the property in question was recently in foreclosure by Mr. Brusca and is currently on the market for sale, and I am looking into this property for a possible purchase by a family member.

We believe this matter could have been resolved by now had you let us appear before your commission, when we advised Mr. G.A. Finch that we were available and approximately 100 miles from Washington, D.C. the first few weeks of July, 1983.

Encl (3)
CC: Senator Baker
Cong. Packard

Raymond Krinsky
RAYMOND KRINSKY

Sylvia Krinsky
SYLVIA KRINSKY

23542 Via Benavente
Mission Viejo, CA 92692

State of California
County of Orange ss

Subscribed and sworn to before me on September 13,1983.

Debbie Markham
Debbie Markham

OFFICIAL SEAL
DEBBIE MARKHAM
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Feb. 27, 1984

Exhibit B (2)

CAMPAIGN?

A NOT AT ALL.

Q DID YOU INTEND FOR IT TO BE FOR HIS USE IN CONNECTION WITH THE CAMPAIGN?

A NOT AT ALL.

Q DID YOU INTEND FOR IT TO BE STRICTLY A BUSINESS DEAL?

A DEFINITELY.

Q DO YOU KNOW APPROXIMATELY HOW MANY OTHER REAL ESTATE TRANSACTIONS THAT YOU AND YOUR HUSBAND HAVE ENTERED INTO WITH OTHER PEOPLE?

A OH, THIS IS SOME YEARS AGO. WE MUST HAVE HAD 10 OR 12. IT WAS SOME TIME AGO.

Q OTHER THAN THIS LOAN AND THE TRUST DEED THAT MR. KENNEY SOLD TO YOU AND YOUR HUSBAND, WERE THERE ANY OTHER TRUST DEED THAT HE SOLD TO YOU?

A YES.

Q HOW MANY?

A WE HAD ONE BEFORE THAT, PAYING VERY NICELY AND PAYING OFF. WE HAD NO PROBLEM WITH IT.

Q DO YOU RECALL WHEN THAT WAS?

A NO. I DON'T REMEMBER THE DATES.

Q SO ANY OTHER DEALINGS THAT YOU HAD WITH HIM WERE IN TERMS OF BUYING A NOTE FROM A THIRD PARTY RATHER THAN DEALING DIRECTLY WITH MR. KENNEY AND HIS PROPERTY; IS THAT RIGHT?

A NO, THAT'S NOT. A TRUST DEED IS LIKE A MORTGAGE. WHAT HE DOES, HE GIVES US A FORM TELLING YOU WHAT

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THE PROPERTY IS WORTH, WHAT IT WAS APPRAISED FOR AND SO FORTH, YOU KNOW. AND IF YOU AGREE WITH IT, THEN YOU GIVE HIM A CHECK MADE OUT TO THE ESCROW COMPANY.

Q IT WAS THE SAME THING WHAT WE WOULD CALL A SECOND MORTGAGE?

A THAT'S CORRECT.

Q THE ONLY DIFFERENCE BETWEEN THE TWO OTHER INCIDENTS WHEN YOU PURCHASED A TRUST DEED AND THE ONE WITH MR. KENNEY WAS THAT MR. KENNEY WAS USING HIS OWN HOME?

A RIGHT.

MS. LERNER: IF YOU CAN GIVE US A FIVE-MINUTE BREAK, I THINK WE CAN FINISH THIS REAL QUICKLY.

(SHORT RECESS.)

MS. LERNER: BACK ON THE RECORD.

Q MRS. KRINSKY, YOU SPOKE ABOUT AN APPRAISAL ON MR. KENNEY'S PROPERTY, THE PROPERTY THAT WAS HIS HOME.

A YES.

Q DO YOU KNOW WHEN THAT OCCURRED?

A WELL, BEFORE WE GAVE HIM THE MONEY, DOWNEY SAVINGS AND LOAN, THE BANK WHO HAD HIS FIRST TRUST DEED, WHICH IS THE FIRST MORTGAGE, THEY HAD APPRAISED THE PROPERTY. AND THEY GAVE US A COPY OF THE APPRAISAL.

Q DID THIS APPRAISAL OCCUR BEFORE OR AFTER MR. KENNEY CAME TO YOUR HOME IN THE FALL OF '81?

A I DON'T UNDERSTAND WHAT YOU MEAN.

Q LET ME ASK YOU ANOTHER QUESTION FIRST. DO YOU KNOW WHETHER YOUR HUSBAND SPOKE WITH MR. KENNEY ABOUT THE POSSIBILITY OF LOANING HIM MONEY ON HIS PERSONAL RESIDENCE

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PRIOR TO THE TIME THAT MR. KENNEY CAME TO YOUR HOME IN THE FALL OF '81?

A I REALLY DON'T REMEMBER. I DON'T REMEMBER.

Q IS IT POSSIBLE THAT YOUR HUSBAND SPOKE TO HIM ABOUT LOANING HIM THE MONEY PRIOR TO THAT TIME?

A IT'S POSSIBLE, BUT I REALLY DON'T KNOW. BUT I DO KNOW THAT THE BANK DID ISSUE THE APPRAISAL PRIOR TO US GIVING HIM THE MONEY.

Q DO YOU KNOW IF THE BANK ISSUED THE APPRAISAL AFTER THAT FIRST CONVERSATION IN YOUR HOME IN THE FALL OF '81?

A I REALLY DON'T REMEMBER.

Q DID YOUR HUSBAND HAVE TO REQUEST THAT APPRAISAL OR WAS THAT SOMETHING MR. KENNEY DID?

A NO. MY HUSBAND REQUESTED IT.

Q I ASK YOU TO TAKE A LOOK AT WHAT HAS BEEN MARKED EXHIBIT "B-1" WHICH IS A TWO-PAGE DOCUMENT DATED SEPTEMBER THE 12TH, 1983, TO THE FEDERAL ELECTION COMMISSION AND SIGNED BY RAYMOND AND SYLVIA KRINSKY. DO YOU RECOGNIZE THIS DOCUMENT?

A YES.

Q WAS THIS THE SECOND COMPLAINT THAT YOU SENT TO THE FEDERAL ELECTION COMMISSION?

A YES.

Q NOW GOING DOWN TO PARAGRAPH 5, WHICH IS MARKED WITH THE NUMBER TWO. THIS IS ON THE FIRST PAGE.

A PARAGRAPH 5?

Q IT IS THE FIFTH PARAGRAPH AS FAR AS INDENTATIONS,

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BUT IT'S MARKED AS PARAGRAPH 2. IT BEGINS, "YOUR PAGE (2) PARAGRAPH (1) ..."

THE FOLLOWING SENTENCE SAYS, "WHEN HE --" MEANING MR. KENNEY "-- REQUESTED OUR HELP TOWARDS HIS CONGRESSIONAL CAMPAIGN; WE ALSO REALIZED THAT WE HAD NO CONTROL OVER THE FUNDS LOANED, ONCE HE RECEIVED THE $40,000."

ARE YOU STILL SAYING THAT MR. KENNEY NEVER TOLD YOU THAT HE WANTED THAT LOAN FOR HIS CONGRESSIONAL CAMPAIGN?

A NO, HE DID NOT. HE NEVER TOLD US THAT.

Q DID YOU SIGN THIS DOCUMENT, MRS. KRINSKY?

A I DID.

Q DID YOU READ IT BEFORE YOU SIGNED IT?

A SURE I READ IT.

Q DID YOU REALIZE WHEN YOU WERE SIGNING IT THAT YOU WERE SIGNING BEFORE A NOTARY PUBLIC?

A YES.

Q AND SWEARING TO IT?

A I DID.

Q WHY DID YOU SIGN THAT IF IT DIDN'T SAY WHAT HAD ACTUALLY OCCURRED?

MR. LINN: COUNSEL, I AM GOING TO OBJECT TO IT. I THINK YOU ARE MISREADING THAT LINE.

THE WITNESS: THAT'S RIGHT.

MR. LINN: GO AHEAD AND ANSWER IT.

THE WITNESS: NO. GO AHEAD. TALK.

MR. LINN: I THINK THAT CAN BE INTERPRETED TWO

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DIFFERENT WAYS.

MS. LERNER: REGARDLESS OF THAT FACT, SHE HAS TO ANSWER THE QUESTION. SO WHY DON'T WE LET MRS. KRINSKY ANSWER IT.

Q MRS. KRINSKY, CAN YOU PLEASE EXPLAIN WHY YOU SIGNED AND SWORE TO IN THIS COMPLAINT A STATEMENT THAT SAID, "WHEN HE REQUESTED OUR HELP TOWARDS HIS CONGRESSIONAL CAMPAIGN; WE ALSO REALIZED THAT WE HAD NO CONTROL OVER THE FUNDS LOANED, ONCE HE RECEIVED THE $40,000."

A WELL, HE HAD ASKED US AT ONE TIME AFTER THAT TO HELP WITH CONGRESSIONAL MONEY, BUT WE DIDN'T HAVE THAT KIND OF MONEY TO HELP HIM. AND HE ALREADY HAD $40,000.

Q WHEN WAS THIS THAT HE ASKED YOU TO HELP HIM WITH HIS CAMPAIGN?

A WELL, THAT WAS AFTER WHEN HE FILED.

Q WHEN WAS THAT?

A I BELIEVE HE FILED IN JANUARY.

Q OF?

A OF '82. MAYBE WE WORDED IT BADLY. BUT AT THE TIME WE GAVE HIM THE $40,000, THERE WAS NO MENTION OF CONGRESSIONAL CAMPAIGN. HE SAID HE MIGHT RUN. BUT THAT DIDN'T MEAN THAT HE WAS GOING TO. HE HADN'T FILED AT THE TIME.

Q I ASK YOU TO GO BACK TO EXHIBIT 1. AGAIN, IN THE FIRST PARAGRAPH ON EXHIBIT 1, "ON TWO SEPARATE OCCASIONS BETWEEN OCTOBER 1, AND NOVEMBER 9, 1981, MR. CHARLES KENNEY VISITED MY HOME TO DISCUSS A LOAN OF $40,000, FOR A PERIOD OF ONE YEAR WHICH HE CLAIMED HE NEEDED FOR HIS

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CONGRESSIONAL CAMPAIGN..." DID YOU SIGN THIS DOCUMENT?

A YES. BUT READ FURTHER WHERE IT SAYS HE INTENDED TO RUN, BUT HE HADN'T FILED YET.

Q THAT IS NOT THE QUESTION I AM ASKING YOU. I AM ASKING YOU IF HE ASKED FOR THE LOAN FOR HIS CONGRESSIONAL CAMPAIGN. DID HE CLAIM THAT HE NEEDED THAT LOAN FOR HIS CONGRESSIONAL CAMPAIGN AT THE TIME?

A HE MIGHT HAVE SAID IT, BUT I DON'T REMEMBER AT THE TIME. THERE IS A LOT OF THINGS SAID SINCE, BUT I CAN'T REMEMBER.

Q BUT IN MAY OF 1983, YOU DID REMEMBER THAT HE HAD REQUESTED THE LOAN OF $40,000 TO BE USED FOR HIS CONGRESSIONAL CAMPAIGN; IS THAT CORRECT?

A HE MIGHT HAVE DISCUSSED IT WITH MY HUSBAND. I CAN'T REMEMBER NOW. IN FACT, AT THE TIME I DON'T REMEMBER IF -- HE HAD SAID AT ONE TIME HE WANTED TO RUN, BUT HE HADN'T FILED.

Q WHEN HE TOLD YOU HE WANTED TO RUN, WAS THAT DURING ONE OF THE CONVERSATIONS CONCERNING THE POSSIBILITY OF YOU LOANING HIM THE $40,000 THAT YOU LOANED HIM IN NOVEMBER?

A NO.

Q SO THEN BOTH EXHIBIT "A" AND EXHIBIT "B" DO NOT ACCURATELY REFLECT WHAT REALLY OCCURRED ON THE DATES WHEN MR. KENNEY CAME AND DISCUSSED THE $40,000 LOAN WITH YOU; IS THAT RIGHT?

A I DON'T KNOW WHAT YOU MEAN.

Q BOTH EXHIBIT "A" AND EXHIBIT "B" INDICATE THAT

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MR. KENNEY REQUESTED A $40,000 LOAN FROM YOU --

A IT DOESN'T SAY THAT.

Q EXCUSE ME. LET ME FINISH THE QUESTION, PLEASE.

BOTH EXHIBIT "A" AND EXHIBIT "B" INDICATE THAT MR. KENNEY VISITED YOUR HOME TO DISCUSS A $40,000 LOAN WHICH HE CLAIMED HE NEEDED FOR HIS CONGRESSIONAL CAMPAIGN.

MR. LINN: LET THE RECORD REFLECT THAT IS YOUR INTERPRETATION, COUNSEL.

MS. LERNER: COUNSEL, I AM READING DIRECTLY FROM EXHIBIT "A."

Q "ON TWO SEPARATE OCCASIONS BETWEEN OCTOBER 1, AND NOVEMBER 9, 1981, MR. CHARLES KENNEY VISITED MY HOME TO DISCUSS A LOAN OF $40,000 FOR A PERIOD OF ONE YEAR WHICH HE CLAIMED HE NEEDED FOR HIS CONGRESSIONAL CAMPAIGN," IS EXACTLY WHAT EXHIBIT "A" SAYS. I AM ASKING YOU, MRS. KRINSKY, WHETHER OR NOT THAT ACCURATELY REFLECTS WHAT OCCURRED ON THOSE MEETINGS BETWEEN OCTOBER 1ST AND NOVEMBER 9TH, 1981.

A HE MIGHT HAVE MENTIONED THAT HE WANTED TO RUN FOR CONGRESS. WE ARE VERY HARD-WORKING PEOPLE. MY HUSBAND IS RETIRED MILITARY AND DISABLED. THAT WAS OUR LIFE SAVINGS. I AM CERTAINLY NOT GOING TO GIVE IT TO A CONGRESSIONAL CAMPAIGN UNLESS IT WAS FOR A PIECE OF PROPERTY WHICH WE LOANED HIM ON. WHAT HE DID WITH THE MONEY I DON'T KNOW.

Q PERHAPS I AM NOT MAKING MYSELF CLEAR. I AM NOT ASKING WHETHER YOU LOANED IT TO HIM FOR HIS CAMPAIGN.

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I AM ASKING YOU WHETHER HE TOLD YOU HE WANTED IT FOR HIS CAMPAIGN.

A HE MIGHT HAVE MENTIONED IT.

Q DO YOU KNOW WHY THE STATEMENT WAS PUT IN THE COMPLAINT TO THE FEDERAL ELECTION COMMISSION?

A MY HUSBAND FELT THAT HE MIGHT HAVE USED THAT MONEY, BECAUSE WE SAW THAT $40,000 ON HIS -- WHAT DO YOU CALL THAT THING? THAT FILING WITH THE FEDERAL GOVERNMENT. THERE WAS $40,000 PUT IN ONE DAY, AND AS I SAID, TAKEN OUT THREE DAYS LATER, WHICH MADE IT VERY SUSPICIOUS. SO WE ASSUMED THAT MAYBE HE USED THAT MONEY FOR THAT.

MS. LERNER: WE HAVE NOTHING FURTHER. DO YOU HAVE ANYTHING?

MR. LINN: I HAVE NO QUESTIONS.

MS. LERNER: MRS. KRINSKY, AT THIS TIME THE DEPOSITION WILL BE CONCLUDED. HOWEVER, I DO WANT TO INFORM YOU THAT ALL INVESTIGATIONS CONDUCTED BY THE FEDERAL ELECTION COMMISSION ARE CONFIDENTIAL. AND ANYTHING THAT WE HAVE DISCUSSED HERE UNTIL THE INVESTIGATION IS COMPLETED SHOULD NOT GO BEYOND THE PEOPLE WHO ARE IN THIS ROOM.

THE WITNESS: IT WON'T.

MS. LERNER: THANK YOU.

(WHEREBY, IT WAS STIPULATED BY AND BETWEEN COUNSEL THAT THE ORIGINAL TRANSCRIPT CAN BE SENT TO MR. LINN; THAT MR. LINN WILL HAVE THE DEPONENT READ AND SIGN THE TRANSCRIPT WITHIN 20 DAYS OF RECEIPT; THAT IF MS. LERNER HAS NOT RECEIVED THE SIGNED ORIGINAL TRANSCRIPT WITHIN THAT TIME FRAME,

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A COPY MAY BE USED FOR ANY PURPOSE. THE TRANSCRIPT MAY BE SIGNED UNDER PENALTY OF PERJURY.)

(WHEREUPON, THE AFOREMENTIONED DOCUMENTS WERE MARKED EXHIBITS "A" AND "B" FOR IDENTIFICATION BY THE NOTARY PUBLIC, COPIES OF WHICH ARE ATTACHED HERETO.)

I, SYLVIA KRINSKY, DECLARE UNDER THE PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

5/30/84
DATE

Sylvia Krinsky
SYLVIA KRINSKY

3404047 1198

Page (1)

I am signing this deposition with the attached corrected statements to be included as part of the record.

In regard to differing statements relative to Mr. Kenney visiting my house by my wife and myself. Page 30 Line 1 Exhibit "A".

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, LINDA A. PAYAN, CSR # 4426, a Notary Public in and for the County of ORANGE, State of California, do hereby certify:

That, prior to being examined, the witness named in the foregoing deposition, to wit, SYLVIA KRINSKY, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken down by me in shorthand at the time and place therein named and thereafter reduced to typewriting under my direction.

I further certify that I am not interested in the event of the action.

WITNESS my hand and seal this 28th day of APRIL, 1984.

Linda A Payan
Notary Public in and for the County of ORANGE, State of California

OFFICIAL SEAL
LINDA A PAYAN
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY
My comm. expires NOV 5, 19[illegible]

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BEFORE THE FEDERAL ELECTION COMMISSION

IN RE

MUR 1589

ORIGINAL

DEPOSITION OF: RAYMOND KRINSKY

TAKEN ON: APRIL 10, 1984

Pelletier & Jones / Orange County

CERTIFIED SHORTHAND REPORTERS

3138 S. RITA WAY
SANTA ANA, CALIFORNIA 92704
(714) 641-8451

REPORTED BY: LINDA A. PAYAN, CSR #4426

FILE: 4-129/OC

9400471207

DEPOSITION OF RAYMOND KRINSKY,

TAKEN AT 24000 AVILA ROAD, LAGUNA HILLS, CALIFORNIA 92677, COMMENCING AT 1:30 P.M., ON TUESDAY, APRIL 10, 1984, BEFORE LINDA A. PAYAN, CSR #4426, A NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA, PURSUANT TO SUBPOENA.

APPEARANCES OF COUNSEL:

FOR THE FEDERAL ELECTION COMMISSION:	LOIS G. LERNER, ATTORNEY AT LAW AND LISA KLEIN, ATTORNEY AT LAW WASHINGTON, D.C. 20463
FOR SYLVIA KRINSKY AND RAYMONT KRINSKY:	DAVID A. LINN, ESQ. P.O. BOX 2328 OAKHURST, CALIFORNIA 93644

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RAYMOND KRINSKY,

AFTER HAVING BEEN DULY SWORN, WAS EXAMINED AND TESTIFIED AS FOLLOWS:

EXAMINATION

BY MS. KLEIN:

Q WOULD YOU PLEASE STATE YOUR NAME FOR THE RECORD.

A RAYMOND KRINSKY, K-R-I-N-S-K-Y.

Q WHAT IS YOUR PRESENT ADDRESS?

A 23542 VIA BENAVENTE, B-E-N-A-V-E-N-T-E, MISSION VIEJO, CALIFORNIA 92692.

Q MR. KRINSKY, HAVE YOU EVER BEEN DEPOSED BEFORE?

A YOU MEAN AS FAR AS IN A DEPOSITION?

Q RIGHT.

A I WAS IN BUSINESS FOR A NUMBER OF YEARS. SOME PEOPLE DIDN'T PAY THEIR BILLS. SO THAT IS THE ONLY THING THAT I HAVE GOT INVOLVED IN.

Q LET ME JUST REVIEW WITH YOU THAT WE WILL BE ASKING YOU QUESTIONS. AND IF YOU DO NOT UNDERSTAND A QUESTION, THEN PLEASE LET ME KNOW. ALSO, SO THAT I CAN REPHRASE THE QUESTION. IF YOU DON'T LET ME KNOW THAT YOU DON'T UNDERSTAND THE QUESTION, I WILL ASSUME THAT YOU HAVE UNDERSTOOD IT AND THAT YOUR ANSWER RESPONDS TO THE QUESTION.

ONE OTHER THING, AND THAT IS FOR THE COURT REPORTER, IF YOU ARE GOING TO ANSWER "YES" OR "NO," PLEASE SAY "YES" OR "NO" AND NOT JUST NOD YOUR HEAD. OKAY?

3 4 0 4 0 4 7 1 2 0 4

A YEAH, I REALIZE THAT.

Q ARE YOU REPRESENTED BY COUNSEL HERE TODAY?

A YES.

Q COULD YOU PLEASE STATE YOUR COUNSEL'S NAME FOR THE RECORD.

A DAVID LINN, L-I-N-N.

Q THANK YOU.

MR. KRINSKY, ARE YOU PRESENTLY EMPLOYED?

A NO. I AM RETIRED FROM THE MILITARY WITH DISABILITY.

Q AND WHEN DID YOU ACQUIRE THE RETIREMENT WITH DISABILITY?

A 1973.

Q SINCE YOU TERMINATED YOUR POSITION WITH THE MILITARY, HAVE YOU ENGAGED IN ANY OTHER OCCUPATION OR BUSINESS?

A NO.

Q DO YOU KNOW A MR. CHARLES KENNEY?

A YES.

Q WHEN DID YOU FIRST MEET HIM?

A APPROXIMATELY FOUR YEARS AGO OR SO.

Q 1980?

A AROUND THAT. I HAVE THE ACTUAL DATE HERE IF YOU WANT IT. I THINK IT'S THERE. I DON'T KNOW. I DON'T KNOW IF IT'S THE ACTUAL DATE. BUT APPROXIMATELY FOUR YEARS AGO.

Q AND HOW DID YOU MEET HIM?

A THERE WAS THE AREA THAT WE LIVE IN IS CALLED

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AN UNINCORPORATED AREA, AND WE BOTH WERE RUNNING FOR AN OFFICE, WHICH IS A NON-PAY OFFICE ON THE ADVISORY COUNCIL, WHICH IS RECOMMENDING -- IT IS A BODY THAT RECOMMENDS DIFFERENT IDEAS TO THE SUPERVISOR OF THE COUNTY.

Q SO YOU MET HIM DURING THAT PERIOD?

A DURING THAT PERIOD.

Q AND DURING THE TIME THAT YOU KNEW HIM, HOW OFTEN ON AN AVERAGE DID YOU SEE EACH OTHER?

A OH, I'D GO PAST HIM OR SOMETHING LIKE THAT. I DIDN'T SEE HIM MUCH AT ALL UNTIL WE GOT INVOLVED IN SOME REAL ESTATE TRANSACTIONS. THAT'S ALL.

Q DID YOU EVER HAVE A SOCIAL RELATIONSHIP WITH MR. KENNEY?

A NO.

Q YOU NEVER DID ANY SOCIAL FUNCTIONS TOGETHER?

A THERE WERE TWO TIMES. AND I HAD THAT IN THE LETTER. AND I CAN'T REMEMBER, YOU KNOW, RIGHT OFF THE TOP. BUT I REMEMBER THERE WERE TWO DIFFERENT FUNCTIONS THAT WE ATTENDED THAT I INVITED HIM TO GO TO. THESE WERE ONE WAS A NAVY DAY DINNER OUT IN LONG BEACH A FEW YEARS AGO AND ONE WAS ARMED FORCES RETIREE CHRISTMAS-TYPE CELEBRATION IN NEWPORT BEACH.

Q THE NAVY DAY DINNER WAS AFTER THE CHRISTMAS CELEBRATION?

A NO. NAVY DAY DINNER IS ALWAYS BEFORE. IT'S OCTOBER.

Q DO YOU KNOW WHAT MR. KENNEY DOES FOR A LIVING?

A WHAT HE DID OR WHAT HE IS DOING NOW?

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Q LET'S START WITH WHAT HE IS DOING NOW.

A THE LAST I HEARD, HE WAS SELLING CARS.

Q AND WHAT DID HE DO FOR A LIVING WHEN YOU FIRST MET HIM?

A HE WAS IN THE REAL ESTATE BUSINESS.

Q AND HOW DID YOU KNOW THAT HE WAS ENGAGED IN THE REAL ESTATE BUSINESS?

A HE INFORMED EVERYBODY. HE HAD CARDS.

Q DID HE GIVE YOU ONE OF HIS CARDS?

A THAT'S RIGHT. OR I'VE GOT TO SAY "YES." I'M SORRY.

Q THAT'S OKAY.

GOING BACK TO THE SOCIAL OCCASIONS THAT YOU SPENT WITH HIM, WAS THE NAVY DINNER IN 1982 OR 1981, DO YOU RECALL?

A CAN I ASK HIM A QUESTION? HE WAS THERE.

MR. LINN: A POINT OF CLARIFICATION. I THINK YOU HAVE YOUR DATES CONFUSED, RAY. THE NAVY DAY DINNER -- I SHOULDN'T BE TESTIFYING.

MS. LERNER: THAT'S ALL RIGHT FOR THIS PURPOSE. IT'S FINE.

MR. LINN: MR. KRINSKY TESTIFIED THAT THE NAVY DAY DINNER IS ALWAYS BEFORE, BUT I BELIEVE IN THIS INSTANCE -- I AM JUST REFRESHING YOUR RECOLLECTION -- THE NAVY DAY DINNER WAS AFTER ALL THIS TRANSACTION AND EVERYTHING ELSE.

THE WITNESS: OH, YEAH, YEAH, RIGHT.

MR. LINN: THEY ARE LOOKING FOR YEARS, RAY. THAT WOULD HAVE BEEN '82.

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BY MS. KLEIN:

Q OKAY. '82.

A THAT'S '82. THAT IS THE ONE THAT YOU WERE THERE.

Q '82, IS THAT A SPRING FUNCTION OR A SUMMER FUNCTION?

A NO, NO. IT'S AN ANNUAL -- IT'S A CELEBRATION OF NAVY DAY IN LONG BEACH. THE CITY OF LONG BEACH CELEBRATES NAVY DAY BY HAVING THE COMMANDER AND CHIEF OF THE PACIFIC FLEET, OR WHOEVER IS THERE, AS A GUEST SPEAKER.

Q DURING THAT TIME DID MR. KENNEY EVER TALK TO YOU ABOUT HIS BUSINESS?

A NOT AT THAT FUNCTION.

Q WHAT ABOUT AT THE ADVISORY COUNCIL MEETINGS?

A NO. WE NEVER TALKED ABOUT REAL ESTATE AT THE ADVISORY COUNCIL. WE TALKED ABOUT IT AT OTHER TIMES. HE INVITED ME TO THE OFFICE ONCE OR TWICE, HOWEVER A NUMBER OF TIMES IT WAS.

Q AND DID MR. KENNEY EVER APPROACH YOU ABOUT POSSIBLY DOING SOME REAL ESTATE BUSINESS WITH HIM?

A YES.

Q AND ABOUT HOW MANY TIMES DID HE APPROACH YOU ABOUT THIS?

A IT WAS A NUMBER OF TIMES. I CAN'T GIVE YOU THE EXACT NUMBER. IT WAS A NUMBER OF TIMES. BECAUSE HE HAD DIFFERENT PROPERTIES THAT HE WAS TRYING TO SELL, AND HE NEEDED SOMEBODY TO MAKE A SECOND TRUST DEED TO FACILITATE THE SALE.

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Q WHEN DID HE FIRST APPROACH YOU ABOUT SUCH A TRANSACTION?

A OH, THIS WAS IN '81 SOMETIME. NO. '80, 1980.

Q DID HE OWN OR HAVE AN INTEREST IN THE PROPERTY THAT HE WAS TRYING TO GET YOU TO INVEST IN?

A NO. ONE OF HIS SALES PEOPLE WAS PUTTING TOGETHER A SALE, AND THERE WAS A SHORTAGE OF CASH FOR THE SELLER TO WALK OUT OF. AND THEY NEEDED SOMEBODY TO GIVE A SECOND TRUST DEED IN ORDER TO HELP THE SALE ALONG.

Q DID YOU EVER GO AND SEE MR. KENNEY TO PROPOSE A BUSINESS TRANSACTION?

A NO.

Q DO YOU HAVE ANY IDEA OF WHY MR. KENNEY CAME TO YOU FOR SUCH FINANCING DEALS?

A HE CAME TO EVERYBODY, I FOUND OUT LATER.

Q AND BEFORE NOVEMBER OF 1981, DID YOU EVER ENTER INTO ANY BUSINESS DEAL WITH MR. KENNEY?

A 1980, I BELIEVE IT WAS 1980 THAT WE MADE TWO SECOND TRUST DEEDS. THOSE ARE THE ONES THAT ARE UNDER THE GUARANTEE THAT MR. LINN PREPARED.

Q THE TWO PRIOR TRANSACTIONS INVOLVED TRUST DEEDS?

A THAT'S ALL THEY INVOLVED.

Q COULD YOU TELL ME HOW MUCH YOU INVESTED THE FIRST TIME?

A WELL, THERE WERE TWO INVESTMENTS. I DON'T REMEMBER WHICH. THEY WERE BOTH ALMOST AT THE SAME TIME. ONE WAS $12,800, AND THE OTHER TIME WAS 25,000. THEY DIDN'T

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HAVE NOTHING TO DO WITH HIM. THESE WERE WRITTEN TO SEPARATE PEOPLE WHO BOUGHT THE PROPERTY.

Q WHAT DID HE SAY WHEN HE APPROACHED YOU ABOUT ENTERING INTO SUCH DEALS?

A THAT THERE WAS A REASONABLE RETURN TO BE EXPECTED, AND IT IS A SAFE INVESTMENT. AND IF I AM INTERESTED, HE WOULD LET ME CHECK THE PROPERTY OUT.

Q ON THESE TWO, THE 12,800 AND THE 25,000, DID HE COME TO YOUR HOME TO DISCUSS THESE DEALS?

A NO, NOT FOR THOSE, NO. I WAS DOWN AT HIS OFFICE. HE ASKED ME TO COME DOWN TO THE OFFICE AND AFTER I CHECKED THE PROPERTY OUT, THEN I CAME BACK TO HIM.

Q WHAT TYPE OF INVESTIGATION DID YOU DO IN EXPLORING THE PROPOSED IDEAS?

A I EXAMINED THE PROPERTY MYSELF. I WENT DOWN TO CHECK THE PROPERTY OUT TO SEE WHETHER IT HAD THE VALUE FOR THE AMOUNT OF ENCUMBRANCES THAT WOULD BE PLACED ON THE PROPERTY.

Q DID YOU CHECK OUT WHETHER THERE WERE ANY OTHER SECURITY INTERESTS IN SUCH A PROPERTY?

A THAT'S AUTOMATICALLY GIVEN, THAT THEY TELL YOU WHAT THE FIRST IS. AND YOU GET THE PAPERS ON THAT. IF YOU ARE MAKING A SECOND, THEN YOU KNOW WHAT THE ENCUMBRANCES WILL BE, AND YOU JUST DETERMINE THE VALUE YOURSELF AS TO WHETHER THE PROPERTY WILL HAVE THAT VALUE OR NOT.

Q WHAT TYPE OF RATE OF RETURN DID YOU HAVE ON YOUR INVESTMENTS?

A WELL, THE FIRST TWO, ACTUALLY IT COMES OUT

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ABOUT 15 PERCENT. BUT YOU BUY WHAT THEY CALL A DISCOUNTED SECOND TRUST DEED. AND WHEN YOU BUY A DISCOUNTED SECOND TRUST DEED, IT COULD GO UP POSSIBLY ANOTHER 8 OR 10 PERCENT. SO IT WOULD BE ANYWHERE FROM 23 TO 25 PERCENT. ONE PERSON DOESN'T PAY THAT. IT'S TWO PEOPLE THAT ARE PAYING THAT.

Q FOR THE FIRST TRANSACTION, DID IT CONCLUDE AS YOU HAD EXPECTED?

A THE FIRST TRANSACTION -- THERE WERE PROBLEMS WITH BOTH TRANSACTIONS, SOME PROBLEMS. BUT MORE SO WITH ONE PARTICULAR TRANSACTION THAT I HAD TO RETURN THE NOTE OF THE SECOND TRUST DEED, THE ARRANGEMENT THAT MR. LINN PREPARED AND HE SIGNED.

Q WAS THE PROBLEM IN TERMS OF PAYMENT?

A PAYMENT. THE PARTY HAD A PROBLEM MAKING A PAYMENT OF $160 A MONTH, AND I GOT SCARED. AND THEY WEREN'T PAYING THEIR TAXES, AND I DIDN'T WANT TO TAKE THAT PROPERTY OVER.

Q WAS YOUR WIFE A PARTY TO THESE OTHER TRANSACTIONS?

A WELL, BOTH NAMES ARE ON AS OWNERS OF THE SECOND NOTE TRUST DEED. SHE DIDN'T EXAMINE THE PROPERTIES OR ANYTHING. SHE KNOWS NOTHING ABOUT THAT.

Q WAS SHE PRESENT WHEN YOU DISCUSSED WHEN YOU WERE NEGOTIATING THESE DEALS?

A WELL, SHE KNEW ABOUT. SHE NEVER WENT DOWN WITH ME WHEN I TALKED ABOUT IT TO HIM.

Q BUT YOU TALKED WITH HER?

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A WELL, I TOLD HER ABOUT IT. BECAUSE SHE WRITES THE CHECKS. IF SHE DIDN'T WANT TO GO FOR IT, SHE DON'T GO FOR IT.

Q ON THESE OTHER TWO DEALS, IN TERMS OF SECURITY, WAS MR. KENNEY'S RESIDENCE EVER USED AS SECURITY?

A NOT FOR THESE FIRST TWO TRANSACTIONS. SEPARATE TRANSACTIONS, THAT'S STRICTLY TO DO WITH THE PEOPLE WHO BOUGHT THE PROPERTY.

Q DID YOU ASSIGN ANY OTHER PROPERTY THAT YOU MAY HAVE OWNED IN CONJUNCTION WITH THESE OTHER DEALS?

A NO. I ONLY OWNED ONE PIECE OF PROPERTY, MY OWN HOME.

Q WHEN WAS THE LAST TIME THAT YOU SAW MR. KENNEY?

A ARE YOU TALKING FROM THIS PERIOD?

Q I AM TALKING JUST GENERALLY IN TERMS OF FROM TODAY.

A I HAVEN'T SEEN HIM -- I DON'T KNOW. SIX, NINE MONTHS OR SOMETHING LIKE THAT.

Q HAVE YOU TALKED TO HIM RECENTLY?

A NO.

Q LET'S TALK ABOUT THE NOVEMBER 1981 LOAN. DID YOU LOAN MR. KENNEY MONEY IN NOVEMBER OF 1981?

A THAT'S CORRECT.

Q HOW MUCH MONEY DID YOU LOAN HIM?

A IT WAS $40,000.

Q WHEN DID YOU FIRST DISCUSS THE POSSIBILITY OF THIS LOAN?

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A WE HAD TALKED ABOUT IT I WOULD IMAGINE THREE OR FOUR, FIVE MONTHS PRIOR TO THAT. HE HAD TRIED TO GET ME TO LEND SOME MONEY ON A PIECE OF PROPERTY IN SAN CLEMENTE. THE HOUSE IS 3404 CALLE GRANDE VISTA, WHICH HE HAD AN INTEREST IN. IT WAS A MODEL HOUSE, AND HE WAS A BROKER, A SALES BROKER FOR THAT PARTICULAR PROPERTY THERE. AND I TOLD HIM THAT WAS NOT MY CUP OF TEA. I WAS NOT INTERESTED IN IT. SO THEN HE CAME UP WITH HIS OWN HOUSE AT LOVIUS.

Q THE FIRST CONVERSATION THAT YOU HAD WITH HIM ABOUT IT, WHERE DID THIS CONVERSATION TAKE PLACE?

A THE FIRST CONVERSATION? THAT WOULD BE HARD TO REMEMBER. CHANCES ARE IT MIGHT HAVE BEEN IN HIS BUSINESS OFFICE.

Q DID MR. KENNEY COME TO TALK TO YOUABOUT THE POSSIBILITY OF THIS LOAN?

A ONE LOAN HE CAME TO MY HOUSE AND HE TALKED TO BOTH ME AND MY WIFE. HE CAME HIMSELF.

Q WHAT WAS YOUR REACTION TO HIS IDEA?

A THE REACTION WAS THAT WE WOULD CHECK IT OUT AND SEE IF THE PROPERTY WAS -- HE WAS SUPPOSED TO TURN OVER CERTAIN DOCUMENTS TO ME FROM THE DOWNEY SAVINGS AND LOAN, WHO HAD JUST ORIGINALLY MADE HIS FIRST TRUST DEED. AND IF THE PAPERS WERE IN ORDER, THEN WE POSSIBLY WOULD GO FOR THE LOAN.

Q WAS THERE AN APPRAISAL DONE ON HIS HOME?

A THE APPRAISAL WAS DONE BY THE DOWNEY SAVINGS AND LOAN PEOPLE, WHICH WAS CURRENT. BECAUSE HE TOOK THAT

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LOAN OUT IN ABOUT MAY OR JUNE OF THAT YEAR OF '81. SO IT WAS A CURRENT NEW LOAN THAT HE JUST TOOK OUT.

Q DID HE HAVE THE APPRAISAL WITH HIM WHEN YOU INITIALLY DISCUSSED THIS?

A NO. HE HAD TO GET THE PAPERS. AND HE GAVE ME THE PAPERS FINALLY ON THE APPRAISAL, AND THERE WERE SOME OTHER PROBLEM. THERE WAS A PROBLEM WITH ENCUMBRANCES ON THE PROPERTY THAT HE WASN'T SUPPOSED TO ENCUMBER THE PROPERTY ANY FURTHER WITH A LOAN, AND I TOOK EXCEPTION TO THAT. I FOUND OUT IN THE CONTRACT, AND I ASKED MY ATTORNEY MR. LINN ABOUT IT. AND WE TOLD HIM THAT WE COULDN'T GO ALONG WITH THAT UNLESS HE GOT THAT CLAUSE REMOVED FROM THE AGREEMENT OR ELSE THERE WOULD BE NO TRANSACTION.

Q YOU SAID THAT HE FIRST CAME TO YOU TO DISCUSS A LOAN ON A MODEL HOME PROPERTY?

A THAT WASN'T THE FIRST TIME. THE FIRST TIME WAS THOSE TWO LOANS THAT YOU TALKED ABOUT ORIGINALLY. THIS WAS HIS OWN LOAN WE ARE TALKING ABOUT NOW. I WANT TO KNOW WHEN YOU ARE GETTING BACK ON THE OTHER SIDE.

Q BEFORE HE CAME TO DISCUSS A LOAN ON HIS OWN PROPERTY, WAS IT SHORTLY BEFORE THAT THAT HE MENTIONED A HOME IN SAN CLEMENTE WHICH WAS A MODEL HOME?

A HE MENTIONED THAT IN THE SUMMER OF THAT YEAR, '81.

Q BUT THEY WERE SEPARATE CONVERSATIONS?

A SEPARATE CONVERSATIONS. I TOLD HIM I WASN'T INTERESTED, AS I TOLD YOU PREVIOUSLY.

Q WHAT WAS THE AMOUNT OF THE INVESTMENT IN THE

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MODEL HOME?

A HE DIDN'T TELL ME. HE JUST HAD A NUMBER OF PEOPLE ON IT. AND HE WANTED ME TO GET INTO IT, TOO. HE DIDN'T SPECIFY ANY AMOUNT.

Q WAS ANYONE ELSE PRESENT WHEN HE CAME TO YOUR HOME ON THAT FIRST OCCASION THAT HE CAME TO YOUR HOME TO DISCUSS THE NOVEMBER 1981 LOAN?

A NO. JUST THE THREE OF US: MY WIFE, MYSELF, AND HIM.

Q DID YOU DISCUSS THIS CONVERSATION THAT YOU HAD HAD WITH MR. KENNEY WITH ANYONE?

A DISCUSSED THE CONVERSATION?

Q THE FIRST CONVERSATION THAT YOU HAD HAD.

A YOU GOT ME. WHICH CONVERSATION ARE WE TALKING ABOUT?

Q MR. KENNEY CAME TO YOUR HOME TO PROPOSE A LOAN ON HIS PERSONAL RESIDENCE.

A ONE TIME. THAT'S ALL. JUST THE ONE TIME. HE NEVER CAME TO MY HOUSE MORE THAN ONE TIME.

Q YOU SAID THAT YOUR WIFE WAS PRESENT, YOU WERE THERE, AND MR. KENNEY WAS THERE?

A THAT IS CORRECT.

Q AFTER THIS CONVERSATION, DID YOU TALK ABOUT IT WITH ANYONE ELSE?

LET ME TRY TO HELP. DID YOU TALK ABOUT THE PROPOSED BUSINESS DEAL WITH ANYONE ELSE?

A OH, SURE. I TALKED WITH THE DOWNEY SAVINGS AND LOAN PEOPLE. THAT HAPPENED TO BE MY BANK. AND I CHECKED

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WITH THEM AS TO ABOUT THAT ENCUMBRANCE. AND THEY SAID THAT THEY WERE GOING TO STICK TO IT, THAT UNLESS HE GOT IT REMOVED, THAT WAS MY RISK IF I WANTED TO MAKE LOAN ON THAT BASIS.

Q WHEN HE CAME TO YOUR HOME TO DISCUSS IT, WERE YOU AWARE AT THAT TIME THAT MR. KENNEY MIGHT RUN FOR OFFICE?

A NO, NO.

Q WHEN DID YOU LEARN THAT MR. KENNEY MIGHT RUN FOR CONGRESS?

A AT THE TIME WHEN WE COMPLETED THE REAL ESTATE DISCUSSION, HE HAD MENTIONED THAT HE WAS THINKING OF RUNNING FOR OFFICE. AND AT THE TIME HE SAID HE WASN'T SURE WHETHER THE STATE OFFICE OR FEDERAL OFFICE.

Q THIS WAS AT THE FIRST MEETING?

A THIS IS AT THE ONLY MEETING THAT WE HAD IN MY HOUSE, THE ONE AND ONLY MEETING THAT WE EVER HAD IN MY HOUSE.

Q COULD YOU TELL ME APPROXIMATELY HOW MANY OTHER CONVERSATIONS YOU HAD WITH MR. KENNEY BEFORE YOU AGREED TO LEND HIM THE MONEY?

A THERE WERE A NUMBER OF THEM. BECAUSE, SEE, I HAD TO GET AN ATTORNEY TO GET THE ENCUMBRANCE CLAUSE REMOVED FROM THE AGREEMENT. AND THIS WAS CONVERSATIONS BACK AND FORTH ON THE SAME SUBJECT UNTIL THE PAPERS WERE READY. AND WE HAD TO GO BACK EAST. AND I SAID TO HIM IF HE WASN'T GOING TO GET THAT READY IN TIME, THAT I WOULDN'T BE ABLE TO DO ANYTHING.

THERE WAS ONE OTHER THING IN REGARDS TO --

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WELL, IT SLIPS MY MIND AT THE MOMENT. IT WILL COME BACK TO ME.

Q DURING THESE OTHER CONVERSATIONS, DID HE EVER MENTION AGAIN THAT HE WAS THINKING OF RUNNING FOR CONGRESS?

A NO. HE NEVER FULLY CAME OUT AND SAID SPECIFICALLY THAT HE WAS GOING TO RUN FOR CONGRESS PER SE. HE SAID HE INTENDED TO RUN FOR FEDERAL OFFICE. I ASSUMED IT WAS CONGRESS. BECAUSE WHAT ELSE COULD HE RUN FOR? HE CAN'T RUN FOR NO U.S. SENATE.

Q DID HE MENTION THAT HE WAS THINKING OF RUNNING FOR FEDERAL OFFICE DURING ANY OF THESE CONVERSATIONS?

A YEAH, HE DID MENTION THAT. HE HAD AN IDEA THAT HE WAS EITHER GOING TO RUN FOR A STATE OFFICE OR A FEDERAL OFFICE IS WHAT HE TOLD ME.

Q AND HE MENTIONED THAT TO YOU ON MORE THAN ONE OCCASION?

A ONE OCCASION. THAT'S ALL. JUST THAT ONE OCCASION.

Q DO YOU RECALL WHICH OCCASION THAT WAS THAT HE MENTIONED IT TO YOU?

A AFTER THAT, I BELIEVE IT WAS AFTER THAT, THE TRANSACTION IN THE HOUSE WHERE HE DISCUSSED WHAT HE NEEDED, THE LOAN HE WANTED ON HIS PROPERTY.

Q AFTER THE INITIAL CONVERSATION ABOUT THE LOAN ON HIS HOME, THEN?

A YEAH. IT WAS SORT OF A STATEMENT IN PASSING, IF YOU WILL.

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Q DO YOU REMEMBER ON WHAT DATE YOU FINALLY AGREED TO LEND MR. KENNEY THE MONEY THAT HE HAD REQUESTED?

A WELL, THE FINAL DATE -- THE PAPERS ARE HERE. I THINK IT'S NOVEMBER 10TH OR 11TH OR SOMETHING LIKE THAT IS WHEN THE ESCROW PEOPLE HANDLED THE THING, WHICH TURNED OUT TO BE HIS ESCROW COMPANY, AND I DIDN'T EVEN KNOW THAT.

Q WAS THERE A LONG PERIOD OF TIME BETWEEN THE TIME YOU AGREED TO LEND HIM THE MONEY AND THE TIME THAT IT MOVED THROUGH ESCROW?

A IT WASN'T A LONG PERIOD. WHATEVER TIME IT TOOK TO GET THE PAPERS PREPARED WITH HIS ATTORNEY THROUGH THE DOWNEY SAVINGS AND LOAN AND GET THAT ENCUMBRANCE REMOVED, WHICH BASICALLY, AGAIN, AS I SAID, YOU CANNOT BORROW ANY MORE MONEY ON THAT PROPERTY. HE WAS TRYING TO BORROW MORE MONEY ON THE PROPERTY.

Q MR. KRINSKY, EXCUSE ME. WOULD YOU APPROXIMATE THE TIME BETWEEN YOUR DECIDING TO LEND HIM THE MONEY AND THE TIME THE DEAL WAS CONCLUDED.

A THE TIME I LENT HIM THE MONEY? I WOULD THINK IT COULD HAVE BEEN ABOUT A MONTH'S TIME OR SOMETHING LIKE THAT, OFF THE TOP OF MY HEAD. I DON'T HAVE THE STUFF IN FRONT OF ME HERE. IF IT'S IMPORTANT, I CAN TRY TO SHAPE IT UP FOR YOU.

Q WHAT WAS THE AMOUNT OF THE LOAN OF THE NOVEMBER 1982 LOAN?

A $40,000. THAT'S WHAT THE ESCROW INSTRUCTIONS ARE. DO I HAVE TO BREAK THE ESCROW THING OUT OR NOT?

MR. LINN: JUST ANSWER THE QUESTION.

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BY MS. KLEIN:

Q WHAT WAS YOUR EXPECTED RATE OF RETURN ON THE LOAN?

A EXPECTED RATE OF RETURN I BELIEVE WAS 28 PERCENT.

Q WHAT SECURITY WAS TAKEN FOR THIS LOAN?

A THE SECOND NOTE AND TRUST DEED ON HIS HOME AT LOVIUS.

Q HOW WAS THE MONEY TRANSFERRED?

A HOW WAS THE MONEY TRANSFERRED? THE MONEY WAS TRANSFERRED FROM TWO SAVINGS ACCOUNTS THAT I HAD SOME MONEY IN, WE COMBINED. WE BROUGHT TWO CHECKS DOWN TO THE ESCROW COMPANY AND TURNED IT IN THAT WAY.

Q WHY WAS THE RATE OF INTEREST 28 PERCENT?

A WELL, THE RATE OF INTEREST AT THAT TIME, IF YOU MIGHT REMEMBER, WAS RUNNING AROUND 19 PERCENT. AND ANY OF THE SECOND TRUST DEEDS WERE RUNNING THAT MUCH OR FIVE POINTS MORE, 5 PERCENT MORE. FOR THE FACT THAT NO PAYMENTS WOULD BE MADE IN A YEAR'S TIME, THAT IS WHAT WAS GOING AT THAT TIME. THAT WAS THE GOING RATE AT THAT TIME FOR THAT TYPE OF A TRANSACTION.

Q YOU COMBINED YOUR SAVINGS ACCOUNT AND GOT A BANK CHECK FOR THIS?

A WE GOT TWO SAVINGS ACCOUNT CHECKS AND BROUGHT THEM IN AND GOT ONE BANK CHECK FROM ONE BANK, A SAVINGS ACCOUNT CHECK TO TURN INTO THE ESCROW COMPANY. YOU PEOPLE HAVE COPIES OF THAT. I TURNED THAT IN.

Q NOW GOING BACK TO THE OTHER TIMES THAT YOU

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INVESTED IN THE REAL ESTATE, DID YOU USE BANK CHECKS FOR THOSE TRANSACTIONS?

A ALWAYS BANK CHECKS. THEY WON'T TAKE ANYTHING ELSE.

Q FOR THE RECORD, I AM GOING TO SHOW MR. KRINSKY WHAT IS MARKED AS EXHIBIT "D" WHICH PURPORTS TO BE A NOTE SECURED BY DEED OF TRUST AND ESCROW INSTRUCTIONS. MR. KRINSKY, DO YOU RECOGNIZE THIS DOCUMENT?

A YES.

MS. LERNER: PLEASE LOOK AT ALL FOUR PAGES.

THE WITNESS: YES.

BY MS. KLEIN:

Q WHAT DO YOU RECOGNIZE IT TO BE?

A THAT IS THE SECOND NOTE AND TRUST DEED THAT I GAVE ON HIS HOUSE.

Q FOR OUR PURPOSES WE WILL REFER TO EXHIBIT "D," PAGE 6. IF YOU WILL LOOK AT WHAT IS MARKED UNDER INSTRUCTIONS AND BEING NUMBER TWO, IT STATES, "RAYMOND AND SYLVIA KRINSKY TO ASSIGNED NOTE AND DEED OF TRUST COVERING OTHER PROPERTY TO CHARLES G. KENNEY AND MARY J. KENNEY, HUSBAND AND WIFE AS JOINT TENANTS."

COULD YOU TELL ME WHAT PROPERTY WAS ASSIGNED?

A THAT'S THE OTHER SECOND NOTE AND TRUST DEED THAT WE HAD THE ATTORNEY PREPARE ON AN OPTION. IF THEY DIDN'T PERFORM THAT, HE WAS SUPPOSED TO TAKE IT BACK ON A GUARANTEED BASIS.

Q WHO IS "HE"?

A MR. KENNEY.

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Q CORRECT ME IF I AM WRONG. YOU HAD THE GUARANTEE ON IT, AND WHEN YOU INVESTED IN THIS NOTE AND TRUST DEED, HE WAS TO TAKE IT BACK IF THERE WAS A PROBLEM?

A THE GUARANTEE WAS PREPARED BY MY ATTORNEY, MR. LINN -- AND I HAVE A COPY OF IT HERE -- THAT IN THE EVENT THAT THESE PEOPLE DID NOT PAY ON TIME, I HAD THE OPTION TO RETURN THE SECOND NOTE AND TRUST DEED TO HIM, AND HE WOULD REIMBURSE ME.

Q WHY WAS THE ASSIGNMENT INCLUDED IN THIS TRANSACTION?

A THE ASSIGNMENT WAS INCLUDED IN THE TRANSACTION BECAUSE AT THE LAST MINUTE, MY WIFE HAD DECIDED THAT SHE DIDN'T LIKE THE SITUATION BECAUSE OF THE PEOPLE NOT PAYING PROPERLY. AND I GUESS SHE FELT THAT SHE WANTED TO GET HIM TO MAKE GOOD ON IT. AND IF HE DIDN'T, THEN THERE WOULD BE NO BUSINESS TRANSACTION.

Q WHAT WAS THE VALUE OF THIS PROPERTY?

A WELL, IT WAS A NOTE. IT DIDN'T HAVE ANYTHING TO DO WITH THE VALUE OF THE PROPERTY. I WOULDN'T OFFHAND KNOW THE VALUE OF THE PROPERTY. IT COULD BE WORTH 150,000. IT COULD BE WORTH 125,000. I DON'T KNOW OFFHAND. I'M TALKING ABOUT MY NOTE IS ALL I WOULD KNOW ABOUT. I WOULDN'T KNOW ABOUT ANYTHING ELSE.

Q THE AMOUNT OF THE NOTE?

A THE AMOUNT OF THE NOTE WAS $16,000. THAT IS A MATTER OF RECORD.

Q WHEN YOU MADE THE NOVEMBER 1981 LOAN, WHAT DID YOU PERCEIVE TO BE THE PURPOSE OF THE LOAN?

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A I KNEW HE NEEDED MONEY. THAT'S ALL. I DON'T KNOW. MY PURPOSE WAS TO EARN AN INTEREST RATE WHICH IS COMMENSURATE WITH WHAT WAS GOING ON AT THE OUTSIDE.

Q WHAT DID MR. KENNEY TELL YOU ABOUT WHY HE NEEDED THE MONEY?

A TRUTHFULLY HE JUST SAID HE NEEDED THE MONEY. THAT IS ALL HE SAID.

Q DID YOU ASK HIM WHY HE NEEDED THE MONEY?

A I MENTIONED TO HIM. HE SAYS HE'S INVOLVED IN SOME PROPERTIES. THAT'S THE BEST THAT HE TOLD ME AT THAT TIME. EXCEPT, YOU KNOW, THE LAST STATEMENT THAT I TOLD YOU BEFORE WHEN HE STEPPED OUT.

Q DO YOU KNOW WHEN MR. KENNEY FIRST DECLARED HIS CONGRESSIONAL CANDIDACY?

A SOMETIME IN THE BEGINNING OF '82, I BELIEVE IT WAS.

Q AND HOW DO YOU KNOW THIS?

A BECAUSE I WENT DOWN TO THE COUNTY REGISTRAR'S OFFICE AND GOT COPIES OF ALL THE DOCUMENTS THAT HE FILED, WHICH IS A MATTER OF PUBLIC RECORD TO ANYBODY THAT WANTS TO PAY THE COPY MONEY CAN GET ALL THE COPIES THEY WANT.

Q WHEN YOU MADE THE LOAN, THE NOVEMBER 1981 LOAN, DID YOU THINK YOU WERE HELPING HIM IN HIS CAMPAIGN BY LENDING HIM THE MONEY?

A NO.

Q DID MR. KENNEY EVER TELL YOU WHY HE WANTED TO BORROW THE MONEY FROM YOU RATHER THAN FROM A BANK?

A NO, HE DIDN'T TELL ME THAT. BUT I KNOW THE

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REASON. I KNOW IT TOO LATE. DO YOU WANT THE ANSWER TO THAT? I'LL GIVE IT TO YOU. HE COULDN'T GET IT FROM ANYBODY ELSE. I GOT SMART TOO LATE.

Q DID KENNEY EVER TELL YOU THAT HE WAS INDEED GOING TO RUN FOR CONGRESS?

A LATER ON IN SOMETIME IN '82 HE STARTED TO GET PEOPLE TOGETHER AND WAS ASKING PEOPLE TO HELP HIM IN THE CAMPAIGN.

Q DID HE EVER APPROACH YOU FOR YOUR HELP IN HIS CAMPAIGN?

A HE APPROACHED ME AND ASKED ME IF I COULD HELP HIM WITH SOME, YOU KNOW, OUTSIDE ACTIVITY TOWARDS THE CAMPAIGN TALKING TO DIFFERENT GROUPS AND STUFF LIKE THAT.

Q DID HE EVER ASK WHETHER YOU WOULD LEND HIM MONEY FOR HIS CAMPAIGN?

A NO. HE NEVER CAME OUT DIRECTLY AND SAID TO LEND HIM MONEY FOR THE CAMPAIGN.

Q DID HE EVER ASK YOU TO MAKE A CONTRIBUTION TO HIS CAMPAIGN?

A YES, HE DID.

Q DID MR. KENNEY EVER TELL YOU IN REGARDS TO WHY HE NEEDED THE LOAN THAT HE WANTED TO BE ABLE TO PAY OFF HIS BUSINESS DEBTS SO THAT HE COULD ACQUIRE MORE MONEY FOR THE CAMPAIGN?

A HE NEVER SAID THAT TO ME ONE WAY OR THE OTHER.

Q DID MR. KENNEY EVER TELL YOU THAT HE MAY NOT BE AS ACTIVE IN REAL ESTATE DURING HIS CAMPAIGN?

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A WELL, HE DIDN'T SAY THAT. BUT THAT IS FAIRLY OBVIOUS THAT YOU CAN'T SPEND THE TIME IN BOTH PLACES. THAT IS WHY HE CLOSED UP THE OFFICE AND WENT TO THE OTHER ONE.

Q MR. KRINSKY, DID MR. KENNEY EVER SAY ANYTHING OR DO ANYTHING THAT GAVE YOU THE IMPRESSION THAT HE WANTED TO BORROW MONEY FROM YOU TO USE IN HIS CAMPAIGN?

A NO, NOT WHEN WE LENT HIM THE MONEY ORIGINALLY. WHEN WE LOANED HIM THE MONEY ON THE PROPERTY, HE NEVER SAID ANYTHING LIKE THAT.

Q COULD YOU BE A BIT MORE PRECISE IN WHEN HE CAME TO YOU FOR HELP IN HIS CAMPAIGN?

A THAT WAS SOMETIME IN '82, '82 WHEN HE STARTED THE CAMPAIGN, AND THEN HE WAS PUTTING OUT FLYERS THAT HE WAS GOING TO RUN AND ALL OF THAT, HE ASKED IF I COULD HELP HIM AND WOULD ATTEND SOME OF THE FUNCTIONS TO MAKE THINGS LOOK GOOD AND HAVE A CERTAIN AMOUNT OF PEOPLE SITTING THERE.

Q WHY DID YOU FILE A COMPLAINT WITH THE FEDERAL ELECTION COMMISSION?

A WELL, I FILED A COMPLAINT WITH THE FEDERAL ELECTION COMMISSION PEOPLE BECAUSE IN WHAT I FOUND OUT, I FOUND OUT THAT HE HAD VIOLATED THE LAW IN CERTAIN RESPECTS. HE HAD TOLD ME SO MANY CONFLICTING STORIES, THAT NOTHING ADDED UP. AND I DON'T HAVE TO FEEL BAD. HE HAD DONE IT TO A NUMBER OF OTHER PEOPLE, TOO.

Q WHAT DO YOU MEAN BY CONFLICTING STORIES?

A CONFLICTING STORIES ABOUT AS FAR AS FINANCES ARE CONCERNED. WHAT HE WAS DOING, BASICALLY -- OF COURSE, WE

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FOUND THIS OUT LATER ON -- THAT HE WAS TAKING MONEY FROM PETER TO PAY PAUL IS WHAT IT AMOUNTS TO IN JUST A COMPLETE CYCLE. AND IT HAD TO COME OUT SOONER OR LATER.

Q THE DEALINGS THAT HE ENGAGED IN, WAS THAT FOR THE PURPOSE OF HIS CAMPAIGN?

A WHAT DEALINGS ARE YOU TALKING ABOUT?

Q THE DIFFERENT STORIES THAT HE TOLD PEOPLE, WAS HE ACTUALLY TRYING, IN YOUR OPINION, TO FINANCE HIS CAMPAIGN?

A HE WAS TRYING TO GET MONEY ANY WAY HE COULD.

Q FOR THE PURPOSE OF HIS CAMPAIGN?

A I THINK SO. BUT, YOU KNOW, I CAN'T TALK FOR OTHER PEOPLE.

Q WHAT LEADS YOU TO HAVE THIS IMPRESSION?

A WELL, BECAUSE IN TWO DIFFERENT INSTANCES HE DIDN'T TURN TO PEOPLE THAT HE WAS GOING TO NEED MONEY FOR HIS CAMPAIGN THROUGH OTHER PEOPLE. THIS SECOND NOTE AND TRUST DEED OF MINE THAT HE SOLD, WHICH HE HAD NO AUTHORITY OR RIGHT TO SELL, AND WE HAVE A CASE GOING ON RIGHT NOW. SO THERES -- I DON'T KNOW WHETHER HE WANTS ME TO GET INVOLVED IN THAT. HE HAD NO AUTHORITY TO SELL THAT DOCUMENT. YOU HAVE IT RIGHT ON HERE, THIS LAST ITEM NUMBER 4, HE WAS SUPPOSED TO RETURN THE DOCUMENT TO ME.

MR. LINN: RAY, WOULD YOU LISTEN TO THE QUESTIONS AND ANSWER THE QUESTIONS.

THE WITNESS: I'M SORRY. GO AHEAD.

BY MS. KLEIN:

Q WHAT GAVE YOU THE IMPRESSION THAT HE WAS

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TRYING TO FINANCE HIS CAMPAIGN AND TELLING DIFFERENT STORIES TO PEOPLE?

A THIS MR. TRAPASSO, WHO BOUGHT MY SECOND NOTE AND TRUST DEED, NOT KNOWING WHO I WAS OR ANYTHING LIKE THAT, I MET WITH THIS GENTLEMAN. AND I TRIED TO GET MY ATTORNEY TO SEE IF HE COULD GET A COURT ORDER TO DETERMINE OWNERSHIP, RIGHTFUL OWNERSHIP OF THE SECOND NOTE AND TRUST DEED IN COURT. AND HE TOLD ME THAT IT WAS BOUGHT IN GOOD FAITH AND THAT HE COULDN'T DO ANYTHING. I SPOKE TO THE GENTLEMAN, AND THE GENTLEMAN TOLD ME THAT THE SALESPERSON WHO WORKED FOR MR. KENNEY WHO SOLD HIM THE SECOND NOTE AND TRUST DEED, HE ASKED HIM WHY IS HE SELLING THIS THING, BECAUSE HE SAW THE NAMES ON HERE. SHE SAID TO HIM THAT HE'S SELLING IT BECAUSE HE NEEDS MONEY FOR HIS CAMPAIGN. AND THAT WAS DURING THAT PERIOD OF THE CONGRESSIONAL PERIOD.

AND THE SECOND ONE WAS WITH MR. BRUSCA, WHO I HAPPENED TO HAVE A CONVERSATION WITH TO CONSOLIDATED HOME LOANS WHERE YOU PEOPLE CLAIM THAT HE SAID THAT THAT IS WHERE HE GOT HIS MONEY FROM, THE $40,000. MR. BRUSCA REFUTES THAT STATEMENT AND SAID ALL HE GAVE WAS $7400.

Q DID HE SAY ANYTHING ABOUT FINANCING FOR HIS CAMPAIGN?

A HE SAID THE SAME THING TO HIM, THAT HE WAS GOING TO NEED MONEY FOR HIS CAMPAIGN. BOTH THOSE PEOPLE HE MADE THE STATEMENT TO.

Q WAS THERE ANYTHING THAT MADE YOU FEEL IN NOVEMBER OF 1981 THAT HE WANTED TO BORROW THE MONEY FOR HIS CAMPAIGN?

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A NO. I DIDN'T FEEL THAT WAY AT THAT TIME. IT WAS LATER ON THAT I FELT THAT WAY, AFTER HIS TRANSACTION.

Q DID YOU THINK THAT THE FEDERAL ELECTION COMMISSION COULD HELP YOU GET SOME OF YOUR MONEY BACK THAT YOU SEEMED TO HAVE LOST?

A NO, I DIDN'T THINK THE FEDERAL ELECTION COMMISSION COULD HELP ME GET ANY MONEY THAT I LOST. I WAS JUST CONCERNED WITH THE -- CAN I ASK HIM SOMETHING?

MS. LERNER: WHY DON'T YOU FINISH THE ANSWER.

THE WITNESS: BECAUSE IT'S PART OF WHAT I WANTED TO SAY RIGHT NOW. I CAN'T OR I CAN.

MR. LINN: WHY DON'T YOU FINISH THE QUESTION.

BY MS. KLEIN:

Q TRY TO ANSWER THE QUESTION.

A GO AHEAD. LET ME HEAR THE QUESTION AGAIN.

Q DID YOU THINK THAT THE F.E.C., FEDERAL ELECTION COMMISSION, COULD ASSIST YOU IN GETTING BACK YOUR MONEY?

A WELL, I DIDN'T THINK THAT THEY COULD HELP ME GET BACK MY MONEY. I DON'T KNOW THAT THEY HELP ANYBODY GET ANY MONEY. I DON'T THINK THAT'S THEIR FUNCTION.

Q WHY DID YOU FILE THE COMPLAINT WITH THE F.E.C.?

A I FILED THE COMPLAINT BECAUSE I FELT THAT WHEN I WENT TO THE COUNTY REGISTRAR'S OFFICE AND GOT ALL THE DOCUMENTS ON THE REPORTING, I HAD INFORMED YOUR OFFICE THAT THEY HAD MADE AN ERROR. THEY HAD MADE TWO ERRORS. ONE, THEY SAID THAT THEY CHECKED, AND WE HAD BOTH DONE NOTHING WRONG ON THE FIRST LETTER, WHICH I HAVE HERE. AND EVERYBODY IS CLEAN. THERE IS NOTHING WRONG AND ALL OF THAT. AND I

3 4 0 4 0 4 7 1 2 2 7

HAD NEVER GIVEN ANY MONEY TO ANYBODY FOR ANY CAMPAIGN. AND I KNOW THAT I GAVE $250 ON TWO DIFFERENT PERIODS TO HIS CAMPAIGN, PLUS $125 WE WENT TO A RECEPTION. SO THERE WAS A TOTAL OF $625 THAT WE KNOW WE GAVE. WHATEVER WE WERE ALLOWED OFF TAXWISE, WE TOOK OFF.

Q EXCUSE ME FOR INTERRUPTING, MR. KRINSKY. MY QUESTION IS, WHY DID YOU INITIALLY FILE A COMPLAINT WITH THE F.E.C.?

A THE FIRST COMPLAINT?

Q THE FIRST COMPLAINT.

A OH, ALL RIGHT. I FEEL THAT THE FIRST COMPLAINT BASICALLY WAS THE $40,000 FIGURE THAT I UNEARTHED A COPY OF HIM LENDING $40,000, THAT FIGURE, TO HIS CAMPAIGN, AND TAKING IT OUT THREE OR FOUR DAYS LATER. I TRIED TO CHECK ON THAT, AND NOBODY COULD GIVE ME AN ANSWER WHY ANYBODY WOULD DO THAT. THAT ANNOYED ME.

Q THE $40,000 THAT YOU SAW IN MR. KENNEY'S CAMPAIGN FILINGS, DID YOU THINK THAT HAD ANY RELATIONSHIP TO THE MONEY YOU HAD LENT HIM?

A I WAS WONDERING.

Q WHAT MADE YOU THINK THAT IT MIGHT BE?

A THE SAME FIGURE. THERE WAS NO OTHER $40,000 IN HIS CAMPAIGN REPORT.

Q MAY THE RECORD REFLECT THAT I AM SHOWING TO MR. KRINSKY AN EXHIBIT MARKED EXHIBIT "A." THIS PURPORTS TO BE A LETTER WHICH IS DATED MAY 16TH, 1983, COMPRISING OF A COMPLAINT FILED WITH THE FEDERAL ELECTION COMMISSION. MR. KRINSKY, DO YOU RECOGNIZE THIS?

8404071228

A YEAH, I RECOGNIZE THAT.

Q AND WHAT IS IT?

A IT IS A STATEMENT THAT I MADE TO THE FEDERAL ELECTION COMMISSION PEOPLE.

Q IT INDICATES THAT IT'S SIGNED BY RAYMOND KRINSKY. IS THAT YOUR SIGNATURE?

A THAT IS MY SIGNATURE, RIGHT.

Q AND IT INDICATES THAT IT WAS SIGNED UNDER OATH.

A LET ME SEE THAT AGAIN, PLEASE. IT'S BEEN SOME TIME.

Q DO YOU RECOGNIZE THIS AS BEING SOMETHING THAT YOU FILED WITH THE FEDERAL ELECTION COMMISSION?

A EVIDENTLY I DID. EVIDENTLY I DID.

Q AT THIS TIME I WOULD LIKE TO SHOW YOU WHAT IS MARKED AS EXHIBIT "B," MR. KRINSKY. IT IS DATED SEPTEMBER 12, 1983, AND PURPORTS TO BE A LETTER TO THE FEDERAL ELECTION COMMISSION. DO YOU RECOGNIZE THIS EXHIBIT, MR. KRINSKY?

A THE SIGNATURES ARE OURS. YOU KNOW, IT'S MY SIGNATURE.

Q DID YOU PREPARE THIS LETTER, MR. KRINSKY?

A THIS ONE HERE?

Q YES. DID YOU WRITE IT?

A WHAT IS THE DATE? SEPTEMBER 12TH? YEAH, THIS LOOKS LIKE ONE OF THE LETTERS WE PREPARED, RIGHT.

Q AND THIS LETTER MARKED EXHIBIT "B" IS SIGNED AND SUBSCRIBED TO BY YOU?

A YEAH, THAT'S RIGHT. LET'S SEE WHAT I SAID HERE.

8404047 1229

Q LET'S REFER TO EXHIBIT "A." THE FIRST PARAGRAPH SAYS, "ON TWO SEPARATE OCCASIONS BETWEEN OCTOBER 1, AND NOVEMBER 9, 1981, MR. CHARLES VISITED MY HOME TO DISCUSS A LOAN OF $40,000, FOR A PERIOD OF ONE YEAR WHICH HE CLAIMED HE NEEDED FOR HIS CONGRESSIONAL CAMPAIGN, AS HE CLAIMED HE INTENDED TO RUN AS A CANDIDATE FOR THE 43RD CONGRESSIONAL DISTRICT RACE PRIMARY."

EARLIER YOU STATED THAT HE HAD ONLY COME TO YOUR HOME ONCE.

A THAT IS WHAT I SEEM TO REMEMBER RIGHT NOW IS ONE TIME.

Q IN MAY OF 1983, YOU REMEMBERED THAT HE HAD COME TWICE THEN.

A 1983?

Q THAT IS THE DATE ON THIS LETTER.

A I ONLY REMEMBER ONE TIME. BUT MAYBE I WROTE TWICE. I DON'T KNOW.

Q IN THE PORTION THAT I JUST READ TO YOU, YOU INDICATED THAT HE VISITED THE HOME TO DISCUSS A LOAN THAT HE CLAIMED HE NEEDED FOR HIS CONGRESSIONAL CAMPAIGN. EARLIER YOU SAID THAT HE NEVER MENTIONED AT THAT POINT THAT HE WANTED MONEY FOR HIS CAMPAIGN. CAN YOU EXPLAIN THIS TO ME?

A WELL, THE ONLY WAY THAT I COULD EXPLAIN IT IS THAT WHEN I PUT THIS DOWN, I PUT DOWN WHAT I FEEL THAT HE LET ME KNOW LATER ON. ACTUALLY -- CAN I FINISH, PLEASE? ACTUALLY, HE DIDN'T SAY THAT HE NEEDED THE MONEY FOR THE CAMPAIGN AT THAT TIME. HE HAD SAID THAT LATER ON. AND BY SOME ERROR, EVIDENTLY, I COMBINED THE THING IN HERE TO

3404712 30

SHORTEN SPACE OR SOMETHING. BUT AT THE TIME HE DID NOT SAY THAT HE NEEDED IT FOR HIS CONGRESSIONAL CAMPAIGN. HE WASN'T RUNNING FOR ANYTHING AT THE TIME.

Q MR. KRINSKY, LET'S LOOK AT EXHIBIT NO. "B," WHAT IS THE FIFTH PARAGRAPH. IT HAS A 2 IN PARENTHESES, AND BEGINS --

A SECOND PARAGRAPH?

Q YES. "YOUR PAGE (2) PARAGRAPH (1)," THAT IS HOW IT BEGINS.

A YEAH, OKAY.

Q SECOND SENTENCE SAYS, "WHEN HE REQUESTED OUR HELP TOWARDS HIS CONGRESSIONAL CAMPAIGN; WE ALSO REALIZED THAT WE HAD NO CONTROL OVER THE FUNDS LOANED, ONCE HE RECEIVED THE $40,000."

WHY DID YOU WRITE THIS IN THIS SIGNED-AND-SWORN-TO LETTER?

A YOU ARE TALKING ABOUT THIS PARAGRAPH?

Q I AM TALKING ABOUT THE PORTION THAT I JUST READ TO YOU.

A THE PARAGRAPH 2?

Q THAT'S RIGHT. I AM REFERRING TO THE SENTENCE, "WHEN HE REQUESTED OUR HELP TOWARDS HIS CONGRESSIONAL CAMPAIGN..."

A WELL, WHAT I WAS SAYING, BASICALLY, OVER HERE, WHAT HE TOLD ME THEN IN THE HOME, HE DID NOT TELL ME THAT THAT MONEY WAS GOING TO BE FOR THE CAMPAIGN. HE SAID THAT HE INTENDED TO RUN FOR SOMETHING. THAT IS ALL I REMEMBER. HE WAS THINKING OF HIGHER POLITICAL OFFICE IS WHAT THE EXACT

8404047 1231

LANGUAGE WOULD BE.

Q MR. KRINSKY, DID YOU EVER INTEND THAT THE MONEY YOU LENT HIM IN NOVEMBER 1981, DID YOU EVER INTEND TO HELP MR. KENNEY IN HIS CONGRESSIONAL CAMPAIGN BY MAKING HIM THAT LOAN?

A NO.

MS. KLEIN: WE HAVE NO FURTHER QUESTIONS.

MR. LINN: I HAVE NO QUESTIONS.

MS. KLEIN: ON THE RECORD, I WOULD LIKE TO TELL YOU THAT OUR INVESTIGATIONS ARE CONFIDENTIAL, AND THAT WHAT TRANSPIRED TODAY IN THIS ROOM IS TO REMAIN AMONG US.

THE WITNESS: OKAY.

MS. LERNER: BEFORE WE GO OFF THE RECORD, LET THE RECORD REFLECT THAT I AM NOW HANDING MR. KRINSKY A CHECK FOR $34.10 AS HIS WITNESS FEE TODAY. AND AT THE SAME TIME I AM HANDING MR. LINN A CHECK FOR $34.10 FOR MRS. KRINSKY AS HER WITNESS FEE.

MR. LINN: AS TO THE SIGNING OF THE DEPOSITION, THE SAME STIPULATION AS WE HAD AS TO MRS. KRINSKY, IT WILL BE MAILED TO ME. I WILL HAVE MR. KRINSKY SIGN. AND WE WILL RETURN THEM TO YOUR OFFICE WITHIN 20 DAYS OF RECEIVING.

MS. LERNER: AT THIS TIME THE DEPOSITIONS ARE ADJOURNED.

(WHEREUPON, THE AFOREMENTIONED DOCUMENT WAS MARKED EXHIBIT "D" FOR IDENTIFICATION BY THE NOTARY PUBLIC, A COPY OF WHICH IS ATTACHED HERETO.)

//

8404047 12 32

8404047233

Jun 16, 1983

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

18 P3:08

To Whom It May Concern:

On two separate occasions between October 1, and November 9, 1981, Mr. Charles Kenney visited my home to discuss a loan of $40,000, for a period of one year which he claimed he needed for his Congressional Campaign, as he claimed he intended to run as a Candidate for the 43rd Congressional District race primary.

At both of these meetings he appeared before my wife and myself, alone and when questioned as to what security he could offer for this loan, he stated he could offer a second note and trust deed on his own personal residence of 22992 Lovios, Mission Viejo, CA 92691.

After further questioning as to whether his house, in the event of foreclosure would cover the added loan, he informed us that he would not have to lose the house as he had other holdings and would have no trouble in meeting his committment.

In November 10, 1982 the loan was due and in default and Mr. Kenney claimed he lost all his funds in the campaign. After checking with my attorney, he advised me to go to the County Recorder's office and get copies of the complete campaign report. After receiving said report, I found one entry in the sum of $40,000, which Mr. Kenney stated was his; he deposited this sum on March 31, 1982 and withdrew it on April 4, 1982, four days later. My attorney and accountant termed this action suspicious and a possible laundering of campaign funds, and advised me to report it to the various government agencies concerned therewith. In no way does the campaign report show that the $40,000 was borrowed from my wife and myself.

Thank you for your cooperation and consideration in this matter.

Very truly yours,

Raymond Krinsky
RAYMOND KRINSKY

Sylvia Krinsky
SYLVIA KRINSKY
23942 Via Benavente
Mission Viejo, CA 92692

Encl: (1)
$40,000 Entry & Withdrawal

State of California }
County of Orange } ss

Subscribed and sworn to before me on June 2,1983.

Debbie Markham
Debbie Markham

OFFICIAL SEAL
DEBBIE MARKHAM
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Feb. 27, 1984

Raymond Krinsky
Raymond Krinsky

Sylvia Krinsky
Sylvia Kronsky

exhibit A for I.D.
Linda A. Payan, N.P
Date 4-10-84

EXHIBIT A

8404047 1234

September 12, 1983

GCC #808

83 SEP 16 P12:18

Finch

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

ATTN: Mr. Charles N. Steele, General Counsel
Mr. Kenneth A. Gross, Associate General Counsel
Mr. G.A. Finch, Staff Member

Subject: Response to MUR #1553 and request for additional information.

Dear Mr. Steele:

This letter is in response to the opinions rendered by the Office of General Counsel (page 4 para. 2).

My wife and I are responding to both your cover letter of August 8, 1983 (4th paragraph), and statement made to me by your Staff Member Mr. G.A. Finch on our last telephone call, that is if any additional information comes to our attention to forward it to you.

Please be advised your report is not accurate and is not acceptable to both of us, our reasons are as follows:

(1) According to your page (2) last paragraph in which you state that we have made no political contributions to any Federal Candidate, including Charles Kenney, this is either your error or Mr. Kenney's, as I have enclosed a copy of campaign statement as filed with the Orange County California's County Registrar's Office and the California Sec'y of State, which shows the sum of $625.00.

(2) Your page (2) paragraph (1) in which Mr. Kenney responds to the complaint that the purpose of the loan was known to Raymond and Sylvia Krinsky, is not true as we only knew what Mr. Kenney told us in our home. When he requested our help towards his Congressional Campaign; we also realize that we had no control over the funds loaned, once he received the $40,000.00. We knew nothing of Mr. Kenney's Real Estate business, except his statement that he was doing well. We don't know what loan Mr. Kenney is talking about as he had taken out a number of them on various real estate transactions, but the 2nd note and trust deed of 22992 Lovios, Mission Viejo, CA 92691, which was his own personal residence, and was signed by him and his wife and Majestic Escrow Co., in which he held a partnership interest, without my knowledge, which is also a violation of the State of California's Corporations laws, when not disclosed. There was only (1) 1st trust deed holder at 22992 Lovios and the 1st trust deed holder was Downey Savings & Loan Association, 3200 Bristol St., Costa Mesa, CA 92626., and you can verify this information with Mr. Rick Wilson, Loan Service Manager, at the same address.

(3) According to your page (3) paragraph (1) statement that the loan in question $40,000.00, came from Consolidated Home Loans; the following information refutes that statement. According to Mr. Randolph Brusca, President of Consoldiated Home Loans, (copy enclosed) the $58,000 loan was taken out by Mr. & Mrs. Kenney to satisfy a Junior loan on property of 3004 Calle Grande Vista, San Clemente, CA and that the check was made out to Mission Viejo National Bank in the sum of $40,950.28. I am sure you are aware that this sum

Exhibit B (1)

exhibit B-1 for I.D.
Linda A. Payan, N.P
Date 4-10-84

was transferred in escrow and the only funds then available to Mr. Kenney was the sum of $7,466.17.

This information was made available to me by Mr. Brusca as the property in question was recently in foreclosure by Mr. Brusca and is currently on the market for sale, and I am looking into this property for a possible purchase by a family member.

We believe this matter could have been resolved by now had you let us appear before your commission, when we advised Mr. G.A. Finch that we were available and approximately 100 miles from Washington, D.C. the first few weeks of July, 1983.

Encl (3)
CC: Senator Baker
Cong. Packard

Raymond Krinsky
RAYMOND KRINSKY

Sylvia Krinsky
SYLVIA KRINSKY

23542 Via Benavente
Mission Viejo, CA 92692

State of California
County of Orange ss

Subscribed and sworn to before me on September 13,1983.

Debbie Markham
Debbie Markham

OFFICIAL SEAL
DEBBIE MARKHAM
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Feb. 27, 1984

Exhibit B (2)

8404047 1236

REPLY TO INTERROGATORIES

1) Between October 1, 1981 and November 9, 1981, we discussed a loan on a possible Congressional Campaign. I insisted that this loan given to Mr. & Mrs. Kenney be a real estate transaction. The loan at 28% interest rate was secured with Mr. Kenney's personal residence.

2) The loan was supposed to be guaranteed by the note and deed of trust and income generated from the interest.

3) Escrow instructions and note and deed of trust. See attached documents.

4) Personal funds.

5) a. Union Federal Savings & Loan
25330 C Marguerite Pkwy
Mission Viejo, CA 92675
b. See attached copy of bank check.
c. Joint account, Raymond & Sylvia Krinsky
d. 11/10/81 bank check.

6) No outside loan.

7) Bank Check made out to Majestic Escrow Co. See attached copy.

8) Escrow Instructions. See attached documents.

Raymond Krinsky

RAYMOND KRINSKY
23542 Via Benavente
Mission Viejo, CA 92692

'84 JAN 16 P3:46

State of California } ss.
County of Orange }

On this the 12th day of January 1984 before me,

Linda Ferneau,

the undersigned Notary Public, personally appeared

Raymond Krinsky,

☐ personally known to me
☒ proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is subscribed to the within instrument, and acknowledged that he executed it.
WITNESS my hand and official seal.

Linda Ferneau
Notary's Signature

HOUSEHOLD FEDERAL

OFFICIAL SEAL
LINDA FERNEAU
Notary Public California
ORANGE COUNTY
My Commission Expires 1/2/87

GENERAL ACKNOWLEDGMENT FORM

FORM K-62 (9-82)

exhibit D for I.D.
Linda A. Payan, N.P.
Date 4-10-84

Exhibit D (1)

8404047 1237

UNION FEDERAL SAVINGS
AND LOAN ASSOCIATION
25330 C Marguerite Parkway • Mission Viejo, California 92675

1024 01115 2 3 16-77 1220

024 02 10240111523
DATE NOV10-81

FORTY THOUSAND AND 00/100 DOLLARS
*****40,000 AND 00/100 DOLLARS $40,000.00

PAY TO THE ORDER OF MAJESTIC ESCROW COMPANY

RE: RAYMOND KRINSKY

NOT NEGOTIABLE

HEADQUARTERS BANKING OFFICE UNION BANK LOS ANGELES, CALIFORNIA

HANDWRITTEN SIGNATURE REQUIRED ON CHECKS OF $10,000.00 OR MORE

MAJESTIC ESCROW INC.
25200 LA PAZ RD. S-107
LAGUNA HILLS, CA.

ESCROW TRUST RECEIPT NO. 1080
COMPANY 670 OFFICE 001

RECEIVABLE NO	ESCROW NO	DATE
	702	11/10/81

RECEIVED OF RAYMOND KRINSKY

FORTY THOUSAND AND NO/100 DOLLARS $ 40,000.00

	CASH	CASHIER'S CHECK	CHECKS
		16-77	
AT 10		m	

CHECKING ACCOUNT NO

S14S-107

RECEIVED AFTER HOURS ☐
FROM BUYER ☐ SELLER ☐ Lender

BY

D-2

Exhibit D (2)

RECORDING REQUESTED BY

8 4 0 4 0 4 7 1 2 3 8

19007

BK 14293PG 630

TITLE INSURANCE & TRUST CO

AND WHEN RECORDED MAIL TO

Mr, & Mrs. Raymond Krinsky
23542 Via Benavent
Mission Viejo, Ca 92692

$5.00
C5

RECORDED IN OFFICIAL RECORDS
OF ORANGE COUNTY, CALIFORNIA

-2 20 PM NOV 17 '81

LEE A. BRANCH, County Recorder

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS (INDIVIDUAL)

A.P.N. _____

This Deed of Trust, made this 10th day of November, 1981, between

CHARLES G. KENNEY AND MARY J. KENNEY, husband and wife

, herein called TRUSTOR,

whose address is 22992 Lovios, Mission Viejo, Ca
(number and street) (city) (state) (zip)

DE VILLE SERVICE CORP., INC., a California corporation, herein called TRUSTEE, and

RAYMOND KRINSKY AND SYLVIA KRINSKY, husband and wife as Joint Tenants

, herein called BENEFICIARY,

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to TRUSTEE IN TRUST, WITH POWER OF SALE, that property in Orange County, California, described as:

AS PER EXHIBIT "A" ATTACHED HERETO:

This Trust Deed is second and subject to a first trust deed of record.

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing: 1. Performance of each agreement of Trustor incorporated by reference or contained herein. 2. Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, in the principal sum of $ 54,199.86 executed by Trustor in favor of Beneficiary or order. 3. Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured.

To Protect the Security of This Deed of Trust, Trustor Agrees: By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions (1) to (14), inclusive, of the fictitious deed of trust recorded in Santa Barbara County and Sonoma County October 18, 1961, and in all other counties October 23, 1961, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, viz.:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	435	684	Kings	792	833	Placer	891	301	Sierra	29	328
Alpine	1	250	Lake	362	39	Plumas	151	5	Siskiyou	468	181
Amador	104	348	Lassen	171	471	Riverside	3005	573	Solano	1785	182
Butte	1145	1	Los Angeles	T2055	899	Sacramento	4331	62	Sonoma	1851	689
Calaveras	145	152	Madera	810	170	San Benito	271	383	Stanislaus	1715	456
Colusa	296	617	Marin	1508	339	San Bernardino	5567	61	Sutter	572	297
Contra Costa	3978	47	Mariposa	77	292	San Francisco	A332	905	Tehama	481	289
Del Norte	78	414	Mendocino	579	530	San Joaquin	2470	311	Trinity	93	366
El Dorado	568	456	Merced	1547	538	San Luis Obispo	1151	12	Tulare	2294	278
Fresno	4626	572	Modoc	184	851	San Mateo	4071	420	Tuolumne	128	47
Glenn	422	184	Mono	52	429	Santa Barbara	1878	869	Ventura	2862	386
Humboldt	657	527	Monterey	2194	538	Santa Clara	5336	341	Yolo	653	245
Imperial	1091	501	Napa	639	86	Santa Cruz	1431	494	Yuba	334	486
Inyo	147	598	Nevada	305	320	Shasta	684	528			
Kern	3427	60	Orange	5889	611	San Diego	Series 2 Book 1961, Page 183887				

(which provisions, identical in all counties, are printed on the reverse hereof) hereby are adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that he will observe and perform said provisions; and that the references to property, obligations, and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

STATE OF CALIFORNIA, }
COUNTY OF Orange } ss.

On November 10, 1981 before me, the undersigned, a Notary Public in and for said State, personally appeared Charles G. Kenney and Mary J. Kenney

_____, known to me to be the person S whose name S are subscribed to the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal.

Signature Dolores F Carlyle

Signature of Trustor

Charles G. Kenney

Mary J. Kenney

DOLORES F. CARLYLE

Title Order No. _____

P-3

Exhibit D (2)

11 SC 2174-12

EXHIBIT "A"

DESCRIPTION:

PARCEL 1:

LOT 9 OF TRACT NO. 9478, IN THE COUNTY OF ORANGE, STAE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 400 PAGES 37 AND 38 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND ALL UNDERGROUND WATER IN OR UNDER OR WHICH MAY BE PRODUCED FROM SAID LAND WHICH UNDERLIES A PLANE PARALLEL TO AND 550 FEET BELOW THE PRESENT SURFACE OF SAID LAND FOR THE PURPOSE OF PROSPECTING FOR, THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION AND TAKING OF SAID MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER FROM SAID LAND BY MEANS OF MINES, WELLS, DERRICKS AND/OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND OR LYING OUTSIDE OF THE ABOVE DESCRIBED LAND, IT BEING UNDERSTOOD THAT THE OWNER OF SUCH MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER, AS SET FORTH ABOVE, SHALL HAVE NO RIGHT TO ENTER UPON THE SURFACE OF THE ABOVE DESCRIBED LAND NOR TO USE ANY OF THE SAID LAND OR ANY PORTION THEREOF ABOVE SAID PLANE PARALLEL TO AND 550 FEET BELOW THE PRESENT SURFACE OF THE SAID LAND FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED FEBRUARY 24, 1978 IN BOOK 13579 PAGE 757, OFFICIAL RECORDS, AS INSTRUMENT NO. 29141.

PARCEL 2:

NON-EXCLUSIVE EASEMENTS FOR ACCESS, INGRESS, EGRESS, ENCROACHMENT, DRAINAGE, REPAIR, MAINTENANCE, SUPPORT AND FOR OTHER PURPOSES, ALL AS DESCRIBED IN THE RESTATEMENT AND AMENDMENT OF RESTRICTIONS AND RESERVATION OF EASEMENTS RECORDED IN BOOK 13258 PAGE 121, OFFICIAL RECORDS; THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED IN BOOK 11963 PAGE 935, OFFICIAL RECORDS, AND ITS SUPPLEMENTAL DECLARATION RECORDED IN BOOK 12127 PAGE 1082, OFFICIAL RECORDS.

RECORDER'S MEMO: LEGIBILITY OF WRITING, TYPING OR PRINTING UNSATISFACTORY IN THIS DOCUMENT WHEN RECEIVED.

8 4 0 4 0 4 7 1 2 4 0

DO NOT DESTROY THIS ORIGINAL NOTE: When paid, said original note, together with the Deed of Trust securing same, must be surrendered to Trustee for cancellation and retention before reconveyance will be made.

NOTE SECURED BY DEED OF TRUST

(STRAIGHT NOTE)

$ 54,199.86 Laguna Hills, California, November 10, 1981

On or before July 16, 1983 after date, for value received, I/we promise to pay to RAYMOND KRINSKY AND SYLVIA KRINSKY, husband and wife as Joint Tenants

at 23542 Via Benavent, Mission Viejo, Ca 92692, or order

the sum of FIFTY FOUR THOUSAND ONE HUNDRED NINETY NINE AND 86/100 DOLLARS,

with interest thereon from November 9, 1981 at the rate of 28% per cent per annum, ~~payable monthly~~ with principal payment of $40,000.00, plus interest payment due on November 9, 1982, and the balance of principal and interest all due and payable July 16, 1983.

Should default be made in payment of interest when due the whole sum of principal and interest shall become immediately due at the option of the holder of this note. Principal and interest payable in lawful money of the United States. If action be instituted on this note I/we promise to pay such sum as the Court may fix as attorney's fees. This note is secured by DEED of TRUST to DE VILLE SERVICE CORP., INC. a California corporation, as Trustee.

Charles G. Kenney

Mary J. Kenney

DO NOT DESTROY THIS NOTE

D-5

Exhibit D (5)

Escrow Officer

Escrow Instructions

Doc Carlisle

8 Logistic Escrow Company

23200 La Paz Rd., Suite 107
Laguna Hills, Ca. 92653 (714) 586-9222

702
Escrow Number

11/10/81
Date

We will hand you the sum of $40,000.00, when you hold for us a note in the amount of $54,199.86.

Paid outside of Escrow	
Cash through Escrow	40,000 00
Encumbrances of record	
New Encumbrances	
Total Consideration	40,000 00

In addition to the aforementioned sums, buyer will hand you, prior to close of escrow, sufficient funds to pay adjustments, prorations, recording fees and your escrow charges, and will deliver to you any instruments which this escrow requires shall be executed by me, all of which you are instructed to use provided at on or before 11/13/81 you hold a policy of title insurance with the usual title company's exceptions, with a liability of $ 40,000. covering property located at 22992 Lovios, Mission Viejo, Ca., and legally described as Lot 9, Tract 9478, as per map recorded in book 400, pages 37-38 of MM, in the office of the county recorder of said county. Covering title vested in: CHARLES G. KENNEY AND MARY J. KENNEY, husband and wife as Joint Tenants

free from encumbrances except:

1. General and special county and city taxes, if any, together with special district levies, if any, included and collected with tax bill.
2. Covenants, conditions, restrictions, reservations, rights, rights of way, easements and exceptions of minerals, oils, gas, water, carbons and hydrocarbons on said land, now of record, and in deed to file, if any, affecting the use and occupancy of said property:

3) First Trust Deed of record as per its terms and conditions.

INSTRUCTIONS:

1. Second Trust Deed to record in favor of Raymond Krinsky and Sylvia Krinsky, husband and wife as Joint Tenants, securing a note in the amount of $54,199.86, with interest rate of 28% per annum, with principal payment of $40,000.00, plus interest due and payable in one year from the close of escrow, and the balance due and payable July 16, 1983. Note to a straight note, and interest on note to commence on date funds are deposited in escrow.
2. Raymond and Sylvia Krinsky to assigned note and deed of trust covering other property to Charles G. Kenney and Mary J. Kenney, husband and wife as Joint Tenants. Escrow to prepare and record assignment at close of escrow. You are not to be concerned with the unpaid balance on said note as the assignee has been satisfied outside of escrow.
3. Lender to be furnished title insurance policy, fire insurance policy, naming them as second mortgagee, Request for Notice of Default to be prepared and recorded.
4. As agreed between the parties in the event of a default by the Kenney's said note and trust deed will revert back to the assignor's.

If above encumbrance is a purchase money trust deed, endorse interest on note as of date of recording deed; if any unpaid balance of trust deed(s) of record are more or less than the sum(s) set forth above adjust difference (n/a) in cash (n/a) on deed of trust to file.

Prorate taxes on real property only, based on the latest tax bill in your possession or on latest available tax amounts furnished by the title company as of n/a Prorate interest on loans of record as of n/a

Prorate rents as of n/a based on rent statement handed you. Any rents in arrears to be disregarded in your proration.

Fire insurance as handed you as of n/a unless buyers elect to place their own insurance and hand you funds or paid receipt to cover premium. As to n/a credit buyer and debit buyer the amount of impounds, if any, as disclosed in beneficiary's statement from the lender of the loan of record.

EACH PARTY SIGNING THESE INSTRUCTIONS HAS READ THE ADDITIONAL ESCROW CONDITIONS AND INSTRUCTIONS ON THE REVERSE SIDE HEREOF AND APPROVES, ACCEPTS AND AGREES TO BE BOUND THEREBY AS THOUGH THE REVERSE SIDE HEREOF APPEARED OVER THEIR SIGNATURES.

The undersigned hereby agrees to pay, on demand, charges for drawing, recording and notarizing all documents, charges of title company, if any, charges of lending institution if any, and the Buyer's and/or borrower's customary escrow fees, necessary to complete this escrow.

Lender's or Buyer's Signature _____ Lender's or Buyer's Signature _____

Address Raymond Krinsky Sylvia Krinsky Phone

The foregoing terms, provisions, conditions and instructions are hereby approved and accepted in their entirety and consented to by me. I will hand you necessary documents and or funds called for on my part to cause title to be shown as above, which you are authorized to deliver when you hold for my account the sum of $ 40,000.00 together with any documents due the undersigned as described above, within the time as above provided. Pay your escrow charges, recording fees, charges for evidence of title as called for, whether or not this escrow is consummated, except those the buyer agrees to pay. You are hereby authorized to pay bonds, assessments, taxes, and any liens or encumbrances of record, plus accrued interest, charges and bonds, if any. Affix Documentary Stamps as required on Deed to property I am conveying

as commission of n/a

Borrower's or Seller's Signature _____ Borrower's or Seller's Signature _____

Address Charles G. Kenney Mary J. Kenney

D-6

Exhibit D(6)

I, RAYMOND KRINSKY, DECLARE UNDER THE PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

5/30/84
DATE

Raymond Krinsky
RAYMOND KRINSKY

I am signing this deposition with the attached corrected statements to be included as part of the record.

In regard to differing statements relative to Mr. Kenney visiting my house by my wife and myself. Page 30 Line 1 Exhibit "A".

I had stated previously in F.E.C. letters that I only remembered one (1) visit, my wife remembered two (2) visits. It appears we were both correct, as the second time Mr. Kenney came to my house was unexpected as he stopped by while in the neighborhood to drop off some papers; as I was doing something with my car outside of my house. I did not consider that a visit as he did not enter the house.

Regarding the first visit by Mr. Kenney to my home and reference to statements made by me and my wife, relative to Mr. Kenney's request and reason for the loan of $40,000, while discussing this loan, my wife received a phone call and picked up the phone in the other room, while Mr. Kenney and I were discussing his request for a loan on his personal property at 22992 Lovios, Mission Viejo, CA., and/or if I was interested in the Model Property he was agent/broker for the builder/developer at 3004 Calle Grande Vista, San Clemente, CA. After our discussion he mentioned to me as the conversation drifted to other subjects that he had aspirations for higher elective office either on the State or Federal level. This was the second time he brought this matter up, the first time was in my rented car in Washington, D.C. during the time of President Reagan's Inauguration in January of 1981. We had just left a reception in Congressman Robert Badham's home in Arlington, VA., and he remarked "That's the way to Live, I am going to run for Congress some day ", in front of me, my wife and his lady friend as I drove all of us back to our hotel where he was also staying.

The only time I now remember when he said he was going to use my funds towards his campaign was in February or March of 1982 during his primary campaign, I ran into him casually and asked him how the loan on the property in El Toro, CA. was paying him, which I previously returned to him under my attorney's guarantee agreement, he then stated he sold it and when I asked him why, he stated he needed additional funds for his campaign.

Subsequently and after my first automobile accident with injuries to my head and neck which I was being treated for and in traction in February of 1982, my memory seemed to be failing me and when I made out the F.E.C. letters in 1983 stating that Mr. Kenney had come to my house twice and requested the loan for his campaign, I know now that was his intent and my statement was accurate, but my dates were off this was unintentional and understandable, due to my physical condition and the stress and pain I was suffering with.

As stated previously in 1983 letters to F.E.C. as far as Mr. Kenney making statements that he was looking to borrow money for his campaign on at least two (2) other occasions: (1) When Mr. Kenney sold my second note and trust deed his salesperson told Mr. Trepasso the buyer, when he asked why Mr. Kenney was selling it, that he needed the money for his Congressional Campaign, this was told to me by Mr. Trepasso. (2) When Mr. Kenney applied to Consolidated Home Loan Co., of Tustin, CA., he told Mr. Randolph Brusca, President of said firm that he needed the loan towards his Congressional Campaign, this statement was made to me by Mr. Brusca on a visit to his office when I was checking out this property for a relative which was at 3004 Calle Grande Vista, San Clemente, Ca., which was still under Mr. Kenney's name. This information was supplied to you previously in my second letter.

In July of 1983 I was involved with my wife in the second automobile accident where we were rear-ended by two (2) other cars and we both sustained injuries to our heads and necks, we are still under medical care, my attorney Mr. Dave Linn is aware of this matter.

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, LINDA A. PAYAN, CSR # 4426, a Notary Public in and for the County of ORANGE, State of California, do hereby certify:

That, prior to being examined, the witness named in the foregoing deposition, to wit, RAYMOND KRINSKY, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken down by me in shorthand at the time and place therein named and thereafter reduced to typewriting under my direction.

I further certify that I am not interested in the event of the action.

WITNESS my hand and seal this 28th day of APRIL, 1984.

Linda A. Payan
Notary Public in and for the County of ORANGE, State of California

OFFICIAL SEAL
LINDA A PAYAN
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY
My comm. expires NOV 5, 19[illegible]

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Pelletier & Jones/Orange County

CERTIFIED SHORTHAND REPORTERS

3200 S. Alta Way • Santa Ana, California 92704

TO Federal Election Commission
1325 "K" St. N.W.
Washington, D.C. 20463

Attn: Lisa Klein & Lois G. Lerner, Attorneys at La

SOLD BY cc's	ORDER NO. 4-129/cc	DATE SHIPPED 5-1-84
1 LBS WEIGHT	$ AMOUNT	$ C.O.D.

BEFORE THE FEDERAL ELECTION COMMISSION

IN RE

MUR 1589

ORIGINAL

DEPOSITION OF: ESTHER M. GOFF

TAKEN ON: APRIL 12, 1984

Pelletier & Jones / Orange County

CERTIFIED SHORTHAND REPORTERS

3138 S. RITA WAY
SANTA ANA, CALIFORNIA 92704
(714) 641-8451

REPORTED BY: LINDA A. PAYAN, CSR #4426

FILE: 4-134/OC

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DEPOSITION OF ESTHER M. GOFF, TAKEN AT 24000 AVILA ROAD, LAGUNA HILLS, CALIFORNIA 92677, COMMENCING AT 10:00 A.M., ON THURSDAY, APRIL 12, 1984, BEFORE LINDA A. PAYAN, CSR NO. 4426, A NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA, PURSUANT TO SUBPOENA.

APPEARANCES OF COUNSEL:

FOR THE FEDERAL ELECTION COMMISSION:	LOIS G. LERNER, ATTORNEY AT LAW AND LISA KLEIN, ATTORNEY AT LAW WASHINGTON, D.C. 20463
FOR ESTHER M. GOFF AND CHARLES KENNEY:	ROGERS & DIB BY: GEORGE L. ROGERS, ESQ. 17111 BEACH BOULEVARD SUITE 103 HUNTINGTON BEACH, CALIFORNIA 92647-5999

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ESTHER M. GOFF,

AFTER HAVING BEEN DULY SWORN, WAS

EXAMINED AND TESTIFIED AS FOLLOWS:

EXAMINATION

BY MS. KLEIN:

Q WILL YOU STATE YOUR NAME AND SPELL YOUR NAME FOR THE RECORD.

A ESTHER, E-S-T-H-E-R, M. GOFF, G-O-F-F.

Q AND WHAT IS YOUR PRESENT ADDRESS?

A 25371 MAXIMUS, M-A-X-I-M-U-S, MISSION VIEJO.

Q ~~MISS~~ MRS GOFF, HAVE YOU EVER BEEN DEPOSED BEFORE?

A HAVE I EVER BEEN WHAT?

Q DEPOSED BEFORE.

A OH, YES.

Q YOU HAVE?

A I HAVE?

MR. ROGERS: THIS IS A DEPOSITION. HAVE YOU GIVEN A DEPOSITION BEFORE?

THE WITNESS: WELL, YEAH.

BY MS. KLEIN:

Q I JUST ASK YOU THAT SO THAT SETTING FORTH THE GROUND RULES, IF I ASK YOU A QUESTION THAT YOU DON'T UNDERSTAND THEN I WOULD EXPECT THAT YOU WOULD SAY YOU JUST DON'T UNDERSTAND THAT QUESTION --

A OKAY.

Q -- SO THAT I CAN REPHRASE IT.

ALSO, IF YOU WOULD PLEASE ANSWER ANY QUESTIONS,

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IF YOU WANT TO ANSWER BY "YES" OR "NO," PLEASE INDICATE VERBALLY AND NOT WITH JUST A NOD OF THE HEAD.

ARE YOU REPRESENTED BY COUNSEL HERE TODAY?

A YES.

Q COULD YOU PLEASE STATE YOUR COUNSEL'S NAME FOR ME.

A GEORGE L. ROGERS.

Q MISS GOFF, ARE YOU PRESENTLY EMPLOYED?

A YES, I AM.

Q AND WHERE ARE YOU EMPLOYED?

A MISSION VIEJO ASSOCIATES.

Q WHAT IS MISSION VIEJO ASSOCIATES?

A REAL ESTATE.

Q WHEN DID YOU BEGIN YOUR DUTIES AS TREASURER OF THE KENNEY FOR CONGRESS CAMPAIGN?

A I'D HAVE TO CHECK THE RECORDS. DO YOU WANT AN EXACT DATE?

Q IF YOU HAVE THAT AVAILABLE.

A I MAY NOT HAVE IT. I CAN TELL YOU WHEN I MAILED IT IN, THOUGH.

Q ALL RIGHT.

A BECAUSE I WROTE ON HERE. THE REGISTRATION AMENDMENT WAS MAILED AND RECEIVED MAY 14TH, 1983. SO SOMEWHERE IN THAT TIME FRAME IS WHEN I TOOK OVER.

Q WHEN DID YOU TERMINATE YOUR DUTIES AS TREASURER?

A I STILL AM.

Q YOU STILL ARE TREASURER. AS TREASURER, DID YOU

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RECEIVE A REQUEST FOR ADDITIONAL INFORMATION FROM THE F.E.C. IN 1982? THAT IS THE FEDERAL ELECTION COMMISSION.

MR. ROGERS: IN '82?

MS. KLEIN: YES.

THE WITNESS: I'VE HAD A LOT. I DON'T KNOW WHICH DATE.

BY MS. KLEIN:

Q LET ME BE MORE PRECISE. DID YOU EVER RECEIVE A REQUEST FOR ADDITIONAL INFORMATION REGARDING A LOAN BY MR. KENNEY TO HIS CAMPAIGN?

A I BELIEVE I DID.

Q THIS WOULD BE FOR A LOAN OF $40,000 IN MARCH OF 1982.

A CAN I TALK TO HIM? BECAUSE I'M NOT REAL SURE WHAT YOU ARE WANTING. LIKE WHEN TOM BUSBY WAS THE TREASURER, THIS IS IN THAT TIME FRAME.

MR. ROGERS: THAT'S '83. THIS IS '82.

MS. LERNER: THE REQUEST MAY BE IN '83. I THINK SHE MEANS THAT THE LOAN WAS MADE IN '82. I'M SORRY IF YOU ARE UNCLEAR.

THE WITNESS: WHAT I HAVE IN FRONT OF ME WAS A LETTER DATED JUNE 28TH, 1983, TO TOM BUSBY, WHO WAS THE TREASURER AT THAT TIME. AND THAT WAS THAT TIME FRAME. AND THEN I TOOK OVER, SO HE GAVE ME THE LETTER TO RESPOND TO IT. IS THAT THE LETTER YOU ARE REFERRING TO?

MS. LERNER: MAY WE LOOK AT THE LETTER?

MR. ROGERS: SURE.

THE WITNESS: THERE WERE TWO OF THEM TO HIM. THIS IS

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THEIR LETTER. AND THIS IS A COPY OF WHAT I SENT THEM. I RESPONDED. I WAS NOT THE TREASURER.

MS. LERNER: AT THE TIME THE LOAN WAS MADE?

THE WITNESS: YEAH. AT THE TIME OF THE CAMPAIGN, I WAS NOT THE TREASURER.

MS. LERNER: THIS LETTER FROM THE COMMISSION IS JUNE 28TH, '83.

BY MS. KLEIN:

Q DID YOU RESPOND TO THESE REQUESTS THAT WERE ADDRESSED TO MR. BUSBY?

A YES, I DID.

Q DID YOU DISCUSS THE SUBSTANCE OF THESE REQUESTS WITH MR. KENNEY BEFORE RESPONDING TO THEM?

A BRIEFLY.

Q DID YOU DISCUSS THE REQUESTS WITH THE PRIOR TREASURER BEFORE RESPONDING TO THEM?

A I DON'T REMEMBER.

Q DID ANYONE ASSIST YOU IN PREPARING YOUR RESPONSE TO THE REQUESTS?

A I DON'T REMEMBER. I REALLY DON'T.

Q DID MR. KENNEY ASSIST YOU IN RESPONDING?

A I TALKED TO HIM ABOUT IT.

Q WHAT DID YOU TALK TO HIM ABOUT?

A JUST, YOU KNOW, BASICS OF WHAT IS HERE IN THE LETTER IS WHERE I GOT THE INFORMATION.

Q YOU GOT THE INFORMATION FROM MR. KENNEY?

A YES. I ASKED HIM.

Q DID YOU ASK HIM THE SOURCE OF THE $40,000 LOAN

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OF MARCH 1982?

A YEAH. I TALKED TO HIM ABOUT IT.

MS. LERNER: WE HAVE AN EXHIBIT THAT MIGHT MAKE IT EASIER TO DEAL WITH.

BY MS. KLEIN:

Q LET THE RECORD REFLECT I AM SHOWING MISS GOFF AN EXHIBIT MARKED EXHIBIT "A."

A THAT IS WHAT I HAVE. THAT IS WHAT I AM LOOKING AT RIGHT NOW. IT IS WHAT I SAID IN THE LETTER.

Q THIS IS THE LETTER THAT YOU WROTE TO MR. GARCIA ON JULY 7TH, 1983.

A CORRECT.

Q ON MARCH 31ST, 1982, YOU INDICATE THAT THERE WAS A LOAN MADE BY MR. KENNEY TO HIS COMMITTEE FOR $40,000. YOU INDICATE IN THE SECOND PARAGRAPH THAT HE HAD INITIATED A LOAN ON INVESTMENT PROPERTY IN SAN CLEMENTE FOR THE PURPOSE OF PREPAYING A BUSINESS DEBT.

A CORRECT.

Q YOU INDICATE THAT THIS WAS THE SOURCE OF MR. KENNEY'S MARCH 31ST, 1982 LOAN TO HIS CAMPAIGN.

A I ASSUMED IT WAS.

Q DID YOU DISCUSS THE SOURCE OF THE $40,000 THAT MR. KENNEY LOANED TO HIS COMMITTEE ON THAT DATE WITH HIM BEFORE FILING THIS RESPONSE?

A NO. I JUST BASICALLY, YOU KNOW, I TALKED TO HIM. AND HE SAYS, "WELL, I TOOK OUT THIS LOAN, AND HERE'S THE PAPERS. JUST GIVE IT TO THEM. AND HERE IS THE TRUST DEED."

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Q DID MR. KENNEY REVIEW THIS LETTER BEFORE YOU SUBMITTED IT TO THE FEDERAL ELECTION COMMISSION?

A I DON'T REMEMBER.

Q DO YOU REMEMBER SHOWING THIS RESPONSE TO ANYONE ELSE BEFORE SENDING IT TO THE FEDERAL ELECTION COMMISSION?

A I DON'T REMEMBER.

Q IN PARAGRAPH 2 OF THIS SAME LETTER YOU INDICATE THAT THE LOAN WAS INITIATED ON INVESTMENT PROPERTY.

A CORRECT.

Q ON PAGE 2 OF YOUR LETTER YOU INDICATE SECURITY GIVEN FOR THE LOAN WAS A RESIDENTIAL HOME. IS THIS THE SAME PROPERTY THAT YOU WERE REFERRING TO IN WHAT IS ON PAGE 2 AS IN THE SECOND PARAGRAPH?

A YES.

Q AT THAT TIME DID MR. KENNEY OWN MORE THAN ONE RESIDENCIAL HOME?

A YES.

Q DO YOU KNOW HOW MANY RESIDENTIAL HOMES HE OWNED AT THAT TIME?

A THERE WERE A FEW. I DON'T KNOW THE EXACT NUMBER.

Q DO YOU KNOW WHY THE COMMITTEE RECORDED THE SOURCE OF THE LOAN OF THE $40,000 MARCH 1982 LOAN -- TO REPHRASE THAT QUESTION, DO YOU KNOW WHY THEY DID NOT LIST THE SOURCE OF THE $40,000 LOAN IN THE REPORTS FILED WITH THE FEDERAL ELECTION COMMISSION?

A NO. I WAS NOT THE TREASURER AT THE TIME.

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Q AGAIN REFERRING TO EXHIBIT "A," YOU INDICATE IN THE SECOND PARAGRAPH, "THE LOAN WAS COMPLETED ON MARCH 18, 1982. THE CAMPAIGN STAFF SUGGESTED THE CANDIDATE LOAN THE COMMITTEE $40,000 FOR A DIRECT MAIL CAMPAIGN."

ON WHAT INFORMATION DID YOU BASE THIS STATEMENT?

A FROM THE CANDIDATE.

Q DO YOU KNOW WHO MADE THE SUGGESTION FOR A DIRECT MAIL OUT?

A NO.

Q DO YOU KNOW WHEN THE SUGGESTION WAS MADE?

A NO. I DON'T REMEMBER. YOU KNOW, LIKE I SAID, I WASN'T THE TREASURER.

Q ALSO IN THIS SAME PARAGRAPH YOU INDICATE THAT THE LOAN WAS INITIATED SO THAT MR. KENNEY COULD REPAY A BUSINESS DEBT. ARE YOU STILL OF THE OPINION THAT THE LOAN WAS INITIATED FOR THE PURPOSE OF REPAYING A BUSINESS DEBT?

A YES.

MR. ROGERS: COULD I GET A CLARIFICATION?

MS. KLEIN: SURE.

MR. ROGERS: THE COMPLAINT FOR MR. KRINSKY IS THAT HIS MONEY FOUND ITS WAY INTO THE CAMPAIGN. I KNOW MRS. GOFF IS PREPARED TO GIVE YOU PROOF AND TESTIMONY ABOUT WHERE MR. KRINSKY'S MONEY WENT, TO SHOW THAT IT WAS NOT PART OF THE $40,000 LOAN IN MARCH OF 1982. BECAUSE THIS MARCH LOAN WAS ONLY A 5-DAY LOAN. THE MONEY WENT IN AND THE MONEY WENT OUT.

MS. LERNER: LET'S GO OFF THE RECORD.

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(OFF THE RECORD.)

MS. LERNER: BACK ON THE RECORD.

BY MS. KLEIN:

Q MAY THE RECORD SHOW THAT I AM HANDING WHAT IS MARKED EXHIBIT "E" TO MISS GOFF AND A COPY TO THE REPORTER. EXHIBIT "E" PURPORTS TO BE A COPY OF A LETTER FROM MISS GOFF TO MR. GROSS AND IS DATED OCTOBER 13, 1983. DO YOU RECOGNIZE THIS LETTER, MISS GOFF?

A YES.

Q AND WHAT IS IT?

A A LETTER TO MR. GROSS SIGNED BY ME.

Q IN THE PARAGRAPH THAT BEGINS, "IN REFERENCE TO THIS FURTHER COMPLAINT, REGARDING THE MONEYS RECEIVED FROM PROCEEDS OF FINANCING INVESTMENT PROPERTY IN SAN CLEMENTE, ONLY A PORTION OF THE PROCEEDS WAS USED IN CONJUNCTION WITH OTHER MONEYS RECEIVED BY MR. KENNEY FOR HIS REAL ESTATE BUSINESS AND TOGETHER WITH HIS PERSONAL FUNDS TO COMPRISE AN AMOUNT OF $40,000."

WHAT CAUSED YOU TO CHANGE YOUR POSITION IN YOUR OCTOBER 13, 1983, LETTER REGARDING THE SOURCE OF THE $40,000?

A WELL, I GUESS I DIDN'T RESEARCH IT FAR ENOUGH. WHEN HE SAYS HERE IS THE TRUST DEED, I GOT $58,000, IT WAS AN ASSUMPTION ON MY PART IT WAS JUST from THAT. I JUST NEVER SAW THE IMPORTANCE TO REALLY DELVE INTO IT FURTHER.

MR. ROGERS: THEY'RE ASKING WHAT WAS THE SOURCE OF YOUR INFORMATION.

THE WITNESS: FOR THIS?

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MR. ROGERS: YES. DID YOU TALK TO SOMEBODY OR DID YOU LOOK AT SOME DOCUMENTS?

THE WITNESS: THERE WAS A LETTER THAT PROMPTED THIS.

MS. LERNER: BY "THIS," YOU ARE REFERRING TO EXHIBIT "E"?

THE WITNESS: YES, BECAUSE WHERE IS THIS LETTER FROM?

BY MS. KLEIN:

Q THIS ACTUALLY I THINK WAS IN RESPONSE TO THE SECOND COMPLAINT FILED BY MR. AND MRS. KRINSKY, AND THIS CONSTITUTED YOUR RESPONSE TO THAT COMPLAINT. MY QUESTION IS, WHO DID YOU TALK TO BETWEEN JULY 1983 AND OCTOBER 1983 THAT MADE YOU CHANGE YOUR MIND REGARDING WHERE THE $40,000 THAT MR. KENNEY LOANED TO HIS CAMPAIGN CAME FROM?

A I DON'T REMEMBER TALKING TO ANYONE PARTICULAR ABOUT IT. I MEAN, I SENT THIS. AND I ASSUMED THAT WAS THE END OF IT.

MR. ROGERS: DID YOU SEE SOMETHING?

THE WITNESS: I ~~HAVE~~ Had A LETTER THAT I RESPONDED TO from the FEC Reports Analysis Division.

MR. ROGERS: DID MR. KENNEY RESPOND TO THESE PEOPLE?

MS. LERNER: MAYBE I CAN CLEAR THIS UP. EXHIBIT "E" IS IN RESPONSE TO THE REASON TO BELIEVE FINDING THAT THE COMMISSION SENT TO YOU. IN THE REASON TO BELIEVE FINDING THERE WAS A MENTION OF THE FACT THAT THE $40,000, I BELIEVE THERE WAS A LAYOUT OF WHERE THIS MONEY WENT WHEN MR. KENNEY RECEIVED THE LOAN FROM THE BANK DESCRIBED MR. KENNEY AS RECEIVING A CERTAIN AMOUNT IN CASH AND THE REST WENT OUT TO PAY OTHER TRANSACTIONS. AFTER YOU RECEIVED THE REASON TO BELIEVE FINDING, DID YOU SPEAK WITH MR. KENNEY FURTHER

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CONCERNING THE $40,000 THAT HE HAD BORROWED?

THE WITNESS: OKAY. I THINK, JUST TO CLARIFY WHERE I AM COMING FROM, WE BOTH PROBABLY GOT A LETTER. I DON'T HAVE IT IN FRONT OF ME RIGHT NOW. AND MR. KENNEY RESPONDED TO THE LETTER. SO THAT'S WHAT I AM SAYING. AND THEN AFTER I SAW WHAT HE WROTE AND HE EXPLAINED IT TO ME, BECAUSE WE SAW WE NEEDED A BREAKDOWN, THAT'S WHEN I WROTE MY LETTER. BUT I JUST ASSUMED ON THAT FIRST ONE dated 7-7-83 WITHOUT CHECKING FURTHER. IT WAS JUST A MISTAKE.

MR. ROGERS: JUST FOR THE RECORD, WHAT SHE SAW WAS THE JUNE 19, 1983 LETTER FROM MR. KENNEY TO MR. GROSS.

BY MS. KLEIN:

Q SO MR. KENNEY HAD SHOWED YOU HIS LETTER OF OCTOBER 12, 1983, BEFORE TO YOU?

MR. ROGERS: JUNE 19TH.

THE WITNESS: I WANT TO SEE WHAT SHE'S REFERRING TO.

MR. ROGERS: IT WAS JUNE 19TH, WASN'T IT?

MS. LERNER: THAT WOULD HAVE BEEN A LATER LETTER, BECAUSE HE WOULD HAVE BEEN RESPONDING TO THE SECOND COMPLAINT, I BELIEVE.

THE WITNESS: IT SHOULD BE A LETTER AROUND OCTOBER.

MS. LERNER: WE HAVE THE EXHIBIT HERE.

BY MS. KLEIN:

Q EXHIBIT "D" IS A LETTER TO MR. KENNETH GROSS FROM MR. CHARLES KENNEY DATED OCTOBER 12, 1983.

A YES, THIS IS IT. I AM JUST SAYING, YOU KNOW, YOU GUYS WROTE TO US AND SAID WE'RE NOT SATISFIED AND WANT AN EXPLANATION, AND HE EXPLAINED IT. BUT ~~THE~~ another LETTER WAS

3 4 0 4 0 4 7 1 2 5 8

ALSO ADDRESSED TO ME, TOO. SO I RESPONDED. AND I JUST REFERENCED HIS LETTER.

Q AND YOU HAD READ HIS LETTER BEFORE YOU WROTE YOUR LETTER?

A I GUESS. I SAID IN HERE, YEAH, HE'S RESPONDING UNDER SEPARATE COVER. YEAH. BECAUSE I ASKED HIM AT THAT TIME, AND THAT IS WHERE WE GOT THE CLARIFICATION. BECAUSE I HAD ASSUMED ORIGINALLY THAT ALL THE MONEY WAS FROM THE SAME. AND, YOU KNOW, YOU GET A LETTER BACK AND SAY NO, IT IS NOT. AND HE SAID IT CAME LIKE THIS. SO THAT'S WHERE IT CAME FROM. INSTEAD OF ME PUTTING IT IN MY LETTER, THAT IS WHAT I SAY, I JUST MADE A WRONG ERROR. I JUST DIDN'T DELVE INTO IT FURTHER.

MS. KLEIN: MR. ROGERS, DO YOU HAVE ANY QUESTIONS THAT YOU WOULD LIKE TO ASK?

MS. LERNER: I HAVE A FEW.

EXAMINATION

BY MS. LERNER:

Q OTHER THAN THE LETTER THAT YOU SENT TO THE FEDERAL ELECTION COMMISSION WHICH IS EXHIBIT "E" AND REFERENCES MR. KENNEY'S LETTER, WHICH IS EXHIBIT "D," HAVE YOU EVER AMENDED YOUR REPORTS TO THE COMMISSION TO REFLECT THE ADDITIONAL SOURCE OF THE $40,000 LOAN?

A NO. I WAS NEVER TOLD TO.

Q I WOULD SUGGEST THAT THAT WOULD PROBABLY BE A GOOD THING TO DO. BECAUSE LET ME EXPLAIN TO YOU THAT WHAT WE DO IS ENFORCEMENT. THE OTHER FOLKS THAT WERE WRITING

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YOU LETTERS ASKING YOU FOR FURTHER CLARIFICATION WERE THE REPORTS ANALYSIS COMMISSION. ONCE THE REPORTS COME TO US, THEY NO LONGER CORRESPOND TO YOU. BUT THAT WOULD BE SOMETHING YOU WOULD WANT TO DO IS AMEND THOSE REPORTS. EXHIBIT "D" IS NOT CONSIDERED AN AMENDMENT TO THE REPORT. ALL YOU WOULD HAVE TO DO IS SEND ANOTHER LETTER TO THEM EXPLAINING THE EXACT SAME THING TO MR. GARCIA, I BELIEVE IT IS.

A OKAY.

MR. ROGERS: THAT WILL BE DONE TODAY, RIGHT?

THE WITNESS: CAN WE GO OFF THE RECORD FOR A MINUTE?

MS. LERNER: OFF THE RECORD.

(OFF THE RECORD.)

MS. LERNER: BACK ON THE RECORD.

EXAMINATION

BY MR. ROGERS:

Q MRS. GOFF, YOU ARE FAMILIAR WITH RAYMOND KRINSKY?

A YES.

Q YOU HAVE REVIEWED CERTAIN RECORDS OF MR. KENNEY, AS WELL AS KENNEY FOR CONGRESS RECORDS, AND OTHER DOCUMENTATIONS RELATED TO THOSE RECORDS?

A YES.

Q IS THERE ANY QUESTION IN YOUR MIND THAT NO PART OF THE $40,000 LOAN BY MR. KENNEY IN MARCH OF 1982, THAT NO PART OF THOSE FUNDS CAME FROM MR. KRINSKY'S MONEY?

A ABSOLUTELY NONE OF THAT WAS KRINSKY'S MONEY.

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Q YOU ARE POSITIVE OF THAT?

A FROM ALL THE DOCUMENTATION I'VE DUG into AND TALKED TO EVERYBODY AND SENT ALREADY TO THE F.E.C., NONE OF IT WAS HIS MONEY.

Q AND NONE OF MR. KRINSKY'S MONEY, TO YOUR KNOWLEDGE, EVER FOUND ITS WAY INTO THE CAMPAIGN OR WAS THEIR EARLIER LOANS?

A NOT THAT I AM AWARE OF referring only to the 40,000 Mr. Krinsky had contributed through fund raising events never as a loan

MR. ROGERS: ANYBODY WANT TO ASK ANYTHING FURTHER?

MS. KLEIN: ONE QUESTION.

FURTHER EXAMINATION

BY MS. KLEIN:

Q MISS GOFF, DO YOU KNOW WHETHER MR. KRINSKY DID LEND MR. KENNEY $40,000?

A JUST BY THE DOCUMENTATION THAT I HAVE FROM ESCROW AND A RECEIPT WHICH I JUST GAVE TO MY ATTORNEY.

MS. LERNER: DID MR. KENNEY EVER TELL YOU THAT MR. KRINSKY HAD LENT HIM MONEY FOR HIS CAMPAIGN?

THE WITNESS: NO.

MS. LERNER: DID MR. KENNEY EVER TELL YOU THAT MR. KRINSKY HAD MADE A $40,000 CONTRIBUTION TO HIS CAMPAIGN?

THE WITNESS: NO.

MS. KLEIN: I REMIND YOU THAT ACCORDING TO U.S.V. 437G, THE INVESTIGATIONS OF THE FEDERAL ELECTION COMMISSION ARE CONFIDENTIAL. AND UNTIL THE INVESTIGATION IS CLOSED, THAT WHICH WE HAVE DISCUSSED TODAY SHOULD NOT BE DIVULGED.

MAY THE RECORD SHOW THAT I AM TENDERING ESTHER

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M. GOFF, MADE TO HER ORDER, FOR $36.15 FOR A WITNESS FEE FOR TODAY.

THE DEPOSITION IS ADJOURNED.

MR. ROGERS: SEND THE ORIGINAL TO ME, AND I WILL GET MRS. GOFF'S SIGNATURE. WE WILL SEND IT BACK TO THE FEDERAL ELECTION COMMISSION WITHIN 30 DAYS AFTER I RECEIVE IT. WE WILL GET IT BACK TO YOU SOONER IF THAT'S POSSIBLE.

(WHEREUPON, THE AFOREMENTIONED DOCUMENTS WERE MARKED EXHIBITS "A", "D", AND "E" FOR IDENTIFICATION BY THE NOTARY PUBLIC, COPIES OF WHICH ARE ATTACHED HERETO.)

I, ESTHER M. GOFF, DECLARE UNDER THE PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

May 14, 1984
DATE

Esther M. Goff
ESTHER M. GOFF

34040471262

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, LINDA A. PAYAN, CSR # 4426, a Notary Public in and for the County of ORANGE State of California, do hereby certify:

That, prior to being examined, the witness named in the foregoing deposition, to wit, ESTHER M. GOFF, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken down by me in shorthand at the time and place therein named and thereafter reduced to typewriting under my direction.

I further certify that I am not interested in the event of the action.

WITNESS my hand and seal this 25th day of APRIL, 1984.

Linda A. Payan
Notary Public in and for the County of ORANGE, State of California

OFFICIAL SEAL
LINDA A PAYAN
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY
My comm. expires NOV 5, 19[illegible]

8 4 0 4 0 4 7 1 2 6 4

P.O. Box 65
El Toro, Ca. 92630

Federal Election Commission
Roberto Garcia, Reports Analyst
Reports Analysis Division
Washington, D.C. 20463

FED I.D. # C00146340

Reference: April Quarterly Report (1/1/82-3/31/82)

Dear Mr. Garcia:

The following is an account of the loans made to the campaign committee by the candidate during the above periods and the source of those funds. A copy of this letter has been sent to the Clerk of the House of Representatives as an amendment to our original report.

Date	Amount	Source
February 18, 1982	$ 2,000.00	Personal Funds
March 3, 1982	1,100.00	Personal Funds
March 8, 1982	2,300.00	Personal Funds
March 18, 1982	5,000.00	Proceeds from personal funds from sale of a Trust Deed for $20,000. Trust Deed was held prior to campaign. Trustor: J. Spencer. Sold to Mr. V. Spitalarri on March 8, 1982.
March 21, 1982	100.00	Personal Funds
March 31, 1982	40,000.00	"See below"

The candidate initiated a loan on his investment property in San Clemente, California in February for the amount of $58,000 for the purpose of repaying a business debt. The loan was completed on March 18, 1982. The campaign staff suggested the candidate loan the committee $40,000.00 for a direct mail campaign. On March 31, 1982 the candidate loaned the committee $40,000.00 for that purpose. Subsequently the campaign manager advised the candidate that to make the mail-out would be futile and a waste of money and further suggested that the committee repay the loan to the candidate. On April 4, 1982 the committee repaid the loan to the candidate and he proceeded to repay his business debt as he intended in the beginning.

Since the money was not borrowed for the specific purpose of the campaign, it was not reported as an institutional loan on the quarterly report. Further, the money was not used for any campaign purpose and was repaid immediately. For your information the following is submitted for the amended quarterly report.

Kenney For Congress
FED I.D. # C00146340

Source of Funds: Consolidated Home Loan
Date Incurred: March 18, 1982
Amount of Loan: $58,000
Date Due: March 18, 1984
Interest Rate: 18%
Security: Residential home at 3004 Calle Grande Vista, San Clemente, Cal.
Endorsers: Charles G. Kenney and Mary J. Kenney
Type of Ownership: Husband and Wife as joint tenants
Percentage of Ownership: 100%
Value of Property: $360,000.00

I hope this answers the questions regarding the source of the funds the candidate used to loan the committee.

Very truly yours,

Esther M. Goff, Treasurer
July 7, 1983

cc: Clerk of the House of Rep.
I.D. # 097225

exhibit A for I.D.
Linda A. Payan, N.P
Date 4-12-84

Exhibit A

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Finch

Charles G. Kenney
P.O. Box 65
El Toro, Ca. 92630

October 12, 1983

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

RE: MUR 1589

Dear Mr. Gross:

This is in answer to your letter of September 30, 1983 whereby you attached the complaint from Mr. and Mrs. Raymond Krinsky. I will respond by paragraph number so that an identifiable sequence can be established.

83 OCT 19 AM 11:50

Responding to paragraph (1) of the complaint: At no time did I ever indicate that the Krinskys did not contribute to my campaign. In fact, the amount indicated by them is correct.

Responding to paragraph (2) of the complaint: The statement by the Krinskys is entirely false. As I indicated in my letter to you of June 19, 1983, the negotiations for the loan from them was started well before I decided to run for Congress. At no time did the conversation include any comments about a campaign loan. They were at all times advised of the purpose of the loan and the closing statement furnished you indicates their awareness of the distribution of the proceeds from the loan. The repeating of the information in the aforementioned letter should not be necessary as I am sure you have this on file in your office. However, I would like to reiterate the time lag from the time the negotiations for the loan started, was in excess of six months because of the requirements placed on me from Mr. and Mrs. Krinsky. It is therefore quite obvious that the start of this transaction was long before my intentions to run for Congress.

Further answering Paragraph (2) of the complaint: At no time did I ever say I had another trust deed on Lovios other than Mr. Krinsky's. I held other property which had junior liens, but he is correct that he was the only note at that time on that particular property other than the 1st trust deed to Downey Savings and Loan Association.

Responding to Paragraph (3) of the complaint: The $40,000 loaned to my campaign committee was a consolidation of funds from the following resources:

exhibit D-1 for I.D.
Linda A. Payan, N.P
Date 4-12-84

Exhibit D

1.	Proceeds of note payable from Mr. Vasquez	$ 7,466.	2/21/82
2.	Sale of trust deed to Mr. Trapasso	11,200.	2/24/82
3.	Sale of note to Mr. John Street	3,720.	3/11/82
4.	Sale of property (Manzano) 1/3rd interest	7,239	3/14/82
5.	Proceeds from Consolidated Home Loan	7,466	3/18/82
6.	Sale of stock to Mr. Ron Mayes	5,000	3/21/82

All of the above took place subsequent to February 21, 1982 and prior to March 31, 1982. This is all in addition to my personal income from wages and commissions. Upon the repayment from the committee to me this money was used to pay business debts as indicated in my prior correspondence.

Again, I would like to state that none of the $40,000 referred to above, that was loaned to the committee, was ever used for campaign purposes and was repaid to me almost immediately. (Re: my previous letter). I wholeheartedly affirm that no wrongdoing was intended nor do I believe any committed.

The furtherance of this complaint is instituted by Mr. and Mrs. Krinsky as a vendictive jesture as are all the calls and visits he makes to people in our community to degrade me. The continued harrasement by him as placed unnecessary burdens on me, my family, and the Committee.

I sincerely hope the above information, together with that furnished by me previously, will be sufficient to satisfy any doubts the Commission may have.

Very truly yours,

Charles G. Kenney

As stated above and in my previous correspondence, none of Mr. and Mrs. Krinsky's money was ever used for the campaign and I declare under penalty of perjury that the foregoing is true and correct and to the best of my knowledge and belief.

Charles G. Kenney

10/12/83
Date

Subscribed and sworn to before me on

October 12, 1983

Esther M. Goff

Esther M. Goff, Notary Public
State of California, County of Orange

OFFICIAL SEAL
ESTHER M GOFF
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY.
My comm. expires MAR 9, 1984

D-2

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FEC

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Esther Goff, Treasurer
Kenney For Congress Committee
P.O. Box 65
El Toro, Ca. 92630

FINCH
MUR 1589

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

October 13, 1983

RE: MUR 1589

Dear Mr. Gross:

In reply to your inquiry pertaining to a further complaint by Mr. & Mrs. Krinsky, the candidate has advised me he is responding to your request under separate cover.

Attached is the statement of designation of counsel. The attorney will represent the candidate and the Committee should the need arise.

I was not the treasurer at the time the alleged transaction took place; however, a review of all the records do not indicate that any wrong doing ever occurred and Mr. Kenney has provided me with adequate information to satisfy me that Mr. & Mrs. Krinsky's money was never used for the campaign. In addition, I find no reporting violations regarding receipt of monies for the campaign. Please refer to my previous reports submitted to Mr. Roberto Garcia, Reports Analyst, dated July 7, 1983.

In reference to this further complaint, regarding the monies received from proceeds of financing investment property in San Clemente, only a portion of the proceeds was used in conjunction with other monies received by Mr. Kenney for his real estate business and together with his personal funds to comprise an amount of $40,000. Again, I refer to you the rport to Mr. Garcia.

I find this continous harrasement by the Krinskys extremely vendictive in nature and turning into an obsession with them to recapture their loss. They entered into a business transaction with Mr. Kenney and as with all business negotiations (especially with trust deeds) were apprised and knowledgeable of the risks involved as a junior trust deed lien holder.

I do hope that this matter is resolved soon. Please advise if I can be of further assistance to you.

Sincerely,

Esther M. Goff

Esther M. Goff,
Treasurer

exhibit E for I.D.
Linda A. Payan, N.P
Date 4-12-84

Exhibit E

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ROGERS & DIB
A LAW CORPORATION
17111 BEACH BLVD., SUITE 103
HUNTINGTON BEACH, CALIFORNIA 92647

To Federal Election Commission
Washington, D.C. 20463

Attention Lois G. Lerner, Esq.

GCAL 3247

BEFORE THE FEDERAL ELECTION COMMISSION

IN RE)
)
MUR 1589)
)

ORIGINAL

DEPOSITION OF: CHARLES KENNEY

TAKEN ON: APRIL 12, 1984

Pelletier & Jones / Orange County

CERTIFIED SHORTHAND REPORTERS

3138 S. RITA WAY
SANTA ANA, CALIFORNIA 92704
(714) 641-8451

REPORTED BY: LINDA A. PAYAN, CSR #4426

FILE: 4-134/OC

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DEPOSITION OF CHARLES KENNEY, TAKEN AT 24000 AVILA ROAD, LAGUNA HILLS, CALIFORNIA 92677, COMMENCING AT 10:40 A.M., ON THURSDAY, APRIL 12, 1984, BEFORE LINDA A. PAYAN, CSR #4426, A NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA, PURSUANT TO SUBPOENA.

APPEARANCES OF COUNSEL:

FOR THE FEDERAL ELECTION COMMISSION:

LOIS G. LERNER, ATTORNEY AT LAW
AND
LISA KLEIN, ATTORNEY AT LAW
WASHINGTON, D.C. 20463

FOR ESTHER M. GOFF AND CHARLES KENNEY:

ROGERS & DIB
BY: GEORGE L. ROGERS, ESQ.
17111 BEACH BOULEVARD
SUITE 103
HUNTINGTON BEACH, CALIFORNIA
92647-5999

9404071271

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CHARLES KENNEY,

AFTER HAVING BEEN DULY SWORN, WAS

EXAMINED AND TESTIFIED AS FOLLOWS:

EXAMINATION

BY MS. KLEIN:

Q WILL YOU PLEASE STATE YOUR NAME FOR THE RECORD.

A CHARLES G. KENNEY, K-E-N-N-E-Y.

Q AND YOUR PRESENT ADDRESS, MR. KENNEY?

A 23368 COSO, C-O-S-O.

Q HAVE YOU BEEN DEPOSED BEFORE?

MR. ROGERS: WHAT TOWN?

BY MS. KLEIN:

Q WHAT TOWN IS YOUR RESIDENCE IN?

A MISSION VIEJO.

Q THE STATE OF CALIFORNIA?

A STATE OF CALIFORNIA.

Q HOW LONG HAVE YOU LIVED THERE, MR. KENNEY?

A SINCE ABOUT MARCH OF THIS YEAR. OR OF '83.

Q PRIOR TO THAT, WHERE DID YOU LIVE?

A AT -- I DON'T REMEMBER THE ADDRESS. BUT IT WAS ON LOVIOS STREET IN MISSION VIEJO.

Q HAVE YOU EVER BEEN DEPOSED BEFORE? HAVE YOU EVER HAD YOUR DEPOSITION TAKEN?

A YES.

Q THEN YOU ARE AWARE THAT IF I ASK A QUESTION THAT YOU DON'T UNDERSTAND, THEN YOU SHOULD LET ME KNOW THAT

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SO I CAN REPHRASE IT. OTHERWISE, I WILL ASSUME THAT YOU UNDERSTOOD THE QUESTION AND RESPONDED TO IT.

A YES.

Q ANOTHER PRELIMINARY QUESTION, ARE YOU REPRESENTED BY COUNSEL HERE TODAY?

A YES, I AM.

Q AND WILL YOU PLEASE STATE YOUR COUNSEL'S NAME FOR THE RECORD.

A GEORGE ROGERS.

Q MR. KENNEY, ARE YOU PRESENTLY EMPLOYED?

A YES, I AM.

Q WHAT IS YOUR EMPLOYMENT?

A THE GOEDEN COMPANY, G-O-E-D-E-N.

Q AND HOW LONG HAVE YOU BEEN EMPLOYED?

A SINCE NOVEMBER OF 1983.

Q AND WHAT POSITION DO YOU HOLD AT THE COMPANY?

A GENERAL SALES MANAGER.

Q DID YOU AT SOME POINT OPERATE A BUSINESS KNOWN AS KENNEY REAL ESTATE?

A I DID.

Q WHAT LEGAL FORM DID THE BUSINESS TAKE?

A CORPORATION.

Q WHAT WERE THE DATES OF THE BUSINESS'S OPERATION?

A I THINK FEBRUARY 1977 UNTIL ABOUT, UNOFFICIALLY, FEBRUARY OF '82.

Q COULD YOU DESCRIBE THE TYPE OF REAL ESTATE TRANSACTIONS OF THAT BUSINESS?

A GENERAL SALES, RESIDENTIAL SALES.

3 4 0 4 0 4 7 1 2 7 4

Q HAVE YOU EVER MADE PURCHASES OF INVESTMENT PROPERTIES FOR YOURSELF?

A I DID.

Q HOW MANY INVESTMENT PROPERTIES HAD YOU PURCHASED? AN APPROXIMATE NUMBER.

A THREE OR FOUR.

Q IN 1982, YOU ENTERED INTO A CONGRESSIONAL ELECTION, DID YOU NOT?

A I DID.

Q HAVE YOU EVER RUN FOR ANY OTHER ELECTED OFFICE OTHER THAN THE CONGRESSIONAL SEAT IN 1982?

A A COUNCILMAN IN MISSION VIEJO. MISSION VIEJO IS NOT A CITY. BUT IT'S A MUNICIPAL ADVISORY COMMITTEE.

Q YOU WERE ELECTED TO THE ADVISORY COUNCIL?

A YES, I WAS.

Q ARE YOU PRESENTLY HOLDING A POSITION?

A I AM.

Q WHEN DID YOU DECLARE YOUR CANDIDACY FOR THE 1982 CONGRESS?

A SOMETIME IN OCTOBER 1981.

Q AND DO YOU RECALL WHEN YOU BEGAN THINKING ABOUT SUCH A CONGRESSIONAL BID?

A ABOUT THREE DAYS BEFORE I FILED.

Q AND WHEN DID YOU ACTIVELY BEGIN CAMPAIGNING?

A SHORTLY THEREAFTER.

Q DO YOU KNOW A MR. RAYMOND KRINSKY?

A YES, I DO.

Q WHEN DID YOU FIRST MEET HIM?

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A I'M GOING TO SAY PROBABLY IN 1978 OR '79.
Q DO YOU REMEMBER HOW YOU MET HIM?
A HE JUST CAME INTO THE OFFICE.
Q INTO YOUR REAL ESTATE OFFICE?
A REAL ESTATE OFFICE.
Q DO YOU KNOW WHY HE CAME TO YOUR REAL ESTATE OFFICE?
A I DON'T RECALL, REALLY. JUST MOSTLY ABOUT INVESTMENTS AND THINGS OF THAT NATURE. I DON'T REALLY RECALL FOR SURE.
Q DURING THE TIME THAT YOU HAVE KNOWN HIM, DID YOU SEE HIM ON A REGULAR BASIS?
A NOT REGULAR, BUT FREQUENTLY.
Q HOW OFTEN DID YOU USUALLY SEE ONE ANOTHER?
A SEVERAL TIMES A MONTH.
Q DID YOU EVER HAVE A SOCIAL RELATIONSHIP WITH MR. KRINSKY?
A YES, WE DID.
Q DID YOU KNOW MRS. KRINSKY?
A YES, I DID.
Q COULD YOU DESCRIBE THE SOCIAL RELATIONSHIP THAT YOU HAD WITH THEM?
A THEY INVITED ME TO SEVERAL FUNCTIONS. HE'S VERY ACTIVE IN THE VETERANS ADMINISTRATION. AND HE INVITED ME TO LIKE THE NAVY BALL AND A FEW OTHER INVITATIONS THAT WE WENT TOGETHER. AND ALSO WE WERE IN THE SAME CLUBS, SIMILAR CLUBS TOGETHER.
Q HAVE YOU EVER BEEN TO HIS HOME?

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A YES.

Q ON HOW MANY OCCASIONS WOULD YOU SAY THAT YOU HAVE BEEN THERE?

A ONCE DURING THE CAMPAIGN AND MAYBE ONCE BEFORE, MAYBE.

Q HAS HE BEEN TO YOUR HOME?

A NOT -- YES. WE DID HAVE A FUNCTION THERE, YES, AND HE WAS THERE ONCE.

Q DID MRS. KRINSKY EVER COME TO YOUR OFFICE WITH HER HUSBAND?

A YES.

Q DID SHE EVER COME ALONE WITHOUT HER HUSBAND?

A I DON'T RECALL.

Q DO YOU KNOW WHAT MR. KRINSKY DOES FOR A LIVING?

A I THINK HE'S RETIRED.

Q AND WHAT LEADS YOU TO BELIEVE THIS?

A HE TALKS AN AWFUL LOT ABOUT THE OLD NAVY.

Q WAS THERE A TIME WHEN YOU LEARNED THAT MR. AND MRS. KRINSKY WOULD BE INTERESTED IN SOME REAL ESTATE TRANSACTIONS?

A YES.

Q WHEN WAS THAT?

A 1980.

Q WHAT TYPE OF TRANSACTIONS WERE THEY INTERESTED IN?

A THEY WERE LOOKING TO REINVEST SOME MONEY. THEY KEPT THEIR MONEY IN T-BILLS, AND HE FELT THAT HE COULD GET A HIGHER RATE OF INTEREST BY BUYING TRUST DEEDS.

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Q DID MR. KRINSKY THEN APPROACH YOU FOR SUCH INVESTMENTS?

A YES.

Q DID YOU EVER APPROACH HIM?

A NO.

Q PRIOR TO NOVEMBER OF 1981, DID YOU EVER ENTER INTO ANY BUSINESS TRANSACTIONS WITH MR. AND MRS. KRINSKY?

A AS A BUSINESS NATURE, YES. NOT AS MYSELF. HE BOUGHT SOME TRUST DEEDS FROM OTHER PEOPLE THROUGH ME.

Q HOW MANY SUCH TRUST AGREEMENTS DID HE PURCHASE?

A I THINK TWO.

Q ON EACH OF THESE OCCASIONS, DID MR. OR MRS. KRINSKY INITIATE THE TRANSACTION?

A HE DID.

Q MR. KRINSKY PURCHASED THE TRUST DEEDS FROM OTHER PERSONS THROUGH YOU?

A THAT'S CORRECT.

Q YET HE INITIATED SUCH AN INVESTMENT TRANSACTION?

A THAT'S CORRECT. HE ADVISED ME THAT HIS T-BILL WAS COMING DUE AND WANTED TO KNOW IF WE HAD ANY OTHER INVESTMENTS THAT HE COULD INVEST IN THAT HE COULD GET A HIGHER RATE OF RETURN THAN ON HIS T-BILLS.

Q DID YOU MAKE SUCH ARRANGEMENTS FOR ANY OTHER PERSONS OTHER THAN MR. AND MRS. KRINSKY?

A NOT IN THE SAME NATURE. BUT, YES, WE DID.

Q COULD YOU EXPLAIN THAT FOR ME.

A YES. IN SOME CASES WE WERE LOOKING FOR INVESTERS, AND THROUGH CONTACTS OF SALESMEN IN THE OFFICE

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MAY HAVE FOUND SOMEONE ELSE TO INVEST IN REAL ESTATE THAT THE COMPANY DID SOME TRANSACTIONS WITH.

Q TURNING TO THE NOVEMBER 1981 LOAN, DID MR. AND MRS. KRINSKY LOAN YOU $40,000 IN 1981?

A YES.

Q WHEN DID YOU FIRST DISCUSS THE POSSIBILITY OF THIS LOAN?

A MID YEAR. JUNE, JULY, SOMETHING OF THAT NATURE. HE CAME INTO THE OFFICE, AS HE DID QUITE FREQUENTLY, AND HAD A T-BILL COMING DUE AND DID I HAVE ANYTHING FOR HIM. AND I TOLD HIM I HAD A NOTE COMING DUE AT A BANK AND I COULD USE THE MONEY. AND THAT WAS JUNE OR JULY OF 1981.

Q WHEN YOU TOLD THIS TO MR. KRINSKY, WHAT WAS HIS REACTION TO YOUR DESIRE THAT HE WOULD --

A THAT HE WOULD BE INTERESTED IN MAKING THE LOAN TO ME.

Q WAS ANYONE ELSE PRESENT DURING THIS CONVERSATION?

A I DO NOT RECALL.

Q DURING YOUR LOAN NEGOTIATION FOR THE $40,000, WHAT TYPE OF SECURITY WAS DISCUSSED FOR SUCH A LOAN?

A MY RESIDENCE ON LOVIOS IN MISSION VIEJO.

Q WAS THERE EVER A DISCUSSION OF ANY OTHER PROPERTY BEING USED AS SECURITY?

A AT THAT TIME, NO.

Q WAS THERE AT ANY OTHER TIME?

A LATER HE HAD A NOTE THAT HE HAD PURCHASED FROM ME, ONE OF THE NOTES THAT HE HAD PURCHASED FROM ME THAT

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HE WANTED TO INCREASE THE NOTE FROM 40,000 TO A HIGHER AMOUNT AND THEN ASSIGN THAT NOTE TO ME. THERE WAS STILL THE SAME SECURITY. THAT WAS ALL.

Q WHEN YOU BEGAN YOUR NEGOTIATIONS IN JULY, WERE YOU DISCUSSING AS SECURITY YOUR OWN PERSONAL RESIDENCE?

A YES.

Q DID MR. KRINSKY ASK THAT YOU DO ANYTHING BEFORE HE WOULD AGREE TO LEND YOU THE MONEY?

A YES.

Q WHAT WAS THAT?

A HE WANTED AN APPRAISAL OF THE PROPERTY TO BE SURE THAT THERE WAS SUFFICIENT EQUITY IN THE PROPERTY. HE WANTED A STATEMENT FROM THE BANK, OR SAVINGS AND LOAN, THAT THEY WOULD NOT CALL THE LOAN. AND THESE ARE PRE-REQUISITES TO HIS MAKING THE LOAN.

Q WAS AN APPRAISAL DONE ON THE PROPERTY?

A IT WAS DONE WHEN I REFINANCED THE HOUSE IN THE END OF '80, OR FIRST OF '81.

Q THERE WAS NOT A SECOND APPRAISAL THAT WAS DONE?

A NO. HE WANTED ME TO GET A COPY OF THE INITIAL APPRAISAL, AND HE WANTED A COPY OF THAT. AND THAT WAS ONE OF THE REASONS FOR THE DELAY IN PUTTING THE LOAN TOGETHER WITH MR. KRINSKY, BECAUSE WE KEPT WRITING AND CALLING AND ASKING FOR THE APPRAISAL FROM DOWNEY SAVINGS AND LOAN, AND THEY TOOK THEIR TIME. MR. KRINSKY ON SEVERAL OCCASIONS WENT UP TO DOWNEY SAVINGS AND LOAN AND GOT VERY IRATE WITH THEM BECAUSE THEY WEREN'T FURNISHING THE APPRAISAL FAST

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ENOUGH SO HE COULD TURN HIS MONEY FROM HIS T-BILL IN TO ME VERY SWIFTLY.

Q THIS HAPPENED PURSUANT TO YOUR JULY CONVERSATION WITH HIM?

A YES.

Q WHEN WAS THE NEXT TIME THAT YOU TALKED WITH HIM ABOUT THE LOAN?

A PROBABLY WEEKLY.

Q AT WHAT TIME DID HE FINALLY AGREE TO LEND YOU THE MONEY?

A HE HAD AGREED AT THAT TIME IF I COULD ~~LEAVE~~ MEET ALL THESE PREREQUISITES, THAT HE WOULD LEND ME THE MONEY.

Q REGARDING THE LOAN, HOW MUCH WAS THE AMOUNT OF THE LOAN?

A THE NOTE WAS WRITTEN I THINK FOR 54,000 AND SOME ODD DOLLARS, WHICH INCORPORATED $40,000 CASH FROM HIM AND THE ASSIGNMENT OF THE 14,000 ODD DOLLARS TO ME.

Q INTEREST WAS DUE ON THE TOTAL AMOUNT?

A YES.

Q WHEN WAS THE PRINCIPAL PAYMENT DUE?

A ONE YEAR, I THINK.

Q THE PRINCIPAL PAYMENT BEING?

A THE PRINCIPAL AND INTEREST ALL DUE AND PAYABLE AT THE SAME TIME.

Q IN WHAT FORM DID MR. KRINSKY TRANSFER THE LOAN MONEY TO YOU?

A THROUGH AN ESCROW.

Q DID HE USE A PERSONAL CHECK?

8404712 8 1 ?

A HE PUT THE MONEY IN ESCROW, AND ESCROW GAVE THE MONEY TO ME.

Q YOU SAID THAT THERE WAS A TRUST DEED THAT WAS ALSO ASSIGNED?

A YES.

Q COULD YOU EXPLAIN WHY THE TRUST DEED WAS INCLUDED?

A HE DIDN'T LIKE THE NOTE THAT HE HAD PURCHASED BECAUSE THE GUY WAS CONSTANTLY LATE ON MAKING PAYMENTS. AND ONE OF HIS TERMS OF THE NEGOTIATIONS WITH ME WOULD BE THAT I WOULD TAKE THAT NOTE OVER, AND IT WOULD BE UP TO ME TO TAKE THAT NOTE OVER AND COLLECT.

MR. ROGERS: WE HAVE A COPY OF THE RECEIPT IN A CASHIER'S CHECK FROM MR. KRINSKY ON NOVEMBER 10TH, 1981, ESCROW NO. 702, IF YOU'D LIKE THAT. AND WE ALSO HAVE A COPY OF THE TRUST DEED FROM MR. AND MRS. KENNEY TO MR. AND MRS. KRINSKY SHOWING IT WAS RECORDED NOVEMBER 17, 1981.

MS. KLEIN: I BELIEVE THAT WE HAVE A COPY OF THIS, MR. ROGERS.

MS. LERNER: I THINK WE SHOULD PROBABLY MAKE THE RECEIPT AN EXHIBIT TO THE DEPOSITION. WHY DON'T WE GIVE IT TO THE COURT REPORTER.

MR. ROGERS: DO YOU HAVE THE ESCROW INSTRUCTIONS?

MS. KLEIN: YES, WE DO.

MS. LERNER: WE WILL MARK THE RECEIPT EXHIBIT 1.

THE WITNESS: I DIDN'T THINK THE ESCROW INSTRUCTIONS WERE FURNISHED.

MS. LERNER: WE HAVE A COPY OF THAT.

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BY MS. KLEIN:

Q DID MR. KRINSKY ASK YOU WHY YOU WANTED THE MONEY?

A HE WAS AWARE IT WAS FOR BUSINESS AT THAT TIME. I HAD A REAL ESTATE BUSINESS. AND PEOPLE ARE FAMILIAR WITH THE REAL ESTATE MARKET IN THAT PERIOD OF TIME WAS DECLINING, AND I WAS SUSTAINING SOME LOSSES. AND I NEEDED THE LOAN TO SUSTAIN THE LOSSES UNTIL THE REAL ESTATE MARKET TURNED AROUND.

Q WAS THERE ANYTHING TO CAUSE YOU TO THINK THAT MR. AND MRS. KRINSKY MIGHT PERCEIVE THE PURPOSE TO BE DIFFERENT THAN IT WHAT YOU HAVE DESCRIBED?

A NO.

Q DID YOU TELL MR. KRINSKY OR MRS. KRINSKY ABOUT YOUR INTENTION TO RUN FOR CONGRESS?

A NOT AT THE INITIAL NEGOTIATIONS OF THE LOAN, NO.

Q WHEN DID YOU FIRST MENTION YOUR INTENTION TO RUN FOR CONGRESS?

A WHEN I FILED FOR CONGRESS, IT WAS OBVIOUS THAT I WAS RUNNING FOR OFFICE AT THAT TIME.

Q DID YOU INDICATE TO THEM THAT YOU WERE CONTEMPLATING RUNNING FOR OFFICE BEFORE YOUR ACTUAL FILING DATE?

A NOT FOR CONGRESS, NO.

Q DID YOU TELL THEM THAT YOU WERE THINKING OF RUNNING FOR AN ELECTED OFFICE?

A YES.

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Q WHEN DID YOU TELL THEM THIS?

A WE WERE ANTICIPATING GETTING AN ASSEMBLY SEAT. THAT WAS GOING THROUGH REAPPORTIONMENT IN CALIFORNIA. AND UNDER ANTICIPATION OF GETTING A REAPPORTIONMENT SEAT, I INDICATED I WAS THINKING OF RUNNING FOR ASSEMBLY.

Q THE ASSEMBLY BEING FOR THE STATE OF CALIFORNIA?

A STATE OF CALIFORNIA, YES.

Q YOU HAD MENTIONED THAT YOU HAD BEEN TO THE HOME OF MR. AND MRS. KRINSKY. COULD YOU TELL ME WHEN YOU WENT TO THEIR HOME?

A I DON'T KNOW THE EXACT DATE. IT WAS PRIOR TO THEM MAKING ME THE LOAN.

Q DO YOU REMEMBER WHAT TRANSPIRED DURING YOUR VISIT THERE?

A YEAH. HE HAD ALL HIS DOCUMENTS AT THAT TIME FROM THE SAVINGS AND LOAN COMPANY THAT HE NEEDED. I THINK HE NEEDED ONE MORE DOCUMENT I THINK IS WHAT IT WAS. HE WANTED ME TO REVIEW WHAT HE HAD. AND WE DISCUSSED THE POSSIBILITY OF GETTING THE REST OF THE DOCUMENTATION FROM THE SAVINGS AND LOAN, THAT HE WOULD TRY TO GET IT AND I WOULD TRY TO GET IT SO THAT WE COULD CONSUMATE THE LOAN.

Q WAS ANYTHING MENTIONED DURING THAT VISIT MENTIONING YOUR POLITICAL ASPIRATIONS?

A NO.

Q DID YOU EVER RETURN TO THE KRINSKYS' HOME?

A NO.

Q MR. KENNEY, IF YOU NEEDED TO BORROW MONEY AT THAT TIME, WHY DID YOU NOT GO TO SECURE THE LOAN FROM A BANK?

3404047128 4

A MAINLY THE REAL REASON WAS HE KEPT PURSUING ME AND MADE IT EASY.

Q YOU SAID THAT YOU NEEDED THE MONEY FOR BUSINESS DEBTS THAT WERE COMING DUE. DID YOU HAVE ANY SECONDARY REASONS FOR BORROWING THIS MONEY?

A NO.

Q AS A RESULT OF PAYING OFF YOUR BUSINESS DEBTS, WERE YOU ABLE TO BORROW MONEY FROM ANY OTHER SOURCES OTHER THAN MR. AND MRS. KRINSKY?

A I COULD HAVE, YES.

Q DID YOU?

A YEAH. I MADE A LOAN ON ANOTHER PIECE OF PROPERTY IN SAN CLEMENTE DURING THE CAMPAIGN, YES.

Q YOU SECURED A LOAN ON ANOTHER PROPERTY THAT YOU OWNED?

A YES.

Q DID YOU EVER HAVE THE IMPRESSION THAT THE KRINSKYS WERE SUPPORTIVE OF YOUR POLITICAL ELECTION BID?

A YES.

Q WHAT CREATED THIS IMPRESSION?

A HIS WIFE CAME IN SEVERAL TIMES AND MADE PHONE CALLS FOR THE CAMPAIGN. AND HE ATTENDED SEVERAL OF THE FUND RAISERS THAT WE HELD.

Q WHY DO YOU THINK THAT THEY WERE SUPPORTIVE OF YOUR CANDIDACY?

A BECAUSE OF OUR FRIENDSHIP.

Q DID YOU EVER ASK EITHER OF THE KRINSKYS TO MAKE A CONTRIBUTION TO THE CAMPAIGN?

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A ONLY THROUGH THE FUND RAISERS.

Q WHAT WERE THE FUND RAISERS?

A PERIODICALLY IN ANY CAMPAIGN YOU HAVE A FUND RAISER. YOU KNOW, YOU HAVE LIKE A LUNCHEON OR RECEPTION OR SPEAKERS. AND THEY WERE SENT INVITATIONS.

Q DO YOU RECALL WHETHER THEY CONTRIBUTED IN THIS FASHION?

A THEY ATTENDED A COUPLE OF THE FUND RAISERS, YES.

Q DID YOU EVER ASK THEM TO MAKE A LOAN TO YOUR CAMPAIGN?

A NO.

Q WHAT DID YOU DO WITH THE PORTION OF THE PROCEEDS OF THE $40,000 THAT YOU BORROWED FROM MR. AND MRS. KRINSKY?

A WELL, A PORTION OF IT IS INDICATED IN THE CLOSING STATEMENT SHOWED THAT IT MADE TO PAY OFF THE SOUTH-WEST BANK LOAN, AND THE OTHER PORTION WENT INTO KENNEY REAL ESTATE AT THAT TIME TO MAKE UP OUR NORMAL NEEDS FOR THE BUSINESS.

Q DID YOU USE ANY OF THE NOVEMBER 1981 LOAN PROCEEDS FOR PURPOSES OF YOUR CAMPAIGN?

A NO.

Q DID YOU EVER INTEND TO USE ANY OF THAT MONEY FOR YOUR CAMPAIGN?

A NO.

Q DID YOU OR YOUR COMMITTEE EVER CONTEMPLATE DOING A DIRECT MAIL OUT?

A YES.

3404071285

Q WHO SUGGESTED A DIRECT MAIL OUT?

A CAMPAIGN MANAGER.

Q AND DO YOU RECALL WHEN THE CAMPAIGN MANAGER SUGGESTED THIS?

A WELL, WE HAD ONE OR TWO DURING THE CAMPAIGN, AND THEN ONE TOWARDS THE END HE INTENDED TO RUN, WHICH WE DID NOT RUN.

Q WHY DID YOU NOT RUN THE LATTER?

A HE DID SOME TYPE OF SURVEY AND TOLD ME THAT WE WERE SO FAR DOWN ON THE TOTEM POLE, DON'T USE THE MONEY. WHEN THERE'S 18 PEOPLE RUNNING AND I'M PREDICTED TO COME IN LIKE 14TH, IT'S NOT A TIME TO SPEND ANY MORE MONEY.

Q DID YOU LOAN YOUR COMMITTED $40,000 IN MARCH OF 1982?

A YES.

Q HOW MUCH MONEY DID YOU LOAN YOUR COMMITTEE?

A AGAIN, $40,000. IT JUST HAPPENED TO BE A COINCIDENCE THAT THE MONEY IS THE SAME.

Q WHAT DID YOU DO WITH THE MONEY?

A GAVE IT TO THE BANK.

Q DID YOU USE THE MONEY FOR THE PURPOSE OF THE MAIL OUT?

A ~~YES~~ NO.

Q WHERE DID YOU ACQUIRE THE $40,000 THAT YOU LOANED YOUR COMMITTEE IN MARCH OF 1982?

A SOLD SEVERAL NOTES AND TRUST DEEDS THAT I HAD ON VARIOUS PIECES OF PROPERTY.

Q COULD YOU TELL ME WHY THE SOURCE OF THE $40,000

3404712287

WAS NOT REPORTED BY YOUR COMMITTEE?

A I FELT THAT AT THAT TIME I DIDN'T REALIZE I HAD TO REPORT THEM. I DIDN'T KNOW. BECAUSE IT WAS A SALE OF NOTES. IT WASN'T REALLY A LOAN. IT WAS PERSONAL PROPERTY THAT I HAD HELD. I JUST SOLD THE NOTES.

Q DID YOU DISCUSS THE FINANCIAL REPORTS THAT WERE SUBMITTED TO THE FEDERAL ELECTION COMMISSION WITH THE TREASURER OF YOUR CAMPAIGN?

A I REVIEWED THEM, YES.

Q DID YOU DISCUSS THEM BEFORE THEY WERE COMPLETED?

A WE WENT OVER SOME OF THE FIGURES TOGETHER, YES.

Q AND THEN YOU REVIEWED THEM BEFORE THEY WERE SUBMITTED?

A YES.

Q DID YOU DISCUSS WITH ESTHER GOFF THE SOURCE OF THE CAMPAIGN FUNDS OR THE FUNDS THAT YOU LENT THE COMMITTEE IN MARCH OF 1982?

A I DON'T RECALL, YOU KNOW, PER SE. BUT SINCE I REVIEWED THE REPORTS, I MUST HAVE DISCUSSED SOMETHING WITH HER ON IT, YES.

Q YOU MENTIONED THAT YOU SECURED ANOTHER LOAN IN THE SPRING OF 1982 ON SOME PROPERTY THAT YOU OWNED. WHAT PROPERTY WAS THIS?

A THAT WAS IN SAN CLEMENTE.

Q WHAT TYPE OF PROPERTY WAS IT?

A RESIDENTIAL.

Q WAS IT A PERSONAL RESIDENCE?

3404071289

A IT WAS AN INVESTMENT RESIDENCE, YES.

Q BUT YOU WEREN'T ACTUALLY LIVING IN IT?

A I WAS NOT LIVING IN IT, NO.

Q WHY DID YOU REFINANCE THIS PROPERTY?

A AGAIN, THE INTENTION, THAT WAS TO BE USED FOR BUSINESS AT THE TIME.

Q AS I UNDERSTAND IT, YOU LENT YOUR CAMPAIGN THE $40,000, AND WITHIN THREE DAYS THAT MONEY WAS REPAID TO YOU?

A YES.

Q COULD YOU EXPLAIN WHY THERE WAS SUCH A QUICK TURNOVER?

A YEAH. WELL, THAT WAS THE RESULT OF, EVIDENTLY, THE SURVEY. THE CAMPAIGN MANAGER HAD BEEN ASKING ME TO DO A MAIL OUT. SO I DECIDED LET'S PUT THE MONEY IN THERE AND DO THE MAIL OUT. WHEN I PUT THE MONEY IN, ALMOST IMMEDIATELY THE CAMPAIGN MANAGER SAID WE SHOULDN'T DO THAT BECAUSE I DON'T KNOW IF WE CAN MAKE IT OR NOT. HE REVIEWED THE SURVERY. HE SAID, "NO, DON'T MAKE THE MAIL OUT. YOU ARE WASTING YOUR MONEY."

Q WAS THE SURVEY MADE BEFORE YOU LENT THE MONEY TO THE COMMITTEE?

A I'M SURE IT WAS. THEY JUST DIDN'T GET THE RESULTS OUT.

Q YOUR FEELING IS IT WAS ON THE BASIS OF THE RESULTS OF THE SURVEY TO DETERMINE THAT THE DIRECT MAIL OUT WOULD NOT BE NECESSARY?

A THAT'S CORRECT.

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MS. LERNER: I JUST HAVE TWO QUESTIONS I'D LIKE TO ASK.

EXAMINATION

BY MS. LERNER:

Q WHEN YOU FIRST SPOKE TO THE KRINSKYS IN JUNE OR JULY, DID YOU EVER SUGGEST TO MR. KRINSKY THE USE OF OTHER PROPERTY OTHER THAN YOUR PERSONAL RESIDENCE AS SECURITY FOR THAT LOAN?

A I DON'T RECALL. I THINK WE DID. BUT I THINK HE WANTED THAT ONE BECAUSE HE FELT MORE SECURE WITH THAT ONE. I'M NOT POSITIVE.

Q WHEN MISS GOFF FIRST TOLD YOU THAT THE FEDERAL ELECTION COMMISSION HAD SOME QUESTIONS CONCERNING THE LOAN AND YOU TOLD HER THAT THE SOURCE OF THE LOAN WAS A LOAN YOU HAD TAKEN FROM THE BANK, WHY DID YOU TELL HER THAT THAT WAS THE SOURCE, WHEN IN FACT THE SOURCE WAS SEVERAL TRANSACTIONS?

A I DON'T RECALL, REALLY, GOING THROUGH IT IN DETAIL THAT MUCH. THERE WAS SO MUCH PAPERWORK GOING THROUGH, THE LOAN WAS MADE AND A LOT OF OTHER THINGS OF THAT NATURE, AND REVIEWING ALL OF HER REPORTS PLUS ALL MY OWN AND THE BUSINESS TRANSACTION, I PROBABLY DIDN'T LOOK AT IT THAT CLOSE.

MS. KLEIN: ANY QUESTIONS, MR. ROGERS?

//

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EXAMINATION

BY MR. ROGERS:

Q I JUST WANT TO ASK THIS: MR. KENNEY, THE $40,000 THAT YOU LOANED IN MARCH OF 1982 THAT WAS REPAID IN APRIL OF 1982, DID ANY PART OF THAT MONEY COME FROM MR. KRINSKY'S MONEY?

A IT DID NOT.

Q AND YOU HAVE EXPLAINED THAT TO MR. KRINSKY?

A YES.

Q IN FACT, MR. KRINSKY HAS SUED THE ESCROW COMPANY, WHO HAS SUED YOU?

A THAT'S RIGHT.

Q DOES ANY PART OF THOSE ALLEGATIONS INDICATE THAT IT HAS ANYTHING TO DO WITH YOUR CAMPAIGN?

A NO. NONE OF THAT MONEY WAS EVER SPENT FOR THE CAMPAIGN OR WAS ANY OF KRINSKYS' MONEY EVER SPENT FOR THE CAMPAIGN.

MR. ROGERS: I HAVE NOTHING OTHER THAN THAT.

MS. KLEIN: I THINK I HAVE ONE FINAL QUESTION.

FURTHER EXAMINATION

BY MS. KLEIN:

Q DURING THE TIME THAT YOU NEGOTIATED THE $40,000 LOAN WITH MR. AND MRS. KRINSKY, WAS THERE ANY TIME THAT YOU MADE ANY TYPE OF SUGGESTION THAT THE MONEY OR A PORTION OF THAT MONEY WOULD BE USED FOR YOUR CAMPAIGN OR THAT YOU WANTED THE MONEY FOR CAMPAIGN PURPOSES?

A ABSOLUTELY NOT. IN FACT, IT WAS SPECIFICALLY

3 4 0 4 0 4 7 1 2 9 1

INDICATED IT WAS FOR BUSINESS AND EVEN SAW IT IN THE ESCROW PAPERS THAT THE MONEY WAS USED FOR BUSINESS. HE WAS AWARE THAT MY NOTE WAS COMING DUE. THAT IS WHY I BORROWED THE MONEY.

MS. KLEIN: UNDER THE U.S.V. 247G THAT WE WORK UNDER, THE INVESTIGATIONS OF THE FEDERAL ELECTION COMMISSION ARE CONFIDENTIAL. SO WHATEVER WE HAVE DISCUSSED HERE TODAY SHOULD NOT BE DIVULGED UNTIL OUR INVESTIGATION IS COMPLETED.

I ALSO HAVE A WITNESS CHECK FOR YOU. MAY THE RECORD REFLECT THAT IT IS PAYABLE TO CHARLES KENNEY IN THE SUM OF $36.15.

THE DEPOSITION IS ADJOURNED.

MR. ROGERS: SEND THE ORIGINAL TO ME AND I WILL SEND IT TO MR. KENNEY AND GET IT BACK TO THE FEDERAL ELECTION COMMISSION.

(WHEREUPON, THE AFOREMENTIONED DOCUMENT WAS MARKED EXHIBIT 1 FOR IDENTIFICATION BY THE NOTARY PUBLIC, A COPY OF WHICH IS ATTACHED HERETO.)

I, CHARLES KENNEY, DECLARE UNDER THE PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

May 8 1984
DATE

Charles Kenney
CHARLES KENNEY

8404071292

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, LINDA A. PAYAN, CSR # 4426, a Notary Public in and for the County of ORANGE, State of California, do hereby certify:

That, prior to being examined, the witness named in the foregoing deposition, to wit, CHARLES KENNEY, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken down by me in shorthand at the time and place therein named and thereafter reduced to typewriting under my direction.

I further certify that I am not interested in the event of the action.

WITNESS my hand and seal this 28th day of APRIL, 1984.

Linda Payan
Notary Public in and for the County of ORANGE, State of California

OFFICIAL SEAL
LINDA A PAYAN
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY
My comm. expires NOV 5, 1986

3440471293

MAJESTIC ESCROW INC.
25200 LA PAZ RD. S-107
LAGUNA HILLS, CA.

ESCROW TRUST RECEIPT NO. 1080
COMPANY 670 OFFICE 001

ESCROW NO.	DATE
702	11/10/81

RECEIVABLE NO.	RECEIVED OF
	RAYMOND KRINSKY

FORTY THOUSAND AND NO/100 DOLLARS $ 40,000.00

	CASH	CASHIER'S CHECK	CHECKS
ABA#		16-77 m	

CHECKING ACCOUNT NO.

SMS-107

RECEIVED AFTER HOURS ☐
FROM BUYER ☐ SELLER ☐ Lender

BY

OFFICE COPY

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_____ exhibit 1 for I.D.
Linda A. Payan, N.P.
Date 4-12-84

Exhibit 1

8404047129 5

ROGERS & DIB
A LAW CORPORATION
17111 BEACH BOULEVARD, SUITE 103
HUNTINGTON BEACH, CALIFORNIA 92647-5999
TELEPHONE: (714) 847-6041

GEORGE L ROGERS
MICHAEL G. DIB
CHARLES S. SCOLASTICO
R. ALLAN KUHLMAN
JOHN FESSLER
RICHARD S. BUSCH

May 16, 1984

Federal Election Commission
Washington, D.C. 20463

Attention Lois G. Lerner, Esq.

Re: MUR 1589
ESTHER M. GOFF

Gentlemen:

Enclosed is the original deposition of Esther M. Goff which was taken on April 12, 1984 with the following corrections:

1. Page 4, line 12: should be Mrs. Goff.

2. Page 11, line 24: should be, "it was an assumption on my part it was just from that."

3. Page 12, line 6: should be, "Yes, because where is etc."

4. Page 12, line 18: should be, "I had a letter that I responded to from the FEC Reports Analysis Division."

5. Page 13, line 8: should be, "But I just assumed on that first one dated July 7, 1983 without checking further."

6. Page 13, line 28: should be, "But another letter was also addressed to me, too.

7. Page 14, line 9: should be, "... all the money was from the same $58,000.00."

8. Page 16, line 2: should be, "From all the documentation I've dug into and talked etc.."

8404071296

9. Page 16, line 8: should be, "Not that I am aware of referring only to the $40,000.00. Mr. Krinsky did contribute through fund raising events, never as a loan."

If you should have any questions regarding the above corrections, please do not hesitate to contact the undersigned.

Very truly yours,

GEORGE L ROGERS

GLR:sa
Enclosure

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ROGERS & DIB
A LAW CORPORATION
17111 BEACH BOULEVARD, SUITE 103
HUNTINGTON BEACH, CALIFORNIA 92647-5999
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GEORGE L ROGERS
MICHAEL G. DIB
CHARLES S. SCOLASTICO
R. ALLAN KUHLMAN
JOHN FESSLER
RICHARD S. BUSCH

May 16, 1984

Federal Election Commission
Washington, D.C. 20463

Attention Lois G. Lerner, Esq.

Re: MUR 1589
CHARLES KENNEY

Gentlemen:

This letter is to advise you of corrections made by Mr. Charles Kenney in his deposition which was taken on April 12, 1984:

Page 12, line 11: should read, "He had agreed at that time if I could meet etc.

Page 13, line 1: should read, "He put the money in escrow and gave etc.

Page 18, line 23: should read: No.

If you should have any questions regarding the above, please do not hesitate to contact the undersigned.

Very truly yours,

GEORGE L ROGERS

GLR:sa

P.S.

Enclosed is original deposition of Mr. Kenney.

8404047-1298

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Lindley, Linn & Walton

ATTORNEYS AT LAW

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DAVID A. LINN
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CHINA CREEK PROFESSIONAL BUILDING
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(209) 683-5775

5077 BULLION STREET
P. O. BOX 1907
MARIPOSA, CALIFORNIA 95338
(209) 966-3007

PLEASE REPLY TO:
OAKHURST OFFICE

MUR 1589
Klein

May 16, 1984

84 MAY 21 AM: 31

FEDERAL ELECTION COMMISSION
Washington, D.C. 20463

Attention: Lisa Kline

Re: Raymond & Sylvia Krinsky

Dear Ms. Kline:

Pursuant to our discussion of this date, the Krinskys will sign and forward the originals of their depositions to you on May 31, 1984.

Thank you for your courtesy and cooperation in this regard.

Very truly yours,

DAVID A. LINN

DAL:ph

8404047129 9

Lindley, Linn & Walton
ATTORNEYS AT LAW
CHINA CREEK PROFESSIONAL BUILDING
P. O. BOX-2328
OAKHURST, CALIFORNIA 93644

FRESNO, CA
1 PM
16 MAY
1984

HELP

84040173

FEDERAL ELECTION COMMISSION
Washington, D.C. 20463

ATTN: Lisa Kline

GC#3081

BEFORE THE FEDERAL ELECTION COMMISSION

IN RE

MUR 1589

CERTIFIED COPY

DEPOSITION OF: SYLVIA KRINSKY

TAKEN ON: APRIL 10, 1984

RECEIVED
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Pelletier & Jones / Orange County

CERTIFIED SHORTHAND REPORTERS

3138 S. RITA WAY
SANTA ANA, CALIFORNIA 92704
(714) 641-8451

REPORTED BY: LINDA A. PAYAN, CSR #4426

FILE: 4-129/OC

DEPOSITION OF SYLVIA KRINSKY, TAKEN AT 24000 AVILA ROAD, LAGUNA HILLS, CALIFORNIA 92677, COMMENCING AT 12:30 P.M., ON TUESDAY, APRIL 10, 1984, BEFORE LINDA A. PAYAN, CSR NO. 4426, A NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA, PURSUANT TO SUBPOENA.

APPEARANCES OF COUNSEL:

FOR THE FEDERAL ELECTION COMMISSION:	LOIS G. LERNER, ATTORNEY AT LAW AND LISA KLEIN, ATTORNEY AT LAW WASHINGTON, D.C. 20463
FOR SYLVIA KRINSKY AND RAYMOND KRINSKY:	DAVID A. LINN, ESQ. P.O. BOX 2328 OAKHURST, CALIFORNIA 93644

8404047 1302

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SYLVIA KRINSKY,

AFTER HAVING BEEN DULY SWORN, WAS

EXAMINED AND TESTIFIED AS FOLLOWS:

EXAMINATION

BY MS. LERNER:

Q MRS. KRINSKY, I WILL JUST TELL YOU A FEW THINGS ABOUT THE DEPOSITION BEFORE WE START. FIRST OF ALL, IF YOU ARE GOING TO ANSWER "YES" OR "NO" TO A QUESTION, YOU HAVE TO DO IT VERBALLY RATHER THAN SHAKING YOUR HEAD, BECAUSE THE COURT REPORTER HAS TO HEAR YOUR ANSWER.

A I UNDERSTAND.

Q HAVE YOU EVER BEEN DEPOSED BEFORE?

A NO.

Q I AM JUST GOING TO ASK YOU A SERIES OF QUESTIONS, AND ANSWER THEM TO YOUR BEST ABILITY. IF YOU DON'T UNDERSTAND MY QUESTION, LET ME KNOW, AND I WILL TRY TO REPHRASE IT SO YOU WILL UNDERSTAND IT. AND IF YOU HAVE A QUESTION OF WHAT I AM DOING, YOU CAN ASK ME THAT, TOO, AND I WILL TRY TO EXPLAIN THAT TO YOU.

A FINE.

Q COULD YOU PLEASE STATE YOUR FULL NAME FOR THE RECORD.

A SYLVIA KRINSKY.

Q WHAT IS YOUR PRESENT ADDRESS?

A 23542 VIA BENAVENTE. GOT THAT? A SPANISH NAME. B-E-N-A-V-E-N-T-E, MISSION VIEJO.

Q AND ARE YOU THE WIFE OF RAYMOND KRINSKY?

8404047 1304

A YES, I AM.

Q ARE YOU REPRESENTED BY COUNSEL HERE TODAY?

A YES.

Q AND WHAT IS YOUR COUNSEL'S NAME?

A DAVID LINN.

MR. LINN: FOR THE RECORD, MY NAME IS DAVID LINN. I AM A MEMBER OF THE BAR OF THE STATE OF CALIFORNIA, AND I AM HERE REPRESENTING MR. AND MRS. KRINSKY.

BY MS. LERNER:

Q ARE YOU PRESENTLY EMPLOYED, MRS. KRINSKY?

A NO.

Q DO YOU KNOW A GENTLEMAN BY THE NAME OF CHARLES KENNEY?

A YES.

Q HOW DO YOU KNOW MR. KENNEY?

A FROM BUSINESS WITH MY HUSBAND.

Q DO YOU RECALL WHEN YOU FIRST MET MR. KENNEY?

A SOME TIME AGO.

Q THE YEAR, DO YOU REMEMBER THE YEAR, APPROXIMATELY?

A I THINK 1981.

Q AND HOW DID YOU FIRST MEET HIM?

A HE CAME TO MY HOME AND OFFERED MY HUSBAND A REAL ESTATE DEAL.

Q DO YOU REMEMBER WHAT THE DEAL HAD TO DO WITH?

A A LOAN ON HIS HOME.

Q DO YOU RECALL WHAT MONTH THIS WAS?

A NOT REALLY.

8404047 1305

Q WAS IT IN THE SUMMER OR THE FALL OR THE SPRING?

A IT COULD HAVE BEEN THE FALL, BUT I'M NOT SURE.

Q HAD YOU EVER MET MR. KENNEY PRIOR TO THAT TIME?

A NO.

Q HAD YOUR HUSBAND KNOWN MR. KENNEY PRIOR TO THAT TIME?

A YES.

Q DO YOU KNOW HOW YOUR HUSBAND MET HIM?

A HE RAN FOR THE MUNICIPAL ADVISORY COUNCIL. THEY BOTH RAN FOR THE SAME. AND THAT IS HOW HE MET HIM.

Q DO YOU KNOW WHEN THAT WAS?

A NOT REALLY, NO. IT WAS EITHER THAT YEAR OR THE YEAR BEFORE. I'M NOT SURE.

Q DID YOU EVER SEE MR. KENNEY SOCIALLY?

A ONLY ON TWO OCCASIONS.

Q WHAT WERE THOSE OCCASIONS?

A ONE WAS AN AMERICAN LEGION CHRISTMAS DINNER. HE BELONGED TO THE SAME ORGANIZATION WE DID. AND ONE TIME AT THE NAVY DAY DINNER. HE WAS INTERESTED IN THAT TYPE OF THING, AND HE CAME.

Q WAS THAT CHRISTMAS DINNER SHORTLY AFTER YOU FIRST MET HIM OR WAS IT SOMETIME AFTER THAT?

A I DON'T REMEMBER.

Q DO YOU KNOW MR. KENNEY'S WIFE?

A I MET HER.

Q DID YOU MEET HER AT THOSE TWO OCCASIONS YOU

8404047 1306

JUST DESCRIBED?

A YES.

Q PRIOR TO THE TIME THAT MR. KENNEY CAME TO YOUR HOME IN 1981 WHEN YOU MET HIM, HAD YOUR HUSBAND HAD ANY BUSINESS DEALINGS WITH HIM?

A NO. WHEN HE HAD APPROACHED HIM TO IF HE WOULD BE INTERESTED IN INVESTING IN REAL ESTATE, BECAUSE THAT WAS HIS BUSINESS AT THE TIME.

Q THIS WAS MR. KENNEY APPROACHING YOUR HUSBAND?

A UH-HUH.

Q WHAT HAD OCCURRED IN REFERENCE TO THOSE APPROACHES THAT MR. KENNEY HAD MADE WITH YOUR HUSBAND?

A I WASN'T THERE, SO I COULDN'T ANSWER.

Q DID YOUR HUSBAND EVER DISCUSS THEM WITH YOU?

A HE MENTIONED THAT HE WANTED HIM TO INVEST IN PROPERTY, AND THAT WAS ABOUT IT.

Q DID YOUR HUSBAND MENTION WHAT TYPE OF PROPERTY, WHETHER IT WAS RESIDENTIAL OR COMMERCIAL?

A RESIDENTIAL.

Q ARE YOU AWARE OF MR. KENNEY'S REPUTATION IN THE COMMUNITY IN REAL ESTATE, OF WHAT IT IS?

A I DON'T UNDERSTAND WHAT YOU MEAN. REPUTATION AS WHAT?

Q YOU MENTIONED THAT MR. KENNEY WAS IN THE REAL ESTATE BUSINESS AT THE TIME WHEN HE DISCUSSED THESE DEALS WITH YOUR HUSBAND.

A YES.

Q AT THAT TIME WHEN HE WAS DISCUSSING DEALINGS

8404047 1307

WITH YOUR HUSBAND OR AT THE TIME THAT HE CAME TO YOUR HOME, WERE YOU AWARE OF HIS REPUTATION AS A REAL ESTATE PERSON IN THE COMMUNITY?

A YES. HE HAD A RATHER LARGE REAL ESTATE OFFICE WITH A NUMBER OF EMPLOYEES, FROM WHAT I UNDERSTAND.

Q SO HE WAS KNOWN AS A REAL ESTATE PERSON?

A YES.

Q DID YOUR HUSBAND EVER INDICATE TO YOU THAT HE HAD EITHER POSITIVE OR NEGATIVE FEELINGS ABOUT MR. KENNEY'S REAL ESTATE BUSINESS?

A HE DIDN'T KNOW HIM THAT WELL.

Q DO YOU KNOW WHETHER YOUR HUSBAND CONSIDERED ENTERING INTO A BUSINESS DEAL WITH MR. KENNEY PRIOR TO THE TIME MR. KENNEY CAME TO YOUR HOME?

A WELL, HE EVIDENTLY HAD APPROACHED HIM ABOUT IT, AND HE CAME TO THE HOME TO TALK TO BOTH OF US. HE NEEDED MONEY FOR HIS OWN PROPERTY.

Q I OBVIOUSLY WASN'T CLEAR WITH MY QUESTION.

YOU MENTIONED THAT MR. KENNEY HAD APPROACHED YOUR HUSBAND SEVERAL TIMES PRIOR TO THE TIME HE CAME TO YOUR HOME.

A RIGHT.

Q AND THAT YOUR HUSBAND HAD NOT ENTERED ANY DEALS PURSUANT TO THOSE APPROACHES. BUT HAD YOUR HUSBAND EVER CONSIDERED ENTERING INTO ANY DEALING AND THEN NOT TO, THAT YOU ARE AWARE OF?

A YES. HE HAD GIVEN HIM SOME PROPERTY TO LOOK AT, AND HE FELT IT WASN'T WORTH THE MONEY, SO HE DIDN'T

8404047 1308

INVEST IN IT.

Q NOW GOING TO THE 1981 SITUATION WHERE MR. KENNEY CAME TO YOUR HOME, WHAT OCCURRED WHEN MR. KENNEY CAME TO YOUR HOME?

A I DON'T UNDERSTAND WHAT YOU MEAN BY WHAT OCCURRED.

Q HE CAME IN. DID YOU DISCUSS A POSSIBLE DEAL?

A YES, THAT WE DID. HE WANTED MONEY FOR REAL ESTATE, AND HE SAID HE WOULD WANT A SECOND ON HIS OWN HOME, WHICH WE GAVE HIM.

Q DID YOU THINK THAT IT WAS UNUSUAL THAT HE WANTED --

A NO. HE WAS TIED UP WITH A LOT OF REAL ESTATE, AND THAT IT WOULD BE BEST, YOU KNOW, THAT HE WOULD BE ABLE TO PAY IT. WE DIDN'T KNOW WHAT CONDITION HE WAS IN. I MEAN, WHEN YOU TAKE A LOAN ON THE PROPERTY, YOU GET AN APPRAISAL, WHICH THE BANK GAVE US, THAT IT WAS SUPPOSED TO BE WORTH "X" NUMBER OF DOLLARS. AND WE GAVE HIM THE MONEY ON THAT PREMISE.

Q DURING THE FIRST DISCUSSION AT YOUR HOME, WAS ANYTHING DECIDED AS FAR AS THIS LOAN GOES IN TERMS OF A FINAL DEAL, OR DID THAT OCCUR LATER?

A I DON'T KNOW WHAT YOU MEAN.

Q HE CAME AND DISCUSSED THE MATTER WITH YOU?

A RIGHT.

Q IT SOUNDS AS IF YOU WANTED AN APPRAISAL ON THE PROPERTY.

A RIGHT.

8404047 1309

Q SO I ASSUME AT SOME POINT AN APPRAISAL WAS DONE?

A RIGHT.

Q WERE THERE FURTHER DISCUSSIONS WITH MR. KENNEY CONCERNING THE LOAN?

A WELL, MY HUSBAND MADE A DEAL WITH HIM AS FAR AS THE MONEY WAS CONCERNED.

Q DO YOU KNOW WHAT THE TERMS OF THAT DEAL WERE?

A HE WAS SUPPOSED TO PAY IT OFF IN THE FOLLOWING YEAR, ONE YEAR.

Q AND WAS THERE AN INTEREST TO BE CHARGED ON IT?

A YES.

Q WHAT WAS THE INTEREST RATE?

A I CAN'T REMEMBER. WAS IT 28 PERCENT?

MR. LINN: YOU CAN'T ASK ME QUESTIONS.

BY MS. LERNER:

Q TO YOUR BEST RECOLLECTION.

A I THINK SO. I'M NOT SURE.

Q DO YOU KNOW HOW MANY DISCUSSIONS YOUR HUSBAND HAD WITH MR. KENNEY AFTER HE HAD COME TO YOUR HOME?

A SEVERAL.

Q AND WERE ANY OF THEM AT YOUR HOME?

A TWICE HE CAME TO MY HOME. THE SECOND TIME WAS WHEN THE DEAL WAS CONSUMMATED.

Q DO YOU REMEMBER WHEN THAT WAS?

A IT WOULD BE PRIOR TO SOMETIME IN NOVEMBER, BEGINNING OF NOVEMBER OF 1981.

Q DO YOU KNOW IF YOUR HUSBAND HAD ANY DISCUSSIONS

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WITH MR. KENNEY IN BETWEEN THE TIME THE FIRST AND SECOND TIME HE CAME TO YOUR HOME?

A DISCUSSIONS ABOUT WHAT?

Q ABOUT THIS PARTICULAR BUSINESS DEAL.

A WELL, THE DISCUSSION WAS IF THE PROPERTY WAS RIGHT, THE MONEY, AND WHICH WE HAD AN APPRAISAL, AND THAT WAS IT. AND HE SAID THAT HE WOULD BE ABLE TO PAY HIM IN FULL THE FOLLOWING YEAR, THAT HE HAD OTHER INTERESTS AND THAT HE WOULD BE ABLE TO PAY HIM THEN.

Q DO YOU KNOW IF MR. KENNEY HAD MORE THAN ONE PERSONAL RESIDENCE?

A I HAVE NO IDEA.

Q HOW MUCH MONEY DID YOU ULTIMATELY LOAN HIM IN NOVEMBER OF 1981?

A WE GAVE HIM $40,000 IN CASH AND A TRUST DEED THAT WE HAD ON A PIECE OF PROPERTY, WHICH HE WAS SUPPOSED TO HOLD. IF HE DEFAULTED, HE WAS SUPPOSED TO PAY IT BACK, GIVE US BACK THE TRUST DEED. AND HE DIDN'T. HE SOLD IT IN THE INTERIM.

Q DO YOU KNOW WHAT THE WORTH OF THAT TRUST DEED WAS?

A WE GAVE IT TO HIM FOR TWELVE FOUR, BUT THE VALUE OF IT WAS 16,000. BUT IF HE DEFAULTED ON HIS OWN HOME, HE WAS SUPPOSED TO RETURN THAT PARTICULAR TRUST DEED, WHICH HE DIDN'T. HE SOLD IT IN THE INTERIM, WHICH HE WAS NOT SUPPOSED TO DO.

Q SO ACTUALLY THE LOAN WAS MORE THAN $40,000? IT WOULD HAVE BEEN ABOUT $56,000, BECAUSE HE GOT THE TRUST

8404047 1311

DEED?

A ULTIMATELY, ULTIMATELY. BUT THAT HAD NOTHING TO DO WITH THE OTHER THING.

Q WHICH OTHER THING?

A CASH MONEY IS WHAT WE GAVE HIM.

Q WHY DID YOU ALSO GIVE HIM HIS TRUST DEED?

A IT WAS ONE THAT HE HAD SOLD TO MY HUSBAND. THE PEOPLE WERE NOT PAYING. IT WAS A VERY LONG-PAYING TRUST DEED. AND THE PEOPLE COULDN'T AFFORD TO PAY. AND IN ORDER TO GIVE HIM THAT MONEY, I SAID, WELL, IF HE WANTS THE $40,000, LET HIM TAKE THE TRUST DEED BACK. SO HE SAID OKAY. HE COULDN'T PAY ME RIGHT AWAY, BUT HE WOULD PAY THE WHOLE THING THE FOLLOWING YEAR. BUT IN THE INTERIM, EVIDENTLY HE NEEDED MONEY, SO HE SOLD IT, WHICH HE WASN'T SUPPOSED TO DO.

Q DO YOU KNOW WHEN HE SOLD IT?

A I BELIEVE IT WAS IN FEBRUARY OF '82.

MR. LINN: COUNSEL, JUST FOR YOUR INFORMATION, ON THAT PARTICULAR ASPECT OF THE TRANSACTION, THERE IS A CASE IN THE ORANGE COUNTY SUPERIOR COURT, CASE NO. 411 977, RAYMOND AND SYLVIA KRINSKY VERSUS DELORES CARLYLE, MAJESTIC ESCROW COMPANY, INCORPORATED. I THINK THAT'S IT. THAT'S PRIMARILY THE CASE TITLE. I BELIEVE THERE WAS ANOTHER PARTY INVOLVED.

BY MS. LERNER:

Q AT THE TIME WHEN THE FIRST TIME WHEN MR. KENNEY CAME TO YOUR HOME IN THE FALL OF '81, DID HE TELL YOU WHAT HE WANTED THE MONEY FOR?

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A NO. HE SAID HE NEEDED IT FOR A BUSINESS DEAL.

Q DID THERE COME ANY TIME BETWEEN THAT MEETING AND THE TIME THAT HE ULTIMATELY RECEIVED THE MONEY FROM YOU THAT HE INDICATED HE WANTED IT FOR ANY OTHER PURPOSE?

A WELL, HE INDICATED HE MIGHT WANT TO RUN FOR A CONGRESSIONAL SEAT, BUT HE HADN'T FILED FOR IT AT THE TIME. BUT THAT HAD NO INTEREST AS FAR AS WE WERE CONCERNED. WE GAVE HIM A TRUST DEED, AND THAT WAS IT.

Q DO YOU REMEMBER WHEN HE TOLD YOU HE MIGHT BE RUNNING FOR A CONGRESSIONAL SEAT?

A PROBABLY IN NOVEMBER, NOVEMBER OR DECEMBER OR SOMETHING LIKE THAT.

Q DID MR. KENNEY EVER TELL YOU THAT HE WANTED THE LOAN FROM YOU SO THAT HE COULD USE IT IN HIS CAMPAIGN FOR HIS RACE?

A NO.

Q DID MR. KENNEY EVER ASK YOU TO MAKE A CONTRIBUTION TO HIS CAMPAIGN?

A YES.

Q WHEN DID THAT HAPPEN?

A IT WAS THE END OF DECEMBER, THE BEGINNING OF JANUARY.

MS. LERNER: OFF THE RECORD.

(OFF THE RECORD.)

MS. LERNER: BACK ON THE RECORD.

Q DID MR. KENNEY EVER TELL YOU THAT HE WAS GOING TO USE THE MONEY HE HAD BORROWED FROM YOU FOR HIS CONGRESSIONAL

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CAMPAIGN?

A NO.

Q WHEN YOU MADE THE LOAN TO HIM IN NOVEMBER OF '81, DID YOU THINK THAT YOU WERE GOING TO BE HELPING HIS CAMPAIGN?

A NO.

Q DO YOU KNOW WHY MR. KENNEY WANTED TO BORROW THE MONEY FROM YOU RATHER THAN GOING TO A BANK?

A WELL, HE EVIDENTLY -- MAYBE HE WAS OVER-EXTENDED. I DON'T KNOW. I HAVE NO IDEA WHY HE WOULD WANT TO BORROW MONEY. HE NEEDED IT FOR A SHORT PERIOD. AND MOST BANKS WON'T GIVE IT TO YOU FOR A SHORT PERIOD, FOR ONE YEAR.

Q DID HE EXPLAIN WHY HE NEEDED IT?

A WELL, HE WAS INVOLVED IN OTHER PROPERTY IN SAN CLEMENTE WHICH HE HAD WANTED US TO GET INVOLVED IN, AND MY HUSBAND SAID NO. WELL, HE SAID THEN HE WOULD GIVE HIM AN OPPORTUNITY TO PUT A SECOND ON HIS OWN HOME, AND HE SAID FINE. THAT WAS IT.

Q DID MR. KENNEY EVER TELL YOU THAT HE WANTED TO SATISFY HIS FINANCIAL DEBTS SO THAT HE WOULD BE ABLE TO GET A LOAN POSSIBLY FOR HIS CONGRESSIONAL CAMPAIGN?

A WE HAD NO DISCUSSION ABOUT IT.

Q DID MR. KENNEY EVER INDICATE TO YOU AND YOUR HUSBAND THAT HE MIGHT HAVE TO CURTAIL HIS REAL ESTATE ACTIVITY DURING THE TIME HE WAS RUNNING FOR CONGRESS?

MR. LINN: COUNSEL, I WILL HAVE TO OBJECT TO THAT QUESTION. SHE WOULDN'T KNOW WHETHER HE INDICATED TO HER HUSBAND.

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MS. LERNER: I BELIEVE THE QUESTION WAS PUT IN TERMS OF SHE AND HER HUSBAND, NOT SHE OR HER HUSBAND, MEANING THEM TOGETHER.

THE WITNESS: NO.

MR. LINN: FINE.

BY MS. LERNER:

Q DID YOU AGREE WITH YOUR HUSBAND'S DECISION TO LEND MR. KENNEY THE MONEY?

A NO.

Q WHY WAS THAT?

A I DON'T KNOW. YOU HAVE SOMETIMES A FEELING ABOUT PEOPLE. I JUST DIDN'T WANT TO.

Q HAVE YOU AND YOUR HUSBAND ENTERED OTHER REAL ESTATE TRANSACTIONS WITH OTHER PEOPLE?

A YES.

Q HAVE YOU RECEIVED ANY OF THE MONEY YOU LENT TO MR. KENNEY?

A NO. WE HAD FORECLOSED A HOME IN ORDER TO, BUT WE COULDN'T SELL THE HOUSE. SO WE GAVE IT BACK TO THE BANK.

Q WHY DID YOU AND YOUR HUSBAND DECIDE TO FILE THE COMPLAINT WITH THE FEDERAL ELECTION COMMISSION?

A WELL, MR. KENNEY CLAIMED HE LOST ALL HIS MONEY IN THE CAMPAIGN. AND MY HUSBAND WENT DOWN TO THE REGISTRAR'S OFFICE AND BOUGHT THE FILINGS. YOU KNOW, YOU CAN BUY THEM. AND HE WENT THROUGH THE PAPERS AND FOUND THERE WAS AN AMOUNT OF $40,000 WHICH HE PUT IN ONE DAY AND TOOK OUT THREE DAYS LATER, WHICH MADE IT VERY SUSPICIOUS.

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Q WHEN YOU ARE TALKING ABOUT THE FILINGS, YOU ARE TALKING ABOUT THE REPORTS TO THE FEDERAL ELECTION COMMISSION?

A RIGHT. AND WHEN HE MENTIONED IT TO HIM, HE SAYS HIS BUSINESS WENT DOWN AND HE JUST DIDN'T HAVE THE MONEY TO PAY BACK ANYBODY AND HE LOST ALL THE MONEY IN THE CAMPAIGN.

Q WHEN YOU FILED THE COMPLAINT WITH THE FEDERAL ELECTION COMMISSION, DID YOU THINK THAT THE FEDERAL ELECTION COMMISSION WOULD BE ABLE TO ASSIST YOU IN REGAINING OF THE MONEY MR. KENNEY OWED YOU?

A NO. THAT WAS NOT THE ISSUE. WE WANTED TO KNOW HOW TO BE ABLE TO PUT IT THROUGH OUR INCOME TAX, WHETHER TO TAKE IT OFF AS A LOSS OR WHAT. WE HAD NO IDEA WHAT HE DID WITH THE MONEY.

Q DID MR. KENNEY EVER TELL YOU THAT THE $40,000 HE HAD FILED IN HIS REPORT WAS THE SAME 40,000 HE HAD BORROWED FROM YOU?

A NO.

Q MRS. KRINSKY, I NOW HAND YOU WHAT HAS BEEN MARKED EXHIBIT "A" FOR IDENTIFICATION, WHICH APPEARS TO BE A ONE-PAGE DOCUMENT TO THE FEDERAL ELECTION COMMISSION SIGNED BY RAYMOND AND SYLVIA KRINSKY AND DATED MAY 16TH, 1983. DO YOU RECOGNIZE THAT DOCUMENT?

A YES.

Q DID YOU SIGN THAT DOCUMENT?

A YES.

Q WAS THIS YOUR FIRST COMPLAINT TO THE FEDERAL

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ELECTION COMMISSION?

A I BELIEVE SO.

Q GOING DOWN TO THE FIRST PARAGRAPH, IT SAYS, "ON TWO SEPARATE OCCASIONS BETWEEN OCTOBER 1, AND NOVEMBER 9, 1981, MR. CHARLES KENNEY VISITED MY HOME TO DISCUSS A LOAN OF $40,000, FOR A PERIOD OF ONE YEAR WHICH HE CLAIMED HE NEEDED FOR HIS CONGRESSIONAL CAMPAIGN, AS HE CLAIMED HE INTENDED TO RUN AS A CANDIDATE FOR THE 43RD CONGRESSIONAL DISTRICT RACE PRIMARY."

DID MR. KENNEY TELL YOU THAT HE WANTED THAT LOAN FOR HIS CONGRESSIONAL CAMPAIGN DURING THOSE TIMES?

A NO. HE SAID HE MIGHT RUN. BUT HE HADN'T EVEN FILED. IT WAS ONLY AN INTENTION.

Q WERE YOU PRESENT DURING THE FULL DISCUSSION BETWEEN MR. KENNEY AND YOUR HUSBAND ON THOSE OCCASIONS?

A YEAH.

Q IF MR. KENNEY DID NOT ASK FOR THE LOAN SO THAT HE COULD USE IT FOR HIS CONGRESSIONAL CAMPAIGN, WHY DID YOU INCLUDE THAT IN YOUR COMPLAINT TO THE FEDERAL ELECTION COMMISSION?

A WHAT WE TRIED TO SAY WAS THAT WE WANTED TO KNOW WHAT HAPPENED TO THE $40,000. IT WAS STRICTLY A REAL ESTATE LOAN, AND THE MONEY WAS NOT MADE OUT TO HIM. IT WAS MADE OUT TO AN ESCROW COMPANY.

Q EXCUSE ME IF I'VE ALREADY ASKED YOU THIS. BUT AT THE TIME THAT YOU GAVE HIM THE MONEY, THE TIME THAT YOU AND YOUR HUSBAND LENT MR. KENNEY THE $40,000 IN NOVEMBER OF 1981, DID YOU INTEND FOR IT TO BE A CONTRIBUTION TO HIS

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CAMPAIGN?

A NOT AT ALL.

Q DID YOU INTEND FOR IT TO BE FOR HIS USE IN CONNECTION WITH THE CAMPAIGN?

A NOT AT ALL.

Q DID YOU INTEND FOR IT TO BE STRICTLY A BUSINESS DEAL?

A DEFINITELY.

Q DO YOU KNOW APPROXIMATELY HOW MANY OTHER REAL ESTATE TRANSACTIONS THAT YOU AND YOUR HUSBAND HAVE ENTERED INTO WITH OTHER PEOPLE?

A OH, THIS IS SOME YEARS AGO. WE MUST HAVE HAD 10 OR 12. IT WAS SOME TIME AGO.

Q OTHER THAN THIS LOAN AND THE TRUST DEED THAT MR. KENNEY SOLD TO YOU AND YOUR HUSBAND, WERE THERE ANY OTHER TRUST DEED THAT HE SOLD TO YOU?

A YES.

Q HOW MANY?

A WE HAD ONE BEFORE THAT, PAYING VERY NICELY AND PAYING OFF. WE HAD NO PROBLEM WITH IT.

Q DO YOU RECALL WHEN THAT WAS?

A NO. I DON'T REMEMBER THE DATES.

Q SO ANY OTHER DEALINGS THAT YOU HAD WITH HIM WERE IN TERMS OF BUYING A NOTE FROM A THIRD PARTY RATHER THAN DEALING DIRECTLY WITH MR. KENNEY AND HIS PROPERTY; IS THAT RIGHT?

A NO, THAT'S NOT. A TRUST DEED IS LIKE A MORTGAGE. WHAT HE DOES, HE GIVES US A FORM TELLING YOU WHAT

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THE PROPERTY IS WORTH, WHAT IT WAS APPRAISED FOR AND SO FORTH, YOU KNOW. AND IF YOU AGREE WITH IT, THEN YOU GIVE HIM A CHECK MADE OUT TO THE ESCROW COMPANY.

Q IT WAS THE SAME THING WHAT WE WOULD CALL A SECOND MORTGAGE?

A THAT'S CORRECT.

Q THE ONLY DIFFERENCE BETWEEN THE TWO OTHER INCIDENTS WHEN YOU PURCHASED A TRUST DEED AND THE ONE WITH MR. KENNEY WAS THAT MR. KENNEY WAS USING HIS OWN HOME?

A RIGHT.

MS. LERNER: IF YOU CAN GIVE US A FIVE-MINUTE BREAK, I THINK WE CAN FINISH THIS REAL QUICKLY.

(SHORT RECESS.)

MS. LERNER: BACK ON THE RECORD.

Q MRS. KRINSKY, YOU SPOKE ABOUT AN APPRAISAL ON MR. KENNEY'S PROPERTY, THE PROPERTY THAT WAS HIS HOME.

A YES.

Q DO YOU KNOW WHEN THAT OCCURRED?

A WELL, BEFORE WE GAVE HIM THE MONEY, DOWNEY SAVINGS AND LOAN, THE BANK WHO HAD HIS FIRST TRUST DEED, WHICH IS THE FIRST MORTGAGE, THEY HAD APPRAISED THE PROPERTY. AND THEY GAVE US A COPY OF THE APPRAISAL.

Q DID THIS APPRAISAL OCCUR BEFORE OR AFTER MR. KENNEY CAME TO YOUR HOME IN THE FALL OF '81?

A I DON'T UNDERSTAND WHAT YOU MEAN.

Q LET ME ASK YOU ANOTHER QUESTION FIRST. DO YOU KNOW WHETHER YOUR HUSBAND SPOKE WITH MR. KENNEY ABOUT THE POSSIBILITY OF LOANING HIM MONEY ON HIS PERSONAL RESIDENCE

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PRIOR TO THE TIME THAT MR. KENNEY CAME TO YOUR HOME IN THE FALL OF '81?

A I REALLY DON'T REMEMBER. I DON'T REMEMBER.

Q IS IT POSSIBLE THAT YOUR HUSBAND SPOKE TO HIM ABOUT LOANING HIM THE MONEY PRIOR TO THAT TIME?

A IT'S POSSIBLE, BUT I REALLY DON'T KNOW. BUT I DO KNOW THAT THE BANK DID ISSUE THE APPRAISAL PRIOR TO US GIVING HIM THE MONEY.

Q DO YOU KNOW IF THE BANK ISSUED THE APPRAISAL AFTER THAT FIRST CONVERSATION IN YOUR HOME IN THE FALL OF '81?

A I REALLY DON'T REMEMBER.

Q DID YOUR HUSBAND HAVE TO REQUEST THAT APPRAISAL OR WAS THAT SOMETHING MR. KENNEY DID?

A NO. MY HUSBAND REQUESTED IT.

Q I ASK YOU TO TAKE A LOOK AT WHAT HAS BEEN MARKED EXHIBIT "B-1" WHICH IS A TWO-PAGE DOCUMENT DATED SEPTEMBER THE 12TH, 1983, TO THE FEDERAL ELECTION COMMISSION AND SIGNED BY RAYMOND AND SYLVIA KRINSKY. DO YOU RECOGNIZE THIS DOCUMENT?

A YES.

Q WAS THIS THE SECOND COMPLAINT THAT YOU SENT TO THE FEDERAL ELECTION COMMISSION?

A YES.

Q NOW GOING DOWN TO PARAGRAPH 5, WHICH IS MARKED WITH THE NUMBER TWO. THIS IS ON THE FIRST PAGE.

A PARAGRAPH 5?

Q IT IS THE FIFTH PARAGRAPH AS FAR AS INDENTATIONS,

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BUT IT'S MARKED AS PARAGRAPH 2. IT BEGINS, "YOUR PAGE (2) PARAGRAPH (1) ..."

THE FOLLOWING SENTENCE SAYS, "WHEN HE --" MEANING MR. KENNEY "-- REQUESTED OUR HELP TOWARDS HIS CONGRESSIONAL CAMPAIGN; WE ALSO REALIZED THAT WE HAD NO CONTROL OVER THE FUNDS LOANED, ONCE HE RECEIVED THE $40,000."

ARE YOU STILL SAYING THAT MR. KENNEY NEVER TOLD YOU THAT HE WANTED THAT LOAN FOR HIS CONGRESSIONAL CAMPAIGN?

A NO, HE DID NOT. HE NEVER TOLD US THAT.

Q DID YOU SIGN THIS DOCUMENT, MRS. KRINSKY?

A I DID.

Q DID YOU READ IT BEFORE YOU SIGNED IT?

A SURE I READ IT.

Q DID YOU REALIZE WHEN YOU WERE SIGNING IT THAT YOU WERE SIGNING BEFORE A NOTARY PUBLIC?

A YES.

Q AND SWEARING TO IT?

A I DID.

Q WHY DID YOU SIGN THAT IF IT DIDN'T SAY WHAT HAD ACTUALLY OCCURRED?

MR. LINN: COUNSEL, I AM GOING TO OBJECT TO IT. I THINK YOU ARE MISREADING THAT LINE.

THE WITNESS: THAT'S RIGHT.

MR. LINN: GO AHEAD AND ANSWER IT.

THE WITNESS: NO. GO AHEAD. TALK.

MR. LINN: I THINK THAT CAN BE INTERPRETED TWO

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DIFFERENT WAYS.

MS. LERNER: REGARDLESS OF THAT FACT, SHE HAS TO ANSWER THE QUESTION. SO WHY DON'T WE LET MRS. KRINSKY ANSWER IT.

Q MRS. KRINSKY, CAN YOU PLEASE EXPLAIN WHY YOU SIGNED AND SWORE TO IN THIS COMPLAINT A STATEMENT THAT SAID, "WHEN HE REQUESTED OUR HELP TOWARDS HIS CONGRESSIONAL CAMPAIGN; WE ALSO REALIZED THAT WE HAD NO CONTROL OVER THE FUNDS LOANED, ONCE HE RECEIVED THE $40,000."

A WELL, HE HAD ASKED US AT ONE TIME AFTER THAT TO HELP WITH CONGRESSIONAL MONEY, BUT WE DIDN'T HAVE THAT KIND OF MONEY TO HELP HIM. AND HE ALREADY HAD $40,000.

Q WHEN WAS THIS THAT HE ASKED YOU TO HELP HIM WITH HIS CAMPAIGN?

A WELL, THAT WAS AFTER WHEN HE FILED.

Q WHEN WAS THAT?

A I BELIEVE HE FILED IN JANUARY.

Q OF?

A OF '82. MAYBE WE WORDED IT BADLY. BUT AT THE TIME WE GAVE HIM THE $40,000, THERE WAS NO MENTION OF CONGRESSIONAL CAMPAIGN. HE SAID HE MIGHT RUN. BUT THAT DIDN'T MEAN THAT HE WAS GOING TO. HE HADN'T FILED AT THE TIME.

Q I ASK YOU TO GO BACK TO EXHIBIT 1. AGAIN, IN THE FIRST PARAGRAPH ON EXHIBIT 1, "ON TWO SEPARATE OCCASIONS BETWEEN OCTOBER 1, AND NOVEMBER 9, 1981, MR. CHARLES KENNEY VISITED MY HOME TO DISCUSS A LOAN OF $40,000, FOR A PERIOD OF ONE YEAR WHICH HE CLAIMED HE NEEDED FOR HIS

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CONGRESSIONAL CAMPAIGN..." DID YOU SIGN THIS DOCUMENT?

A YES. BUT READ FURTHER WHERE IT SAYS HE INTENDED TO RUN, BUT HE HADN'T FILED YET.

Q THAT IS NOT THE QUESTION I AM ASKING YOU. I AM ASKING YOU IF HE ASKED FOR THE LOAN FOR HIS CONGRESSIONAL CAMPAIGN. DID HE CLAIM THAT HE NEEDED THAT LOAN FOR HIS CONGRESSIONAL CAMPAIGN AT THE TIME?

A HE MIGHT HAVE SAID IT, BUT I DON'T REMEMBER AT THE TIME. THERE IS A LOT OF THINGS SAID SINCE, BUT I CAN'T REMEMBER.

Q BUT IN MAY OF 1983, YOU DID REMEMBER THAT HE HAD REQUESTED THE LOAN OF $40,000 TO BE USED FOR HIS CONGRESSIONAL CAMPAIGN; IS THAT CORRECT?

A HE MIGHT HAVE DISCUSSED IT WITH MY HUSBAND. I CAN'T REMEMBER NOW. IN FACT, AT THE TIME I DON'T REMEMBER IF -- HE HAD SAID AT ONE TIME HE WANTED TO RUN, BUT HE HADN'T FILED.

Q WHEN HE TOLD YOU HE WANTED TO RUN, WAS THAT DURING ONE OF THE CONVERSATIONS CONCERNING THE POSSIBILITY OF YOU LOANING HIM THE $40,000 THAT YOU LOANED HIM IN NOVEMBER?

A NO.

Q SO THEN BOTH EXHIBIT "A" AND EXHIBIT "B" DO NOT ACCURATELY REFLECT WHAT REALLY OCCURRED ON THE DATES WHEN MR. KENNEY CAME AND DISCUSSED THE $40,000 LOAN WITH YOU; IS THAT RIGHT?

A I DON'T KNOW WHAT YOU MEAN.

Q BOTH EXHIBIT "A" AND EXHIBIT "B" INDICATE THAT

8404047 1323

MR. KENNEY REQUESTED A $40,000 LOAN FROM YOU --

A IT DOESN'T SAY THAT.

Q EXCUSE ME. LET ME FINISH THE QUESTION, PLEASE.

BOTH EXHIBIT "A" AND EXHIBIT "B" INDICATE THAT MR. KENNEY VISITED YOUR HOME TO DISCUSS A $40,000 LOAN WHICH HE CLAIMED HE NEEDED FOR HIS CONGRESSIONAL CAMPAIGN.

MR. LINN: LET THE RECORD REFLECT THAT IS YOUR INTERPRETATION, COUNSEL.

MS. LERNER: COUNSEL, I AM READING DIRECTLY FROM EXHIBIT "A."

Q "ON TWO SEPARATE OCCASIONS BETWEEN OCTOBER 1, AND NOVEMBER 9, 1981, MR. CHARLES KENNEY VISITED MY HOME TO DISCUSS A LOAN OF $40,000 FOR A PERIOD OF ONE YEAR WHICH HE CLAIMED HE NEEDED FOR HIS CONGRESSIONAL CAMPAIGN," IS EXACTLY WHAT EXHIBIT "A" SAYS. I AM ASKING YOU, MRS. KRINSKY, WHETHER OR NOT THAT ACCURATELY REFLECTS WHAT OCCURRED ON THOSE MEETINGS BETWEEN OCTOBER 1ST AND NOVEMBER 9TH, 1981.

A HE MIGHT HAVE MENTIONED THAT HE WANTED TO RUN FOR CONGRESS. WE ARE VERY HARD-WORKING PEOPLE. MY HUSBAND IS RETIRED MILITARY AND DISABLED. THAT WAS OUR LIFE SAVINGS. I AM CERTAINLY NOT GOING TO GIVE IT TO A CONGRESSIONAL CAMPAIGN UNLESS IT WAS FOR A PIECE OF PROPERTY WHICH WE LOANED HIM ON. WHAT HE DID WITH THE MONEY I DON'T KNOW.

Q PERHAPS I AM NOT MAKING MYSELF CLEAR. I AM NOT ASKING WHETHER YOU LOANED IT TO HIM FOR HIS CAMPAIGN.

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I AM ASKING YOU WHETHER HE TOLD YOU HE WANTED IT FOR HIS CAMPAIGN.

A HE MIGHT HAVE MENTIONED IT.

Q DO YOU KNOW WHY THE STATEMENT WAS PUT IN THE COMPLAINT TO THE FEDERAL ELECTION COMMISSION?

A MY HUSBAND FELT THAT HE MIGHT HAVE USED THAT MONEY, BECAUSE WE SAW THAT $40,000 ON HIS -- WHAT DO YOU CALL THAT THING? THAT FILING WITH THE FEDERAL GOVERNMENT. THERE WAS $40,000 PUT IN ONE DAY, AND AS I SAID, TAKEN OUT THREE DAYS LATER, WHICH MADE IT VERY SUSPICIOUS. SO WE ASSUMED THAT MAYBE HE USED THAT MONEY FOR THAT.

MS. LERNER: WE HAVE NOTHING FURTHER. DO YOU HAVE ANYTHING?

MR. LINN: I HAVE NO QUESTIONS.

MS. LERNER: MRS. KRINSKY, AT THIS TIME THE DEPOSITION WILL BE CONCLUDED. HOWEVER, I DO WANT TO INFORM YOU THAT ALL INVESTIGATIONS CONDUCTED BY THE FEDERAL ELECTION COMMISSION ARE CONFIDENTIAL. AND ANYTHING THAT WE HAVE DISCUSSED HERE UNTIL THE INVESTIGATION IS COMPLETED SHOULD NOT GO BEYOND THE PEOPLE WHO ARE IN THIS ROOM.

THE WITNESS: IT WON'T.

MS. LERNER: THANK YOU.

(WHEREBY, IT WAS STIPULATED BY AND BETWEEN COUNSEL THAT THE ORIGINAL TRANSCRIPT CAN BE SENT TO MR. LINN; THAT MR. LINN WILL HAVE THE DEPONENT READ AND SIGN THE TRANSCRIPT WITHIN 20 DAYS OF RECEIPT; THAT IF MS. LERNER HAS NOT RECEIVED THE SIGNED ORIGINAL TRANSCRIPT WITHIN THAT TIME FRAME,

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A COPY MAY BE USED FOR ANY PURPOSE. THE TRANSCRIPT MAY BE SIGNED UNDER PENALTY OF PERJURY.)

(WHEREUPON, THE AFOREMENTIONED DOCUMENTS WERE MARKED EXHIBITS "A" AND "B" FOR IDENTIFICATION BY THE NOTARY PUBLIC, COPIES OF WHICH ARE ATTACHED HERETO.)

I, SYLVIA KRINSKY, DECLARE UNDER THE PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

_____

DATE

_____

SYLVIA KRINSKY

3404047 1326

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, LINDA A. PAYAN, CSR #4426, a Notary Public in and for the County of ORANGE, State of California, do hereby certify:

That, prior to being examined, the witness named in the foregoing deposition, to wit, SYLVIA KRINSKY, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken down by me in shorthand at the time and place therein named and thereafter reduced to typewriting under my direction.

I further certify that I am not interested in the event of the action.

WITNESS my hand and seal this 28th day of APRIL, 1984.

Linda A. Payan
Notary Public in and for the County of ORANGE, State of California

OFFICIAL SEAL
LINDA A PAYAN
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY
My comm. expires NOV 5, 19[illegible]

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June 16, 1983

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

To Whom It May Concern:

On two separate occasions between October 1, and November 9, 1981, Mr. Charles Kenney visited my home to discuss a loan of $40,000, for a period of one year which he claimed he needed for his Congressional Campaign, as he claimed he intended to run as a Candidate for the 43rd Congressional District race primary.

At both of these meetings he appeared before my wife and myself, alone and when questioned as to what security he could offer for this loan, he stated he could offer a second note and trust deed on his own personal residence of 22992 Lovios, Mission Viejo, CA 92691.

After further questioning as to whether his house, in the event of foreclosure would cover the added loan, he informed us that he would not have to lose the house as he had other holdings and would have no trouble in meeting his committment.

In November 10, 1982 the loan was due and in default and Mr. Kenney claimed he lost all his funds in the campaign. After checking with my attorney, he advised me to go to the County Recorder's office and get copies of the complete campaign report. After receiving said report, I found one entry in the sum of $40,000, which Mr. Kenney stated was his; he deposited this sum on March 31, 1982 and withdrew it on April 4, 1982, four days later. My attorney and accountant termed this action suspicious and a possible laundering of campaign funds, and advised me to report it to the various government agencies concerned therewith. In no way does the campaign report show that the $40,000 was borrowed from my wife and myself.

Thank you for your cooperation and consideration in this matter.

Very truly yours,

Raymond Krinsky
RAYMOND KRINSKY

Sylvia Krinsky
SYLVIA KRINSKY
23942 Via Benavente
Mission Viejo, CA 92692

Encl: (1)
$40,000 Entry &
Withdrawal

State of California }
County of Orange } ss

Raymond Krinsky
Raymond Krinsky

Sylvia Krinsky
Sylvia Kronsky

Subscribed and sworn to before me on June 2,1983.

Debbie Markham
Debbie Markham

OFFICIAL SEAL
DEBBIE MARKHAM
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Feb. 27, 1984

exhibit A for I.D.
Linda A. Payan, N.P
Date 4-10-84

EXHIBIT A

8404047 1329

September 12, 1983

GCC #808

FEC
83 SEP 16 P12:18

Finch

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

ATTN: Mr. Charles N. Steele, General Counsel
Mr. Kenneth A. Gross, Associate General Counsel
Mr. G.A. Finch, Staff Member

Subject: Response to MUR #1553 and request for additional information.

Dear Mr. Steele:

This letter is in response to the opinions rendered by the Office of General Counsel (page 4 para. 2).

My wife and I are responding to both your cover letter of August 8, 1983 (4th paragraph), and statement made to me by your Staff Member Mr. G.A. Finch on our last telephone call, that is if any additional information comes to our attention to forward it to you.

Please be advised your report is not accurate and is not acceptable to both of us, our reasons are as follows:

(1) According to your page (2) last paragraph in which you state that we have made no political contributions to any Federal Candidate, including Charles Kerney, this is either your error or Mr. Kenney's, as I have enclosed a copy of campaign statement as filed with the Orange County California's County Registrar's Office and the California Sec'y of State, which shows the sum of $625.00.

(2) Your page (2) paragraph (1) in which Mr. Kenney responds to the complaint that the purpose of the loan was known to Raymond and Sylvia Krinsky, is not true as we only knew what Mr. Kenney told us in our home. When he requested our help towards his Congressional Campaign; we also realize that we had no control over the funds loaned, once he received the $40,000.00. We knew nothing of Mr. Kenney's Real Estate business, except his statement that he was doing well. We don't know what loan Mr. Kenney is talking about as he had taken out a number of them on various real estate transactions, but the 2nd note and trust deed of 22992 Lovios, Mission Viejo, CA 92691, which was his own personal residence, and was signed by him and his wife and Majestic Escrow Co., in which he held a partnership interest, without my knowledge, which is also a violation of the State of California's Corporations laws, when not disclosed. There was only (1) 1st trust deed holder at 22992 Lovios and the 1st trust deed holder was Downey Savings & Loan Association, 3200 Bristol St., Costa Mesa, CA 92626., and you can verify this information with Mr. Rick Wilson, Loan Service Manager, at the same address.

(3) According to your page (3) paragraph (1) statement that the loan in question $40,000.00, came from Consolidated Home Loans; the following information refutes that statement. According to Mr. Randolph Brusca, President of Consoldiated Home Loans, (copy enclosed) the $58,000 loan was taken out by Mr. & Mrs. Kenney to satisfy a Junior loan on property of 3004 Calle Grande Vista, San Clemente, CA and that the check was made out to Mission Viejo National Bank in the sum of $40,950.28. I am sure you are aware that this sum

Exhibit B (1)

exhibit B-1 for I.D.
Linda A. Payan, N.P
Date 4-10-84

was transferred in escrow and the only funds then available to Mr. Kenney was the sum of $7,466.17.

This information was made available to me by Mr. Brusca as the property in question was recently in foreclosure by Mr. Brusca and is currently on the market for sale, and I am looking into this property for a possible purchase by a family member.

We believe this matter could have been resolved by now had you let us appear before your commission, when we advised Mr. G.A. Finch that we were available and approximately 100 miles from Washington, D.C. the first few weeks of July, 1983.

Encl (3)
CC: Senator Baker
Cong. Packard

Raymond Krinsky
RAYMOND KRINSKY

Sylvia Krinsky
SYLVIA KRINSKY

23542 Via Benavente
Mission Viejo, CA 92692

State of California
County of Orange ss

Subscribed and sworn to before me on September 13,1983.

Debbie Markham
Debbie Markham

OFFICIAL SEAL
DEBBIE MARKHAM
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Feb. 27, 1984

Exhibit B (2)

B-2

GCC#3081

BEFORE THE FEDERAL ELECTION COMMISSION

IN RE

MUR 1589

[redacted]

MAY 8 11 14 AM '84

DEPOSITION OF: RAYMOND KRINSKY

TAKEN ON: APRIL 10, 1984

Pelletier & Jones / Orange County

CERTIFIED SHORTHAND REPORTERS

3138 S. RITA WAY
SANTA ANA, CALIFORNIA 92704
(714) 641-8451

REPORTED BY: LINDA A. PAYAN, CSR #4426

FILE: 4-129/OC

8404047 1337

DEPOSITION OF RAYMOND KRINSKY,

TAKEN AT 24000 AVILA ROAD, LAGUNA HILLS, CALIFORNIA 92677, COMMENCING AT 1:30 P.M., ON TUESDAY, APRIL 10, 1984, BEFORE LINDA A. PAYAN, CSR #4426, A NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA, PURSUANT TO SUBPOENA.

APPEARANCES OF COUNSEL:

FOR THE FEDERAL ELECTION COMMISSION:	LOIS G. LERNER, ATTORNEY AT LAW AND LISA KLEIN, ATTORNEY AT LAW WASHINGTON, D.C. 20463
FOR SYLVIA KRINSKY AND RAYMONT KRINSKY:	DAVID A. LINN, ESQ. P.O. BOX 2328 OAKHURST, CALIFORNIA 93644

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RAYMOND KRINSKY,

AFTER HAVING BEEN DULY SWORN, WAS EXAMINED AND TESTIFIED AS FOLLOWS:

EXAMINATION

BY MS. KLEIN:

Q WOULD YOU PLEASE STATE YOUR NAME FOR THE RECORD.

A RAYMOND KRINSKY, K-R-I-N-S-K-Y.

Q WHAT IS YOUR PRESENT ADDRESS?

A 23542 VIA BENAVENTE, B-E-N-A-V-E-N-T-E, MISSION VIEJO, CALIFORNIA 92692.

Q MR. KRINSKY, HAVE YOU EVER BEEN DEPOSED BEFORE?

A YOU MEAN AS FAR AS IN A DEPOSITION?

Q RIGHT.

A I WAS IN BUSINESS FOR A NUMBER OF YEARS. SOME PEOPLE DIDN'T PAY THEIR BILLS. SO THAT IS THE ONLY THING THAT I HAVE GOT INVOLVED IN.

Q LET ME JUST REVIEW WITH YOU THAT WE WILL BE ASKING YOU QUESTIONS. AND IF YOU DO NOT UNDERSTAND A QUESTION, THEN PLEASE LET ME KNOW. ALSO, SO THAT I CAN REPHRASE THE QUESTION, IF YOU DON'T LET ME KNOW THAT YOU DON'T UNDERSTAND THE QUESTION, I WILL ASSUME THAT YOU HAVE UNDERSTOOD IT AND THAT YOUR ANSWER RESPONDS TO THE QUESTION.

ONE OTHER THING, AND THAT IS FOR THE COURT REPORTER, IF YOU ARE GOING TO ANSWER "YES" OR "NO," PLEASE SAY "YES" OR "NO" AND NOT JUST NOD YOUR HEAD. OKAY?

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A YEAH, I REALIZE THAT.

Q ARE YOU REPRESENTED BY COUNSEL HERE TODAY?

A YES.

Q COULD YOU PLEASE STATE YOUR COUNSEL'S NAME FOR THE RECORD.

A DAVID LINN, L-I-N-N.

Q THANK YOU.

MR. KRINSKY, ARE YOU PRESENTLY EMPLOYED?

A NO. I AM RETIRED FROM THE MILITARY WITH DISABILITY.

Q AND WHEN DID YOU ACQUIRE THE RETIREMENT WITH DISABILITY?

A 1973.

Q SINCE YOU TERMINATED YOUR POSITION WITH THE MILITARY, HAVE YOU ENGAGED IN ANY OTHER OCCUPATION OR BUSINESS?

A NO.

Q DO YOU KNOW A MR. CHARLES KENNEY?

A YES.

Q WHEN DID YOU FIRST MEET HIM?

A APPROXIMATELY FOUR YEARS AGO OR SO.

Q 1980?

A AROUND THAT. I HAVE THE ACTUAL DATE HERE IF YOU WANT IT. I THINK IT'S THERE. I DON'T KNOW. I DON'T KNOW IF IT'S THE ACTUAL DATE. BUT APPROXIMATELY FOUR YEARS AGO.

Q AND HOW DID YOU MEET HIM?

A THERE WAS THE AREA THAT WE LIVE IN IS CALLED

8404047 1335

AN UNINCORPORATED AREA, AND WE BOTH WERE RUNNING FOR AN OFFICE, WHICH IS A NON-PAY OFFICE ON THE ADVISORY COUNCIL, WHICH IS RECOMMENDING -- IT IS A BODY THAT RECOMMENDS DIFFERENT IDEAS TO THE SUPERVISOR OF THE COUNTY.

Q SO YOU MET HIM DURING THAT PERIOD?

A DURING THAT PERIOD.

Q AND DURING THE TIME THAT YOU KNEW HIM, HOW OFTEN ON AN AVERAGE DID YOU SEE EACH OTHER?

A OH, I'D GO PAST HIM OR SOMETHING LIKE THAT. I DIDN'T SEE HIM MUCH AT ALL UNTIL WE GOT INVOLVED IN SOME REAL ESTATE TRANSACTIONS. THAT'S ALL.

Q DID YOU EVER HAVE A SOCIAL RELATIONSHIP WITH MR. KENNEY?

A NO.

Q YOU NEVER DID ANY SOCIAL FUNCTIONS TOGETHER?

A THERE WERE TWO TIMES. AND I HAD THAT IN THE LETTER. AND I CAN'T REMEMBER, YOU KNOW, RIGHT OFF THE TOP. BUT I REMEMBER THERE WERE TWO DIFFERENT FUNCTIONS THAT WE ATTENDED THAT I INVITED HIM TO GO TO. THESE WERE ONE WAS A NAVY DAY DINNER OUT IN LONG BEACH A FEW YEARS AGO AND ONE WAS ARMED FORCES RETIREE CHRISTMAS-TYPE CELEBRATION IN NEWPORT BEACH.

Q THE NAVY DAY DINNER WAS AFTER THE CHRISTMAS CELEBRATION?

A NO. NAVY DAY DINNER IS ALWAYS BEFORE. IT'S OCTOBER.

Q DO YOU KNOW WHAT MR. KENNEY DOES FOR A LIVING?

A WHAT HE DID OR WHAT HE IS DOING NOW?

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Q LET'S START WITH WHAT HE IS DOING NOW.

A THE LAST I HEARD, HE WAS SELLING CARS.

Q AND WHAT DID HE DO FOR A LIVING WHEN YOU FIRST MET HIM?

A HE WAS IN THE REAL ESTATE BUSINESS.

Q AND HOW DID YOU KNOW THAT HE WAS ENGAGED IN THE REAL ESTATE BUSINESS?

A HE INFORMED EVERYBODY. HE HAD CARDS.

Q DID HE GIVE YOU ONE OF HIS CARDS?

A THAT'S RIGHT. OR I'VE GOT TO SAY "YES." I'M SORRY.

Q THAT'S OKAY.

GOING BACK TO THE SOCIAL OCCASIONS THAT YOU SPENT WITH HIM, WAS THE NAVY DINNER IN 1982 OR 1981, DO YOU RECALL?

A CAN I ASK HIM A QUESTION? HE WAS THERE.

MR. LINN: A POINT OF CLARIFICATION. I THINK YOU HAVE YOUR DATES CONFUSED, RAY. THE NAVY DAY DINNER -- I SHOULDN'T BE TESTIFYING.

MS. LERNER: THAT'S ALL RIGHT FOR THIS PURPOSE. IT'S FINE.

MR. LINN: MR. KRINSKY TESTIFIED THAT THE NAVY DAY DINNER IS ALWAYS BEFORE, BUT I BELIEVE IN THIS INSTANCE -- I AM JUST REFRESHING YOUR RECOLLECTION -- THE NAVY DAY DINNER WAS AFTER ALL THIS TRANSACTION AND EVERYTHING ELSE.

THE WITNESS: OH, YEAH, YEAH, RIGHT.

MR. LINN: THEY ARE LOOKING FOR YEARS, RAY. THAT WOULD HAVE BEEN '82.

3404047 1339

BY MS. KLEIN:

Q OKAY. '82.

A THAT'S '82. THAT IS THE ONE THAT YOU WERE THERE.

Q '82, IS THAT A SPRING FUNCTION OR A SUMMER FUNCTION?

A NO, NO. IT'S AN ANNUAL -- IT'S A CELEBRATION OF NAVY DAY IN LONG BEACH. THE CITY OF LONG BEACH CELEBRATES NAVY DAY BY HAVING THE COMMANDER AND CHIEF OF THE PACIFIC FLEET, OR WHOEVER IS THERE, AS A GUEST SPEAKER.

Q DURING THAT TIME DID MR. KENNEY EVER TALK TO YOU ABOUT HIS BUSINESS?

A NOT AT THAT FUNCTION.

Q WHAT ABOUT AT THE ADVISORY COUNCIL MEETINGS?

A NO. WE NEVER TALKED ABOUT REAL ESTATE AT THE ADVISORY COUNCIL. WE TALKED ABOUT IT AT OTHER TIMES. HE INVITED ME TO THE OFFICE ONCE OR TWICE, HOWEVER A NUMBER OF TIMES IT WAS.

Q AND DID MR. KENNEY EVER APPROACH YOU ABOUT POSSIBLY DOING SOME REAL ESTATE BUSINESS WITH HIM?

A YES.

Q AND ABOUT HOW MANY TIMES DID HE APPROACH YOU ABOUT THIS?

A IT WAS A NUMBER OF TIMES. I CAN'T GIVE YOU THE EXACT NUMBER. IT WAS A NUMBER OF TIMES. BECAUSE HE HAD DIFFERENT PROPERTIES THAT HE WAS TRYING TO SELL, AND HE NEEDED SOMEBODY TO MAKE A SECOND TRUST DEED TO FACILITATE THE SALE.

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Q WHEN DID HE FIRST APPROACH YOU ABOUT SUCH A TRANSACTION?

A OH, THIS WAS IN '81 SOMETIME. NO. '80, 1980.

Q DID HE OWN OR HAVE AN INTEREST IN THE PROPERTY THAT HE WAS TRYING TO GET YOU TO INVEST IN?

A NO. ONE OF HIS SALES PEOPLE WAS PUTTING TOGETHER A SALE, AND THERE WAS A SHORTAGE OF CASH FOR THE SELLER TO WALK OUT OF. AND THEY NEEDED SOMEBODY TO GIVE A SECOND TRUST DEED IN ORDER TO HELP THE SALE ALONG.

Q DID YOU EVER GO AND SEE MR. KENNEY TO PROPOSE A BUSINESS TRANSACTION?

A NO.

Q DO YOU HAVE ANY IDEA OF WHY MR. KENNEY CAME TO YOU FOR SUCH FINANCING DEALS?

A HE CAME TO EVERYBODY, I FOUND OUT LATER.

Q AND BEFORE NOVEMBER OF 1981, DID YOU EVER ENTER INTO ANY BUSINESS DEAL WITH MR. KENNEY?

A 1980, I BELIEVE IT WAS 1980 THAT WE MADE TWO SECOND TRUST DEEDS. THOSE ARE THE ONES THAT ARE UNDER THE GUARANTEE THAT MR. LINN PREPARED.

Q THE TWO PRIOR TRANSACTIONS INVOLVED TRUST DEEDS?

A THAT'S ALL THEY INVOLVED.

Q COULD YOU TELL ME HOW MUCH YOU INVESTED THE FIRST TIME?

A WELL, THERE WERE TWO INVESTMENTS. I DON'T REMEMBER WHICH. THEY WERE BOTH ALMOST AT THE SAME TIME. ONE WAS $12,800, AND THE OTHER TIME WAS 25,000. THEY DIDN'T

3404047 1339

HAVE NOTHING TO DO WITH HIM. THESE WERE WRITTEN TO SEPARATE PEOPLE WHO BOUGHT THE PROPERTY.

Q WHAT DID HE SAY WHEN HE APPROACHED YOU ABOUT ENTERING INTO SUCH DEALS?

A THAT THERE WAS A REASONABLE RETURN TO BE EXPECTED, AND IT IS A SAFE INVESTMENT. AND IF I AM INTERESTED, HE WOULD LET ME CHECK THE PROPERTY OUT.

Q ON THESE TWO, THE 12,800 AND THE 25,000, DID HE COME TO YOUR HOME TO DISCUSS THESE DEALS?

A NO, NOT FOR THOSE, NO. I WAS DOWN AT HIS OFFICE. HE ASKED ME TO COME DOWN TO THE OFFICE AND AFTER I CHECKED THE PROPERTY OUT, THEN I CAME BACK TO HIM.

Q WHAT TYPE OF INVESTIGATION DID YOU DO IN EXPLORING THE PROPOSED IDEAS?

A I EXAMINED THE PROPERTY MYSELF. I WENT DOWN TO CHECK THE PROPERTY OUT TO SEE WHETHER IT HAD THE VALUE FOR THE AMOUNT OF ENCUMBRANCES THAT WOULD BE PLACED ON THE PROPERTY.

Q DID YOU CHECK OUT WHETHER THERE WERE ANY OTHER SECURITY INTERESTS IN SUCH A PROPERTY?

A THAT'S AUTOMATICALLY GIVEN, THAT THEY TELL YOU WHAT THE FIRST IS. AND YOU GET THE PAPERS ON THAT. IF YOU ARE MAKING A SECOND, THEN YOU KNOW WHAT THE ENCUMBRANCES WILL BE, AND YOU JUST DETERMINE THE VALUE YOURSELF AS TO WHETHER THE PROPERTY WILL HAVE THAT VALUE OR NOT.

Q WHAT TYPE OF RATE OF RETURN DID YOU HAVE ON YOUR INVESTMENTS?

A WELL, THE FIRST TWO, ACTUALLY IT COMES OUT

8404047 1348

ABOUT 15 PERCENT. BUT YOU BUY WHAT THEY CALL A DISCOUNTED SECOND TRUST DEED. AND WHEN YOU BUY A DISCOUNTED SECOND TRUST DEED, IT COULD GO UP POSSIBLY ANOTHER 8 OR 10 PERCENT. SO IT WOULD BE ANYWHERE FROM 23 TO 25 PERCENT. ONE PERSON DOESN'T PAY THAT. IT'S TWO PEOPLE THAT ARE PAYING THAT.

Q FOR THE FIRST TRANSACTION, DID IT CONCLUDE AS YOU HAD EXPECTED?

A THE FIRST TRANSACTION -- THERE WERE PROBLEMS WITH BOTH TRANSACTIONS, SOME PROBLEMS. BUT MORE SO WITH ONE PARTICULAR TRANSACTION THAT I HAD TO RETURN THE NOTE OF THE SECOND TRUST DEED, THE ARRANGEMENT THAT MR. LINN PREPARED AND HE SIGNED.

Q WAS THE PROBLEM IN TERMS OF PAYMENT?

A PAYMENT. THE PARTY HAD A PROBLEM MAKING A PAYMENT OF $160 A MONTH, AND I GOT SCARED. AND THEY WEREN'T PAYING THEIR TAXES, AND I DIDN'T WANT TO TAKE THAT PROPERTY OVER.

Q WAS YOUR WIFE A PARTY TO THESE OTHER TRANSACTIONS?

A WELL, BOTH NAMES ARE ON AS OWNERS OF THE SECOND NOTE TRUST DEED. SHE DIDN'T EXAMINE THE PROPERTIES OR ANYTHING. SHE KNOWS NOTHING ABOUT THAT.

Q WAS SHE PRESENT WHEN YOU DISCUSSED WHEN YOU WERE NEGOTIATING THESE DEALS?

A WELL, SHE KNEW ABOUT. SHE NEVER WENT DOWN WITH ME WHEN I TALKED ABOUT IT TO HIM.

Q BUT YOU TALKED WITH HER?

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A WELL, I TOLD HER ABOUT IT. BECAUSE SHE WRITES THE CHECKS. IF SHE DIDN'T WANT TO GO FOR IT, SHE DON'T GO FOR IT.

Q ON THESE OTHER TWO DEALS, IN TERMS OF SECURITY, WAS MR. KENNEY'S RESIDENCE EVER USED AS SECURITY?

A NOT FOR THESE FIRST TWO TRANSACTIONS. SEPARATE TRANSACTIONS, THAT'S STRICTLY TO DO WITH THE PEOPLE WHO BOUGHT THE PROPERTY.

Q DID YOU ASSIGN ANY OTHER PROPERTY THAT YOU MAY HAVE OWNED IN CONJUNCTION WITH THESE OTHER DEALS?

A NO. I ONLY OWNED ONE PIECE OF PROPERTY, MY OWN HOME.

Q WHEN WAS THE LAST TIME THAT YOU SAW MR. KENNEY?

A ARE YOU TALKING FROM THIS PERIOD?

Q I AM TALKING JUST GENERALLY IN TERMS OF FROM TODAY.

A I HAVEN'T SEEN HIM -- I DON'T KNOW. SIX, NINE MONTHS OR SOMETHING LIKE THAT.

Q HAVE YOU TALKED TO HIM RECENTLY?

A NO.

Q LET'S TALK ABOUT THE NOVEMBER 1981 LOAN. DID YOU LOAN MR. KENNEY MONEY IN NOVEMBER OF 1981?

A THAT'S CORRECT.

Q HOW MUCH MONEY DID YOU LOAN HIM?

A IT WAS $40,000.

Q WHEN DID YOU FIRST DISCUSS THE POSSIBILITY OF THIS LOAN?

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A WE HAD TALKED ABOUT IT I WOULD IMAGINE THREE OR FOUR, FIVE MONTHS PRIOR TO THAT. HE HAD TRIED TO GET ME TO LEND SOME MONEY ON A PIECE OF PROPERTY IN SAN CLEMENTE. THE HOUSE IS 3404 CALLE GRANDE VISTA, WHICH HE HAD AN INTEREST IN. IT WAS A MODEL HOUSE, AND HE WAS A BROKER, A SALES BROKER FOR THAT PARTICULAR PROPERTY THERE. AND I TOLD HIM THAT WAS NOT MY CUP OF TEA. I WAS NOT INTERESTED IN IT. SO THEN HE CAME UP WITH HIS OWN HOUSE AT LOVIUS.

Q THE FIRST CONVERSATION THAT YOU HAD WITH HIM ABOUT IT, WHERE DID THIS CONVERSATION TAKE PLACE?

A THE FIRST CONVERSATION? THAT WOULD BE HARD TO REMEMBER. CHANCES ARE IT MIGHT HAVE BEEN IN HIS BUSINESS OFFICE.

Q DID MR. KENNEY COME TO TALK TO YOUABOUT THE POSSIBILITY OF THIS LOAN?

A ONE LOAN HE CAME TO MY HOUSE AND HE TALKED TO BOTH ME AND MY WIFE. HE CAME HIMSELF.

Q WHAT WAS YOUR REACTION TO HIS IDEA?

A THE REACTION WAS THAT WE WOULD CHECK IT OUT AND SEE IF THE PROPERTY WAS -- HE WAS SUPPOSED TO TURN OVER CERTAIN DOCUMENTS TO ME FROM THE DOWNEY SAVINGS AND LOAN, WHO HAD JUST ORIGINALLY MADE HIS FIRST TRUST DEED. AND IF THE PAPERS WERE IN ORDER, THEN WE POSSIBLY WOULD GO FOR THE LOAN.

Q WAS THERE AN APPRAISAL DONE ON HIS HOME?

A THE APPRAISAL WAS DONE BY THE DOWNEY SAVINGS AND LOAN PEOPLE, WHICH WAS CURRENT. BECAUSE HE TOOK THAT

3404047 1343

LOAN OUT IN ABOUT MAY OR JUNE OF THAT YEAR OF '81. SO IT WAS A CURRENT NEW LOAN THAT HE JUST TOOK OUT.

Q DID HE HAVE THE APPRAISAL WITH HIM WHEN YOU INITIALLY DISCUSSED THIS?

A NO. HE HAD TO GET THE PAPERS. AND HE GAVE ME THE PAPERS FINALLY ON THE APPRAISAL, AND THERE WERE SOME OTHER PROBLEM. THERE WAS A PROBLEM WITH ENCUMBRANCES ON THE PROPERTY THAT HE WASN'T SUPPOSED TO ENCUMBER THE PROPERTY ANY FURTHER WITH A LOAN, AND I TOOK EXCEPTION TO THAT. I FOUND OUT IN THE CONTRACT, AND I ASKED MY ATTORNEY MR. LINN ABOUT IT. AND WE TOLD HIM THAT WE COULDN'T GO ALONG WITH THAT UNLESS HE GOT THAT CLAUSE REMOVED FROM THE AGREEMENT OR ELSE THERE WOULD BE NO TRANSACTION.

Q YOU SAID THAT HE FIRST CAME TO YOU TO DISCUSS A LOAN ON A MODEL HOME PROPERTY?

A THAT WASN'T THE FIRST TIME. THE FIRST TIME WAS THOSE TWO LOANS THAT YOU TALKED ABOUT ORIGINALLY. THIS WAS HIS OWN LOAN WE ARE TALKING ABOUT NOW. I WANT TO KNOW WHEN YOU ARE GETTING BACK ON THE OTHER SIDE.

Q BEFORE HE CAME TO DISCUSS A LOAN ON HIS OWN PROPERTY, WAS IT SHORTLY BEFORE THAT THAT HE MENTIONED A HOME IN SAN CLEMENTE WHICH WAS A MODEL HOME?

A HE MENTIONED THAT IN THE SUMMER OF THAT YEAR, '81.

Q BUT THEY WERE SEPARATE CONVERSATIONS?

A SEPARATE CONVERSATIONS. I TOLD HIM I WASN'T INTERESTED, AS I TOLD YOU PREVIOUSLY.

Q WHAT WAS THE AMOUNT OF THE INVESTMENT IN THE

3404047 1344

MODEL HOME?

A HE DIDN'T TELL ME. HE JUST HAD A NUMBER OF PEOPLE ON IT. AND HE WANTED ME TO GET INTO IT, TOO. HE DIDN'T SPECIFY ANY AMOUNT.

Q WAS ANYONE ELSE PRESENT WHEN HE CAME TO YOUR HOME ON THAT FIRST OCCASION THAT HE CAME TO YOUR HOME TO DISCUSS THE NOVEMBER 1981 LOAN?

A NO. JUST THE THREE OF US: MY WIFE, MYSELF, AND HIM.

Q DID YOU DISCUSS THIS CONVERSATION THAT YOU HAD HAD WITH MR. KENNEY WITH ANYONE?

A DISCUSSED THE CONVERSATION?

Q THE FIRST CONVERSATION THAT YOU HAD HAD.

A YOU GOT ME. WHICH CONVERSATION ARE WE TALKING ABOUT?

Q MR. KENNEY CAME TO YOUR HOME TO PROPOSE A LOAN ON HIS PERSONAL RESIDENCE.

A ONE TIME. THAT'S ALL. JUST THE ONE TIME. HE NEVER CAME TO MY HOUSE MORE THAN ONE TIME.

Q YOU SAID THAT YOUR WIFE WAS PRESENT, YOU WERE THERE, AND MR. KENNEY WAS THERE?

A THAT IS CORRECT.

Q AFTER THIS CONVERSATION, DID YOU TALK ABOUT IT WITH ANYONE ELSE?

LET ME TRY TO HELP. DID YOU TALK ABOUT THE PROPOSED BUSINESS DEAL WITH ANYONE ELSE?

A OH, SURE. I TALKED WITH THE DOWNEY SAVINGS AND LOAN PEOPLE. THAT HAPPENED TO BE MY BANK. AND I CHECKED

8404047 1345

WITH THEM AS TO ABOUT THAT ENCUMBRANCE. AND THEY SAID THAT THEY WERE GOING TO STICK TO IT, THAT UNLESS HE GOT IT REMOVED, THAT WAS MY RISK IF I WANTED TO MAKE LOAN ON THAT BASIS.

Q WHEN HE CAME TO YOUR HOME TO DISCUSS IT, WERE YOU AWARE AT THAT TIME THAT MR. KENNEY MIGHT RUN FOR OFFICE?

A NO, NO.

Q WHEN DID YOU LEARN THAT MR. KENNEY MIGHT RUN FOR CONGRESS?

A AT THE TIME WHEN WE COMPLETED THE REAL ESTATE DISCUSSION, HE HAD MENTIONED THAT HE WAS THINKING OF RUNNING FOR OFFICE. AND AT THE TIME HE SAID HE WASN'T SURE WHETHER THE STATE OFFICE OR FEDERAL OFFICE.

Q THIS WAS AT THE FIRST MEETING?

A THIS IS AT THE ONLY MEETING THAT WE HAD IN MY HOUSE, THE ONE AND ONLY MEETING THAT WE EVER HAD IN MY HOUSE.

Q COULD YOU TELL ME APPROXIMATELY HOW MANY OTHER CONVERSATIONS YOU HAD WITH MR. KENNEY BEFORE YOU AGREED TO LEND HIM THE MONEY?

A THERE WERE A NUMBER OF THEM. BECAUSE, SEE, I HAD TO GET AN ATTORNEY TO GET THE ENCUMBRANCE CLAUSE REMOVED FROM THE AGREEMENT. AND THIS WAS CONVERSATIONS BACK AND FORTH ON THE SAME SUBJECT UNTIL THE PAPERS WERE READY. AND WE HAD TO GO BACK EAST. AND I SAID TO HIM IF HE WASN'T GOING TO GET THAT READY IN TIME, THAT I WOULDN'T BE ABLE TO DO ANYTHING.

THERE WAS ONE OTHER THING IN REGARDS TO --

8404047 1348

WELL, IT SLIPS MY MIND AT THE MOMENT. IT WILL COME BACK TO ME.

Q DURING THESE OTHER CONVERSATIONS, DID HE EVER MENTION AGAIN THAT HE WAS THINKING OF RUNNING FOR CONGRESS?

A NO. HE NEVER FULLY CAME OUT AND SAID SPECIFICALLY THAT HE WAS GOING TO RUN FOR CONGRESS PER SE. HE SAID HE INTENDED TO RUN FOR FEDERAL OFFICE. I ASSUMED IT WAS CONGRESS. BECAUSE WHAT ELSE COULD HE RUN FOR? HE CAN'T RUN FOR NO U.S. SENATE.

Q DID HE MENTION THAT HE WAS THINKING OF RUNNING FOR FEDERAL OFFICE DURING ANY OF THESE CONVERSATIONS?

A YEAH, HE DID MENTION THAT. HE HAD AN IDEA THAT HE WAS EITHER GOING TO RUN FOR A STATE OFFICE OR A FEDERAL OFFICE IS WHAT HE TOLD ME.

Q AND HE MENTIONED THAT TO YOU ON MORE THAN ONE OCCASION?

A ONE OCCASION. THAT'S ALL. JUST THAT ONE OCCASION.

Q DO YOU RECALL WHICH OCCASION THAT WAS THAT HE MENTIONED IT TO YOU?

A AFTER THAT, I BELIEVE IT WAS AFTER THAT, THE TRANSACTION IN THE HOUSE WHERE HE DISCUSSED WHAT HE NEEDED, THE LOAN HE WANTED ON HIS PROPERTY.

Q AFTER THE INITIAL CONVERSATION ABOUT THE LOAN ON HIS HOME, THEN?

A YEAH. IT WAS SORT OF A STATEMENT IN PASSING, IF YOU WILL.

8404047 1349

Q DO YOU REMEMBER ON WHAT DATE YOU FINALLY AGREED TO LEND MR. KENNEY THE MONEY THAT HE HAD REQUESTED?

A WELL, THE FINAL DATE -- THE PAPERS ARE HERE. I THINK IT'S NOVEMBER 10TH OR 11TH OR SOMETHING LIKE THAT IS WHEN THE ESCROW PEOPLE HANDLED THE THING, WHICH TURNED OUT TO BE HIS ESCROW COMPANY, AND I DIDN'T EVEN KNOW THAT.

Q WAS THERE A LONG PERIOD OF TIME BETWEEN THE TIME YOU AGREED TO LEND HIM THE MONEY AND THE TIME THAT IT MOVED THROUGH ESCROW?

A IT WASN'T A LONG PERIOD. WHATEVER TIME IT TOOK TO GET THE PAPERS PREPARED WITH HIS ATTORNEY THROUGH THE DOWNEY SAVINGS AND LOAN AND GET THAT ENCUMBRANCE REMOVED, WHICH BASICALLY, AGAIN, AS I SAID, YOU CANNOT BORROW ANY MORE MONEY ON THAT PROPERTY. HE WAS TRYING TO BORROW MORE MONEY ON THE PROPERTY.

Q MR. KRINSKY, EXCUSE ME. WOULD YOU APPROXIMATE THE TIME BETWEEN YOUR DECIDING TO LEND HIM THE MONEY AND THE TIME THE DEAL WAS CONCLUDED.

A THE TIME I LENT HIM THE MONEY? I WOULD THINK IT COULD HAVE BEEN ABOUT A MONTH'S TIME OR SOMETHING LIKE THAT, OFF THE TOP OF MY HEAD. I DON'T HAVE THE STUFF IN FRONT OF ME HERE. IF IT'S IMPORTANT, I CAN TRY TO SHAPE IT UP FOR YOU.

Q WHAT WAS THE AMOUNT OF THE LOAN OF THE NOVEMBER 1982 LOAN?

A $40,000. THAT'S WHAT THE ESCROW INSTRUCTIONS ARE. DO I HAVE TO BREAK THE ESCROW THING OUT OR NOT?

MR. LINN: JUST ANSWER THE QUESTION.

8404047 1348

BY MS. KLEIN:

Q WHAT WAS YOUR EXPECTED RATE OF RETURN ON THE LOAN?

A EXPECTED RATE OF RETURN I BELIEVE WAS 28 PERCENT.

Q WHAT SECURITY WAS TAKEN FOR THIS LOAN?

A THE SECOND NOTE AND TRUST DEED ON HIS HOME AT LOVIUS.

Q HOW WAS THE MONEY TRANSFERRED?

A HOW WAS THE MONEY TRANSFERRED? THE MONEY WAS TRANSFERRED FROM TWO SAVINGS ACCOUNTS THAT I HAD SOME MONEY IN, WE COMBINED. WE BROUGHT TWO CHECKS DOWN TO THE ESCROW COMPANY AND TURNED IT IN THAT WAY.

Q WHY WAS THE RATE OF INTEREST 28 PERCENT?

A WELL, THE RATE OF INTEREST AT THAT TIME, IF YOU MIGHT REMEMBER, WAS RUNNING AROUND 19 PERCENT. AND ANY OF THE SECOND TRUST DEEDS WERE RUNNING THAT MUCH OR FIVE POINTS MORE, 5 PERCENT MORE. FOR THE FACT THAT NO PAYMENTS WOULD BE MADE IN A YEAR'S TIME, THAT IS WHAT WAS GOING AT THAT TIME. THAT WAS THE GOING RATE AT THAT TIME FOR THAT TYPE OF A TRANSACTION.

Q YOU COMBINED YOUR SAVINGS ACCOUNT AND GOT A BANK CHECK FOR THIS?

A WE GOT TWO SAVINGS ACCOUNT CHECKS AND BROUGHT THEM IN AND GOT ONE BANK CHECK FROM ONE BANK, A SAVINGS ACCOUNT CHECK TO TURN INTO THE ESCROW COMPANY. YOU PEOPLE HAVE COPIES OF THAT. I TURNED THAT IN.

Q NOW GOING BACK TO THE OTHER TIMES THAT YOU

8404047 1349

INVESTED IN THE REAL ESTATE, DID YOU USE BANK CHECKS FOR THOSE TRANSACTIONS?

A ALWAYS BANK CHECKS. THEY WON'T TAKE ANYTHING ELSE.

Q FOR THE RECORD, I AM GOING TO SHOW MR. KRINSKY WHAT IS MARKED AS EXHIBIT "D" WHICH PURPORTS TO BE A NOTE SECURED BY DEED OF TRUST AND ESCROW INSTRUCTIONS. MR. KRINSKY, DO YOU RECOGNIZE THIS DOCUMENT?

A YES.

MS. LERNER: PLEASE LOOK AT ALL FOUR PAGES.

THE WITNESS: YES.

BY MS. KLEIN:

Q WHAT DO YOU RECOGNIZE IT TO BE?

A THAT IS THE SECOND NOTE AND TRUST DEED THAT I GAVE ON HIS HOUSE.

Q FOR OUR PURPOSES WE WILL REFER TO EXHIBIT "D," PAGE 6. IF YOU WILL LOOK AT WHAT IS MARKED UNDER INSTRUCTIONS AND BEING NUMBER TWO, IT STATES, "RAYMOND AND SYLVIA KRINSKY TO ASSIGNED NOTE AND DEED OF TRUST COVERING OTHER PROPERTY TO CHARLES G. KENNEY AND MARY J. KENNEY, HUSBAND AND WIFE AS JOINT TENANTS."

COULD YOU TELL ME WHAT PROPERTY WAS ASSIGNED?

A THAT'S THE OTHER SECOND NOTE AND TRUST DEED THAT WE HAD THE ATTORNEY PREPARE ON AN OPTION. IF THEY DIDN'T PERFORM THAT, HE WAS SUPPOSED TO TAKE IT BACK ON A GUARANTEED BASIS.

Q WHO IS "HE"?

A MR. KENNEY.

8404047 1358

Q CORRECT ME IF I AM WRONG. YOU HAD THE GUARANTEE ON IT, AND WHEN YOU INVESTED IN THIS NOTE AND TRUST DEED, HE WAS TO TAKE IT BACK IF THERE WAS A PROBLEM?

A THE GUARANTEE WAS PREPARED BY MY ATTORNEY, MR. LINN -- AND I HAVE A COPY OF IT HERE -- THAT IN THE EVENT THAT THESE PEOPLE DID NOT PAY ON TIME, I HAD THE OPTION TO RETURN THE SECOND NOTE AND TRUST DEED TO HIM, AND HE WOULD REIMBURSE ME.

Q WHY WAS THE ASSIGNMENT INCLUDED IN THIS TRANSACTION?

A THE ASSIGNMENT WAS INCLUDED IN THE TRANSACTION BECAUSE AT THE LAST MINUTE, MY WIFE HAD DECIDED THAT SHE DIDN'T LIKE THE SITUATION BECAUSE OF THE PEOPLE NOT PAYING PROPERLY. AND I GUESS SHE FELT THAT SHE WANTED TO GET HIM TO MAKE GOOD ON IT. AND IF HE DIDN'T, THEN THERE WOULD BE NO BUSINESS TRANSACTION.

Q WHAT WAS THE VALUE OF THIS PROPERTY?

A WELL, IT WAS A NOTE. IT DIDN'T HAVE ANYTHING TO DO WITH THE VALUE OF THE PROPERTY. I WOULDN'T OFFHAND KNOW THE VALUE OF THE PROPERTY. IT COULD BE WORTH 150,000. IT COULD BE WORTH 125,000. I DON'T KNOW OFFHAND. I'M TALKING ABOUT MY NOTE IS ALL I WOULD KNOW ABOUT. I WOULDN'T KNOW ABOUT ANYTHING ELSE.

Q THE AMOUNT OF THE NOTE?

A THE AMOUNT OF THE NOTE WAS $16,000. THAT IS A MATTER OF RECORD.

Q WHEN YOU MADE THE NOVEMBER 1981 LOAN, WHAT DID YOU PERCEIVE TO BE THE PURPOSE OF THE LOAN?

8404047 1351

A I KNEW HE NEEDED MONEY. THAT'S ALL. I DON'T KNOW. MY PURPOSE WAS TO EARN AN INTEREST RATE WHICH IS COMMENSURATE WITH WHAT WAS GOING ON AT THE OUTSIDE.

Q WHAT DID MR. KENNEY TELL YOU ABOUT WHY HE NEEDED THE MONEY?

A TRUTHFULLY HE JUST SAID HE NEEDED THE MONEY. THAT IS ALL HE SAID.

Q DID YOU ASK HIM WHY HE NEEDED THE MONEY?

A I MENTIONED TO HIM. HE SAYS HE'S INVOLVED IN SOME PROPERTIES. THAT'S THE BEST THAT HE TOLD ME AT THAT TIME. EXCEPT, YOU KNOW, THE LAST STATEMENT THAT I TOLD YOU BEFORE WHEN HE STEPPED OUT.

Q DO YOU KNOW WHEN MR. KENNEY FIRST DECLARED HIS CONGRESSIONAL CANDIDACY?

A SOMETIME IN THE BEGINNING OF '82, I BELIEVE IT WAS.

Q AND HOW DO YOU KNOW THIS?

A BECAUSE I WENT DOWN TO THE COUNTY REGISTRAR'S OFFICE AND GOT COPIES OF ALL THE DOCUMENTS THAT HE FILED, WHICH IS A MATTER OF PUBLIC RECORD TO ANYBODY THAT WANTS TO PAY THE COPY MONEY CAN GET ALL THE COPIES THEY WANT.

Q WHEN YOU MADE THE LOAN, THE NOVEMBER 1981 LOAN, DID YOU THINK YOU WERE HELPING HIM IN HIS CAMPAIGN BY LENDING HIM THE MONEY?

A NO.

Q DID MR. KENNEY EVER TELL YOU WHY HE WANTED TO BORROW THE MONEY FROM YOU RATHER THAN FROM A BANK?

A NO, HE DIDN'T TELL ME THAT. BUT I KNOW THE

3404047 1352

REASON. I KNOW IT TOO LATE. DO YOU WANT THE ANSWER TO THAT? I'LL GIVE IT TO YOU. HE COULDN'T GET IT FROM ANYBODY ELSE. I GOT SMART TOO LATE.

Q DID KENNEY EVER TELL YOU THAT HE WAS INDEED GOING TO RUN FOR CONGRESS?

A LATER ON IN SOMETIME IN '82 HE STARTED TO GET PEOPLE TOGETHER AND WAS ASKING PEOPLE TO HELP HIM IN THE CAMPAIGN.

Q DID HE EVER APPROACH YOU FOR YOUR HELP IN HIS CAMPAIGN?

A HE APPROACHED ME AND ASKED ME IF I COULD HELP HIM WITH SOME, YOU KNOW, OUTSIDE ACTIVITY TOWARDS THE CAMPAIGN TALKING TO DIFFERENT GROUPS AND STUFF LIKE THAT.

Q DID HE EVER ASK WHETHER YOU WOULD LEND HIM MONEY FOR HIS CAMPAIGN?

A NO. HE NEVER CAME OUT DIRECTLY AND SAID TO LEND HIM MONEY FOR THE CAMPAIGN.

Q DID HE EVER ASK YOU TO MAKE A CONTRIBUTION TO HIS CAMPAIGN?

A YES, HE DID.

Q DID MR. KENNEY EVER TELL YOU IN REGARDS TO WHY HE NEEDED THE LOAN THAT HE WANTED TO BE ABLE TO PAY OFF HIS BUSINESS DEBTS SO THAT HE COULD ACQUIRE MORE MONEY FOR THE CAMPAIGN?

A HE NEVER SAID THAT TO ME ONE WAY OR THE OTHER.

Q DID MR. KENNEY EVER TELL YOU THAT HE MAY NOT BE AS ACTIVE IN REAL ESTATE DURING HIS CAMPAIGN?

8404047 1353

A WELL, HE DIDN'T SAY THAT. BUT THAT IS FAIRLY OBVIOUS THAT YOU CAN'T SPEND THE TIME IN BOTH PLACES. THAT IS WHY HE CLOSED UP THE OFFICE AND WENT TO THE OTHER ONE.

Q MR. KRINSKY, DID MR. KENNEY EVER SAY ANYTHING OR DO ANYTHING THAT GAVE YOU THE IMPRESSION THAT HE WANTED TO BORROW MONEY FROM YOU TO USE IN HIS CAMPAIGN?

A NO, NOT WHEN WE LENT HIM THE MONEY ORIGINALLY. WHEN WE LOANED HIM THE MONEY ON THE PROPERTY, HE NEVER SAID ANYTHING LIKE THAT.

Q COULD YOU BE A BIT MORE PRECISE IN WHEN HE CAME TO YOU FOR HELP IN HIS CAMPAIGN?

A THAT WAS SOMETIME IN '82, '82 WHEN HE STARTED THE CAMPAIGN, AND THEN HE WAS PUTTING OUT FLYERS THAT HE WAS GOING TO RUN AND ALL OF THAT, HE ASKED IF I COULD HELP HIM AND WOULD ATTEND SOME OF THE FUNCTIONS TO MAKE THINGS LOOK GOOD AND HAVE A CERTAIN AMOUNT OF PEOPLE SITTING THERE.

Q WHY DID YOU FILE A COMPLAINT WITH THE FEDERAL ELECTION COMMISSION?

A WELL, I FILED A COMPLAINT WITH THE FEDERAL ELECTION COMMISSION PEOPLE BECAUSE IN WHAT I FOUND OUT, I FOUND OUT THAT HE HAD VIOLATED THE LAW IN CERTAIN RESPECTS. HE HAD TOLD ME SO MANY CONFLICTING STORIES, THAT NOTHING ADDED UP. AND I DON'T HAVE TO FEEL BAD. HE HAD DONE IT TO A NUMBER OF OTHER PEOPLE, TOO.

Q WHAT DO YOU MEAN BY CONFLICTING STORIES?

A CONFLICTING STORIES ABOUT AS FAR AS FINANCES ARE CONCERNED. WHAT HE WAS DOING, BASICALLY -- OF COURSE, WE

3404047 1354

FOUND THIS OUT LATER ON -- THAT HE WAS TAKING MONEY FROM PETER TO PAY PAUL IS WHAT IT AMOUNTS TO IN JUST A COMPLETE CYCLE. AND IT HAD TO COME OUT SOONER OR LATER.

Q THE DEALINGS THAT HE ENGAGED IN, WAS THAT FOR THE PURPOSE OF HIS CAMPAIGN?

A WHAT DEALINGS ARE YOU TALKING ABOUT?

Q THE DIFFERENT STORIES THAT HE TOLD PEOPLE, WAS HE ACTUALLY TRYING, IN YOUR OPINION, TO FINANCE HIS CAMPAIGN?

A HE WAS TRYING TO GET MONEY ANY WAY HE COULD.

Q FOR THE PURPOSE OF HIS CAMPAIGN?

A I THINK SO. BUT, YOU KNOW, I CAN'T TALK FOR OTHER PEOPLE.

Q WHAT LEADS YOU TO HAVE THIS IMPRESSION?

A WELL, BECAUSE IN TWO DIFFERENT INSTANCES HE DIDN'T TURN TO PEOPLE THAT HE WAS GOING TO NEED MONEY FOR HIS CAMPAIGN THROUGH OTHER PEOPLE. THIS SECOND NOTE AND TRUST DEED OF MINE THAT HE SOLD, WHICH HE HAD NO AUTHORITY OR RIGHT TO SELL, AND WE HAVE A CASE GOING ON RIGHT NOW. SO THERES -- I DON'T KNOW WHETHER HE WANTS ME TO GET INVOLVED IN THAT. HE HAD NO AUTHORITY TO SELL THAT DOCUMENT. YOU HAVE IT RIGHT ON HERE, THIS LAST ITEM NUMBER 4, HE WAS SUPPOSED TO RETURN THE DOCUMENT TO ME.

MR. LINN: RAY, WOULD YOU LISTEN TO THE QUESTIONS AND ANSWER THE QUESTIONS.

THE WITNESS: I'M SORRY. GO AHEAD.

BY MS. KLEIN:

Q WHAT GAVE YOU THE IMPRESSION THAT HE WAS

3404047 1355

TRYING TO FINANCE HIS CAMPAIGN AND TELLING DIFFERENT STORIES TO PEOPLE?

A THIS MR. TRAPASSO, WHO BOUGHT MY SECOND NOTE AND TRUST DEED, NOT KNOWING WHO I WAS OR ANYTHING LIKE THAT, I MET WITH THIS GENTLEMAN. AND I TRIED TO GET MY ATTORNEY TO SEE IF HE COULD GET A COURT ORDER TO DETERMINE OWNERSHIP, RIGHTFUL OWNERSHIP OF THE SECOND NOTE AND TRUST DEED IN COURT. AND HE TOLD ME THAT IT WAS BOUGHT IN GOOD FAITH AND THAT HE COULDN'T DO ANYTHING. I SPOKE TO THE GENTLEMAN, AND THE GENTLEMAN TOLD ME THAT THE SALESPERSON WHO WORKED FOR MR. KENNEY WHO SOLD HIM THE SECOND NOTE AND TRUST DEED, HE ASKED HIM WHY IS HE SELLING THIS THING, BECAUSE HE SAW THE NAMES ON HERE. SHE SAID TO HIM THAT HE'S SELLING IT BECAUSE HE NEEDS MONEY FOR HIS CAMPAIGN. AND THAT WAS DURING THAT PERIOD OF THE CONGRESSIONAL PERIOD.

AND THE SECOND ONE WAS WITH MR. BRUSCA, WHO I HAPPENED TO HAVE A CONVERSATION WITH TO CONSOLIDATED HOME LOANS WHERE YOU PEOPLE CLAIM THAT HE SAID THAT THAT IS WHERE HE GOT HIS MONEY FROM, THE $40,000. MR. BRUSCA REFUTES THAT STATEMENT AND SAID ALL HE GAVE WAS $7400.

Q DID HE SAY ANYTHING ABOUT FINANCING FOR HIS CAMPAIGN?

A HE SAID THE SAME THING TO HIM, THAT HE WAS GOING TO NEED MONEY FOR HIS CAMPAIGN. BOTH THOSE PEOPLE HE MADE THE STATEMENT TO.

Q WAS THERE ANYTHING THAT MADE YOU FEEL IN NOVEMBER OF 1981 THAT HE WANTED TO BORROW THE MONEY FOR HIS CAMPAIGN?

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A NO. I DIDN'T FEEL THAT WAY AT THAT TIME. IT WAS LATER ON THAT I FELT THAT WAY, AFTER HIS TRANSACTION.

Q DID YOU THINK THAT THE FEDERAL ELECTION COMMISSION COULD HELP YOU GET SOME OF YOUR MONEY BACK THAT YOU SEEMED TO HAVE LOST?

A NO, I DIDN'T THINK THE FEDERAL ELECTION COMMISSION COULD HELP ME GET ANY MONEY THAT I LOST. I WAS JUST CONCERNED WITH THE -- CAN I ASK HIM SOMETHING?

MS. LERNER: WHY DON'T YOU FINISH THE ANSWER.

THE WITNESS: BECAUSE IT'S PART OF WHAT I WANTED TO SAY RIGHT NOW. I CAN'T OR I CAN.

MR. LINN: WHY DON'T YOU FINISH THE QUESTION.

BY MS. KLEIN:

Q TRY TO ANSWER THE QUESTION.

A GO AHEAD. LET ME HEAR THE QUESTION AGAIN.

Q DID YOU THINK THAT THE F.E.C., FEDERAL ELECTION COMMISSION, COULD ASSIST YOU IN GETTING BACK YOUR MONEY?

A WELL, I DIDN'T THINK THAT THEY COULD HELP ME GET BACK MY MONEY. I DON'T KNOW THAT THEY HELP ANYBODY GET ANY MONEY. I DON'T THINK THAT'S THEIR FUNCTION.

Q WHY DID YOU FILE THE COMPLAINT WITH THE F.E.C.?

A I FILED THE COMPLAINT BECAUSE I FELT THAT WHEN I WENT TO THE COUNTY REGISTRAR'S OFFICE AND GOT ALL THE DOCUMENTS ON THE REPORTING, I HAD INFORMED YOUR OFFICE THAT THEY HAD MADE AN ERROR. THEY HAD MADE TWO ERRORS. ONE, THEY SAID THAT THEY CHECKED, AND WE HAD BOTH DONE NOTHING WRONG ON THE FIRST LETTER, WHICH I HAVE HERE. AND EVERYBODY IS CLEAN. THERE IS NOTHING WRONG AND ALL OF THAT. AND I

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HAD NEVER GIVEN ANY MONEY TO ANYBODY FOR ANY CAMPAIGN. AND I KNOW THAT I GAVE $250 ON TWO DIFFERENT PERIODS TO HIS CAMPAIGN, PLUS $125 WE WENT TO A RECEPTION. SO THERE WAS A TOTAL OF $625 THAT WE KNOW WE GAVE. WHATEVER WE WERE ALLOWED OFF TAXWISE, WE TOOK OFF.

Q EXCUSE ME FOR INTERRUPTING, MR. KRINSKY. MY QUESTION IS, WHY DID YOU INITIALLY FILE A COMPLAINT WITH THE F.E.C.?

A THE FIRST COMPLAINT?

Q THE FIRST COMPLAINT.

A OH, ALL RIGHT. I FEEL THAT THE FIRST COMPLAINT BASICALLY WAS THE $40,000 FIGURE THAT I UNEARTHED A COPY OF HIM LENDING $40,000, THAT FIGURE, TO HIS CAMPAIGN, AND TAKING IT OUT THREE OR FOUR DAYS LATER. I TRIED TO CHECK ON THAT, AND NOBODY COULD GIVE ME AN ANSWER WHY ANYBODY WOULD DO THAT. THAT ANNOYED ME.

Q THE $40,000 THAT YOU SAW IN MR. KENNEY'S CAMPAIGN FILINGS, DID YOU THINK THAT HAD ANY RELATIONSHIP TO THE MONEY YOU HAD LENT HIM?

A I WAS WONDERING.

Q WHAT MADE YOU THINK THAT IT MIGHT BE?

A THE SAME FIGURE. THERE WAS NO OTHER $40,000 IN HIS CAMPAIGN REPORT.

Q MAY THE RECORD REFLECT THAT I AM SHOWING TO MR. KRINSKY AN EXHIBIT MARKED EXHIBIT "A." THIS PURPORTS TO BE A LETTER WHICH IS DATED MAY 16TH, 1983, COMPRISING OF A COMPLAINT FILED WITH THE FEDERAL ELECTION COMMISSION. MR. KRINSKY, DO YOU RECOGNIZE THIS?

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A YEAH, I RECOGNIZE THAT.

Q AND WHAT IS IT?

A IT IS A STATEMENT THAT I MADE TO THE FEDERAL ELECTION COMMISSION PEOPLE.

Q IT INDICATES THAT IT'S SIGNED BY RAYMOND KRINSKY. IS THAT YOUR SIGNATURE?

A THAT IS MY SIGNATURE, RIGHT.

Q AND IT INDICATES THAT IT WAS SIGNED UNDER OATH.

A LET ME SEE THAT AGAIN, PLEASE. IT'S BEEN SOME TIME.

Q DO YOU RECOGNIZE THIS AS BEING SOMETHING THAT YOU FILED WITH THE FEDERAL ELECTION COMMISSION?

A EVIDENTLY I DID. EVIDENTLY I DID.

Q AT THIS TIME I WOULD LIKE TO SHOW YOU WHAT IS MARKED AS EXHIBIT "B," MR. KRINSKY. IT IS DATED SEPTEMBER 12, 1983, AND PURPORTS TO BE A LETTER TO THE FEDERAL ELECTION COMMISSION. DO YOU RECOGNIZE THIS EXHIBIT, MR. KRINSKY?

A THE SIGNATURES ARE OURS. YOU KNOW, IT'S MY SIGNATURE.

Q DID YOU PREPARE THIS LETTER, MR. KRINSKY?

A THIS ONE HERE?

Q YES. DID YOU WRITE IT?

A WHAT IS THE DATE? SEPTEMBER 12TH? YEAH, THIS LOOKS LIKE ONE OF THE LETTERS WE PREPARED, RIGHT.

Q AND THIS LETTER MARKED EXHIBIT "B" IS SIGNED AND SUBSCRIBED TO BY YOU?

A YEAH, THAT'S RIGHT. LET'S SEE WHAT I SAID HERE.

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Q LET'S REFER TO EXHIBIT "A." THE FIRST PARAGRAPH SAYS, "ON TWO SEPARATE OCCASIONS BETWEEN OCTOBER 1, AND NOVEMBER 9, 1981, MR. CHARLES VISITED MY HOME TO DISCUSS A LOAN OF $40,000, FOR A PERIOD OF ONE YEAR WHICH HE CLAIMED HE NEEDED FOR HIS CONGRESSIONAL CAMPAIGN, AS HE CLAIMED HE INTENDED TO RUN AS A CANDIDATE FOR THE 43RD CONGRESSIONAL DISTRICT RACE PRIMARY."

EARLIER YOU STATED THAT HE HAD ONLY COME TO YOUR HOME ONCE.

A THAT IS WHAT I SEEM TO REMEMBER RIGHT NOW IS ONE TIME.

Q IN MAY OF 1983, YOU REMEMBERED THAT HE HAD COME TWICE THEN.

A 1983?

Q THAT IS THE DATE ON THIS LETTER.

A I ONLY REMEMBER ONE TIME. BUT MAYBE I WROTE TWICE. I DON'T KNOW.

Q IN THE PORTION THAT I JUST READ TO YOU, YOU INDICATED THAT HE VISITED THE HOME TO DISCUSS A LOAN THAT HE CLAIMED HE NEEDED FOR HIS CONGRESSIONAL CAMPAIGN. EARLIER YOU SAID THAT HE NEVER MENTIONED AT THAT POINT THAT HE WANTED MONEY FOR HIS CAMPAIGN. CAN YOU EXPLAIN THIS TO ME?

A WELL, THE ONLY WAY THAT I COULD EXPLAIN IT IS THAT WHEN I PUT THIS DOWN, I PUT DOWN WHAT I FEEL THAT HE LET ME KNOW LATER ON. ACTUALLY -- CAN I FINISH, PLEASE? ACTUALLY, HE DIDN'T SAY THAT HE NEEDED THE MONEY FOR THE CAMPAIGN AT THAT TIME. HE HAD SAID THAT LATER ON. AND BY SOME ERROR, EVIDENTLY, I COMBINED THE THING IN HERE TO

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SHORTEN SPACE OR SOMETHING. BUT AT THE TIME HE DID NOT SAY THAT HE NEEDED IT FOR HIS CONGRESSIONAL CAMPAIGN. HE WASN'T RUNNING FOR ANYTHING AT THE TIME.

Q MR. KRINSKY, LET'S LOOK AT EXHIBIT NO. "B," WHAT IS THE FIFTH PARAGRAPH. IT HAS A 2 IN PARENTHESES, AND BEGINS --

A SECOND PARAGRAPH?

Q YES. "YOUR PAGE (2) PARAGRAPH (1)," THAT IS HOW IT BEGINS.

A YEAH, OKAY.

Q SECOND SENTENCE SAYS, "WHEN HE REQUESTED OUR HELP TOWARDS HIS CONGRESSIONAL CAMPAIGN; WE ALSO REALIZED THAT WE HAD NO CONTROL OVER THE FUNDS LOANED, ONCE HE RECEIVED THE $40,000."

WHY DID YOU WRITE THIS IN THIS SIGNED-AND-SWORN-TO LETTER?

A YOU ARE TALKING ABOUT THIS PARAGRAPH?

Q I AM TALKING ABOUT THE PORTION THAT I JUST READ TO YOU.

A THE PARAGRAPH 2?

Q THAT'S RIGHT. I AM REFERRING TO THE SENTENCE, "WHEN HE REQUESTED OUR HELP TOWARDS HIS CONGRESSIONAL CAMPAIGN..."

A WELL, WHAT I WAS SAYING, BASICALLY, OVER HERE, WHAT HE TOLD ME THEN IN THE HOME, HE DID NOT TELL ME THAT THAT MONEY WAS GOING TO BE FOR THE CAMPAIGN. HE SAID THAT HE INTENDED TO RUN FOR SOMETHING. THAT IS ALL I REMEMBER. HE WAS THINKING OF HIGHER POLITICAL OFFICE IS WHAT THE EXACT

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LANGUAGE WOULD BE.

Q MR. KRINSKY, DID YOU EVER INTEND THAT THE MONEY YOU LENT HIM IN NOVEMBER 1981, DID YOU EVER INTEND TO HELP MR. KENNEY IN HIS CONGRESSIONAL CAMPAIGN BY MAKING HIM THAT LOAN?

A NO.

MS. KLEIN: WE HAVE NO FURTHER QUESTIONS.

MR. LINN: I HAVE NO QUESTIONS.

MS. KLEIN: ON THE RECORD, I WOULD LIKE TO TELL YOU THAT OUR INVESTIGATIONS ARE CONFIDENTIAL, AND THAT WHAT TRANSPIRED TODAY IN THIS ROOM IS TO REMAIN AMONG US.

THE WITNESS: OKAY.

MS. LERNER: BEFORE WE GO OFF THE RECORD, LET THE RECORD REFLECT THAT I AM NOW HANDING MR. KRINSKY A CHECK FOR $34.10 AS HIS WITNESS FEE TODAY. AND AT THE SAME TIME I AM HANDING MR. LINN A CHECK FOR $34.10 FOR MRS. KRINSKY AS HER WITNESS FEE.

MR. LINN: AS TO THE SIGNING OF THE DEPOSITION, THE SAME STIPULATION AS WE HAD AS TO MRS. KRINSKY, IT WILL BE MAILED TO ME. I WILL HAVE MR. KRINSKY SIGN. AND WE WILL RETURN THEM TO YOUR OFFICE WITHIN 20 DAYS OF RECEIVING.

MS. LERNER: AT THIS TIME THE DEPOSITIONS ARE ADJOURNED.

(WHEREUPON, THE AFOREMENTIONED DOCUMENT WAS MARKED EXHIBIT "D" FOR IDENTIFICATION BY THE NOTARY PUBLIC, A COPY OF WHICH IS ATTACHED HERETO.)

//

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I, RAYMOND KRINSKY, DECLARE UNDER THE PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

_____

DATE

_____

RAYMOND KRINSKY

3404047 13633

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, LINDA A. PAYAN, CSR # 4426, a Notary Public in and for the County of ORANGE, State of California, do hereby certify:

That, prior to being examined, the witness named in the foregoing deposition, to wit, RAYMOND KRINSKY, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken down by me in shorthand at the time and place therein named and thereafter reduced to typewriting under my direction.

I further certify that I am not interested in the event of the action.

WITNESS my hand and seal this 28th day of APRIL, 1984.

Linda A. Payan
Notary Public in and for the County of ORANGE, State of California

OFFICIAL SEAL
LINDA A PAYAN
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY
My comm. expires NOV 5, 19

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ATTORNEY'S NOTES

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Ma 16, 1983

:: 8 P3:08

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

To Whom It May Concern:

On two separate occasions between October 1, and November 9, 1981, Mr. Charles Kenney visited my home to discuss a loan of $40,000, for a period of one year which he claimed he needed for his Congressional Campaign, as he claimed he intended to run as a Candidate for the 43rd Congressional District race primary.

At both of these meetings he appeared before my wife and myself, alone and when questioned as to what security he could offer for this loan, he stated he could offer a second note and trust deed on his own personal residence of 22992 Lovios, Mission Viejo, CA 92691.

After further questioning as to whether his house, in the event of foreclosure would cover the added loan, he informed us that he would not have to lose the house as he had other holdings and would have no trouble in meeting his committment.

In November 10, 1982 the loan was due and in default and Mr. Kenney claimed he lost all his funds in the campaign. After checking with my attorney, he advised me to go to the County Recorder's office and get copies of the complete campaign report. After receiving said report, I found one entry in the sum of $40,000, which Mr. Kenney stated was his; he deposited this sum on March 31, 1982 and withdrew it on April 4, 1982, four days later. My attorney and accountant termed this action suspicious and a possible laundering of campaign funds, and advised me to report it to the various government agencies concerned therewith. In no way does the campaign report show that the $40,000 was borrowed from my wife and myself.

Thank you for your cooperation and consideration in this matter.

Very truly yours,

Raymond Krinsky
RAYMOND KRINSKY

Sylvia Krinsky
SYLVIA KRINSKY
23942 Via Benavente
Mission Viejo, CA 92692

Encl: (1)
$40,000 Entry & Withdrawal

State of California }
County of Orange } ss

Subscribed and sworn to before me on June 2,1983.

Debbie Markham
Debbie Markham

OFFICIAL SEAL
DEBBIE MARKHAM
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Feb. 27, 1984

Raymond Krinsky
Raymond Krinsky

Sylvia Krinsky
Sylvia Kronsky

exhibit A for I.D.
Linda A. Payan, N.P
Date 4-10-84

EXHIBIT A

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GCC #808

September 12, 1983

83 SEP 16 P12:18

Finch

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

ATTN: Mr. Charles N. Steele, General Counsel
Mr. Kenneth A. Gross, Associate General Counsel
Mr. G.A. Finch, Staff Member

Subject: Response to MUR #1553 and request for additional information.

Dear Mr. Steele:

This letter is in response to the opinions rendered by the Office of General Counsel (page 4 para. 2).

My wife and I are responding to both your cover letter of August 8, 1983 (4th paragraph), and statement made to me by your Staff Member Mr. G.A. Finch on our last telephone call, that is if any additional information comes to our attention to forward it to you.

Please be advised your report is not accurate and is not acceptable to both of us, our reasons are as follows:

(1) According to your page (2) last paragraph in which you state that we have made no political contributions to any Federal Candidate, including Charles Kerney, this is either your error or Mr. Kenney's, as I have enclosed a copy of campaign statement as filed with the Orange County California's County Registrar's Office and the California Sec'y of State, which shows the sum of $625.00.

(2) Your page (2) paragraph (1) in which Mr. Kenney responds to the complaint that the purpose of the loan was known to Raymond and Sylvia Krinsky, is not true as we only knew what Mr. Kenney told us in our home. When he requested our help towards his Congressional Campaign; we also realize that we had no control over the funds loaned, once he received the $40,000.00. We knew nothing of Mr. Kenney's Real Estate business, except his statement that he was doing well. We don't know what loan Mr. Kenney is talking about as he had taken out a number of them on various real estate transactions, but the 2nd note and trust deed of 22992 Lovios, Mission Viejo, CA 92691, which was his own personal residence, and was signed by him and his wife and Majestic Escrow Co., in which he held a partnership interest, without my knowledge, which is also a violation of the State of California's Corporations laws, when not disclosed. There was only (1) 1st trust deed holder at 22992 Lovios and the 1st trust deed holder was Downey Savings & Loan Association, 3200 Bristol St., Costa Mesa, CA 92626., and you can verify this information with Mr. Rick Wilson, Loan Service Manager, at the same address.

(3) According to your page (3) paragraph (1) statement that the loan in question $40,000.00, came from Consolidated Home Loans; the following information refutes that statement. According to Mr. Randolph Brusca, President of Consoldiated Home Loans, (copy enclosed) the $58,000 loan was taken out by Mr. & Mrs. Kenney to satisfy a Junior loan on property of 3004 Calle Grande Vista, San Clemente, CA and that the check was made out to Mission Viejo National Bank in the sum of $40,950.28. I am sure you are aware that this sum

Exhibit B (1)

exhibit B-1 for I.D.
Linda A. Payan, N.P
Date 4-10-84

was transferred in escrow and the only funds then available to Mr. Kenney was the sum of $7,466.17.

This information was made available to me by Mr. Brusca as the property in question was recently in foreclosure by Mr. Brusca and is currently on the market for sale, and I am looking into this property for a possible purchase by a family member.

We believe this matter could have been resolved by now had you let us appear before your commission, when we advised Mr. G.A. Finch that we were available and approximately 100 miles from Washington, D.C. the first few weeks of July, 1983.

Encl (3)
CC: Senator Baker
Cong. Packard

Raymond Krinsky
RAYMOND KRINSKY

Sylvia Krinsky
SYLVIA KRINSKY

23542 Via Benavente
Mission Viejo, CA 92692

State of California
County of Orange ss

Subscribed and sworn to before me on September 13,1983.

Debbie Markham
Debbie Markham

OFFICIAL SEAL
DEBBIE MARKHAM
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Feb. 27, 1984

Exhibit B (2)

B-2

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REPLY TO INTERROGATORIES

1) Between October 1, 1981 and November 9, 1981, we discussed a loan on a possible Congressional Campaign. I insisted that this loan given to Mr. & Mrs. Kenney be a real estate transaction. The loan at 28% interest rate was secured with Mr. Kenney's personal residence.

2) The loan was supposed to be guaranteed by the note and deed of trust and income generated from the interest.

3) Escrow instructions and note and deed of trust. See attached documents.

4) Parsonal funds.

5) a. Union Federal Savings & Loan
25330 C Marguerite Pkwy
Mission Viejo, CA 92675
b. See attached copy of bank check.
c. Joint account, Raymond & Sylvia Krinsky
d. 11/10/81 bank check.

6) No outside loan.

7) Bank Check made out to Majestic Escrow Co. See attached copy.

8) Escrow Instructions. See attached documents.

'84 JAN 16 P3:46

Raymond Krinsky
RAYMOND KRINSKY
23542 Via Benavente
Mission Viejo, CA 92692

State of California } ss.
County of Orange }

On this the 12th day of January 19 84, before me,

Linda Fernesu,

the undersigned Notary Public, personally appeared

Raymond Krinsky,

☐ personally known to me
☒ proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is subscribed to the within instrument, and acknowledged that he executed it.
WITNESS my hand and official seal.

Linda Fernesu
Notary's Signature

HOUSEHOLD FEDERAL

OFFICIAL SEAL
LINDA FERNEAU
Notary Public California
ORANGE COUNTY
My Commission Expires 1/2/87

GENERAL ACKNOWLEDGMENT FORM FORM K-62 (9-82)

exhibit D-1 for I.D.
Linda A. Payan, N.P
Date 4-10-84

Exhibit D (1)

3404047137

UNION FEDERAL SAVINGS
AND LOAN ASSOCIATION
25330 Marguerite Parkway • Mission Viejo, California 92676

1024 01115 23 16-77 1220

024 02 10240111523
DATE NOV10-81

FORTY THOUSAND AND 00/100 DOLLARS
*****40,000 AND 00/100 DOLLARS $40,000.00

PAY TO THE ORDER OF MAJESTIC ESCROW COMPANY

RE: RAYMOND KRINSKY

NOT NEGOTIABLE

HEADQUARTERS BANK AND OFFICE UNION BANK LOS ANGELES, CALIFORNIA

HANDWRITTEN SIGNATURE REQUIRED ON CHECKS OF $10,000 OR MORE

MAJESTIC ESCROW INC.
25200 LA PAZ RD. S-107
LAGUNA HILLS, CA.

ESCROW TRUST RECEIPT NO. 1080
COMPANY 670 OFFICE 001

RECEIVABLE NO	RECEIVED OF	ESCROW NO	DATE
	RAYMOND KRINSKY	702	11/10/81

FORTY THOUSAND AND NO/100 DOLLARS $ 40,000.00

	CASH	CASHIER'S CHECK	CHECKS
AT 4%		16-77 m	

CHECKING ACCOUNT NO

SMS-107

RECEIVED AFTER HOURS ☐
FROM BUYER ☐ SELLER ☐ Lender
BY

D-2

Exhibit D (2)

RECORDING REQUESTED BY

3 4 0 4 0 4 7 1 3 7

BK 14293PG 630

19007

TITLE INSURANCE & TRUST CO.

AND WHEN RECORDED MAIL TO

Mr, & Mrs. Raymond Krinsky
23542 Via Benavent
Mission Viejo, Ca 92692

$5.00
C5

RECORDED IN OFFICIAL RECORDS
OF ORANGE COUNTY, CALIFORNIA

-2 20 PM NOV 17 '81

LEE A. BRANCH, County Recorder

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS (INDIVIDUAL)

A.P.N.

This Deed of Trust, made this 10th day of November, 1981, between

CHARLES G. KENNEY AND MARY J. KENNEY, husband and wife

, herein called TRUSTOR,

whose address is 22992 Lovios, Mission Viejo, Ca
(number and street) (city) (state) (zip)

DE VILLE SERVICE CORP., INC., a California corporation, herein called TRUSTEE, and

RAYMOND KRINSKY AND SYLVIA KRINSKY, husband and wife as Joint Tenants

, herein called BENEFICIARY,

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to TRUSTEE IN TRUST, WITH POWER OF SALE, that property in Orange County, California, described as:

AS PER EXHIBIT "A" ATTACHED HERETO:

This Trust Deed is second and subject to a first trust deed of record.

TOGETHER WITH the rents, issues and profits thereof. SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits.

For the Purpose of Securing: 1. Performance of each agreement of Trustor incorporated by reference or contained herein. 2. Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, in the principal sum of $ 54,199.86 executed by Trustor in favor of Beneficiary or order. 3. Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured.

To Protect the Security of This Deed of Trust, Trustor Agrees: By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions (1) to (14), inclusive, of the fictitious deed of trust recorded in Santa Barbara County and Sonoma County October 18, 1961, and in all other counties October 23, 1961, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, viz.:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	435	684	Kings	792	833	Placer	891	301	Sierra	29	238
Alpine	1	250	Lake	362	39	Plumas	151	5	Siskiyou	468	181
Amador	104	348	Lassen	171	471	Riverside	3005	523	Solano	1185	182
Butte	1145	1	Los Angeles	T2055	899	Sacramento	4331	62	Sonoma	1851	609
Calaveras	145	152	Madera	810	170	San Benito	271	383	Stanislaus	1715	456
Colusa	296	617	Marin	1508	339	San Bernardino	5567	61	Sutter	572	297
Contra Costa	3978	47	Mariposa	77	292	San Francisco	A337	905	Tehama	401	289
Del Norte	78	414	Mendocino	579	530	San Joaquin	2470	311	Trinity	93	366
El Dorado	568	456	Merced	1547	538	San Luis Obispo	1151	12	Tulare	2294	275
Fresno	4626	572	Modoc	184	851	San Mateo	4074	490	Tuolumne	135	47
Glenn	422	184	Mono	52	429	Santa Barbara	1878	869	Ventura	2062	396
Humboldt	657	527	Monterey	2194	538	Santa Clara	5336	341	Yolo	653	245
Imperial	1091	501	Napa	639	86	Santa Cruz	1431	494	Yuba	234	486
Inyo	147	598	Nevada	305	220	Shasta	684	528			
Kern	3427	60	Orange	5889	611	San Diego	Series 2 Book 1961, Page 183887				

(which provisions, identical in all counties, are printed on the reverse hereof) hereby are adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that he will observe and perform said provisions; and that the references to property, obligations, and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

STATE OF CALIFORNIA, } ss.
COUNTY OF Orange }

On November 10, 1981 before me, the undersigned, a Notary Public in and for said State, personally appeared Charles G. Kenney and Mary J. Kenney, known to me to be the person S. whose name S. are subscribed to the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal.

Signature Dolores F Carlyle

Signature of Trustor

Charles G. Kenney

Mary J. Kenney

DOLORES F. CARLYLE

Title Order No.

D-3

Exhibit D (2)

11 SC. 1741-12

EXHIBIT "A"

DESCRIPTION:

PARCEL 1:

LOT 9 OF TRACT NO. 9478, IN THE COUNTY OF ORANGE, STAE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 400 PAGES 37 AND 38 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND ALL UNDERGROUND WATER IN OR UNDER OR WHICH MAY BE PRODUCED FROM SAID LAND WHICH UNDERLIES A PLANE PARALLEL TO AND 550 FEET BELOW THE PRESENT SURFACE OF SAID LAND FOR THE PURPOSE OF PROSPECTING FOR, THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION AND TAKING OF SAID MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER FROM SAID LAND BY MEANS OF MINES, WELLS, DERRICKS AND/OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND OR LYING OUTSIDE OF THE ABOVE DESCRIBED LAND, IT BEING UNDERSTOOD THAT THE OWNER OF SUCH MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER, AS SET FORTH ABOVE, SHALL HAVE NO RIGHT TO ENTER UPON THE SURFACE OF THE ABOVE DESCRIBED LAND NOR TO USE ANY OF THE SAID LAND OR ANY PORTION THEREOF ABOVE SAID PLANE PARALLEL TO AND 550 FEET BELOW THE PRESENT SURFACE OF THE SAID LAND FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED FEBRUARY 24, 1978 IN BOOK 13575 PAGE 757, OFFICIAL RECORDS, AS INSTRUMENT NO. 24141.

PARCEL 2:

NON-EXCLUSIVE EASEMENTS FOR ACCESS, INGRESS, EGRESS, ENCROACHMENT, DRAINAGE, REPAIR, MAINTENANCE, SUPPORT AND FOR OTHER PURPOSES, ALL AS DESCRIBED IN THE RESTATEMENT AND AMENDMENT OF RESTRICTIONS AND RESERVATION OF EASEMENTS RECORDED IN BOOK 11858 PAGE 141, OFFICIAL RECORDS; THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED IN BOOK 11963 PAGE 830, OFFICIAL RECORDS, AND THE SUPPLEMENTAL DECLARATION RECORDED IN BOOK 12127 PAGE 1082, OFFICIAL RECORDS.

RECORDER'S MEMO: LEGIBILITY OF WRITING, TYPING OR PRINTING UNSATISFACTORY IN THIS DOCUMENT WHEN RECEIVED.

3404047 1374

DO NOT DESTROY THIS ORIGINAL NOTE: When paid, said original note, together with the Deed of Trust securing same, must be surrendered to Trustee for cancellation and retention before reconveyance will be made.

NOTE SECURED BY DEED OF TRUST
(STRAIGHT NOTE)

$54,199.86 Laguna Hills, California, November 10, 1981

On or before July 16, 1983 after date, for value received, I/we promise to pay to RAYMOND KRINSKY AND SYLVIA KRINSKY, husband and wife as Joint Tenants, or order at 23542 Via Benavent, Mission Viejo, Ca 92692 the sum of FIFTY FOUR THOUSAND ONE HUNDRED NINETY NINE AND 86/100 DOLLARS, with interest thereon from November 9, 1981 ... at the rate of 28% per cent per annum. ~~Interest payable~~ with principal payment of $40,000.00, plus interest payment due on November 9, 1982, and the balance of principal and interest all due and payable July 16, 1983.

Should default be made in payment of interest when due the whole sum of principal and interest shall become immediately due at the option of the holder of this note. Principal and interest payable in lawful money of the United States. If action be instituted on this note I/we promise to pay such sum as the Court may fix as attorney's fees. This note is secured by DEED of TRUST to DE VILLE SERVICE CORP., INC. a California corporation, as Trustee.

Charles G. Kenney

Mary J. Kenney

DO NOT DESTROY THIS NOTE

D-5

Exhibit D (5)

Escrow Instructions

Dee Carlyle

Escrow Officer

Lawyers Title Escrow Company

25200 La Paz Rd., Suite 101
Laguna Hills, Ca. (714) 586-7222

702

Escrow Number

11/10/81

Date

We will hand you the sum of $40,000.00, when you hold for us a note in the amount of $54,199.86.

Paid outside of Escrow	
Cash through Escrow	40,000 00
Encumbrances of record	
" " "	
New Encumbrances	
Total Consideration	40,000 00

In addition to the aforementioned sums, Buyer will hand you, prior to close of escrow, sufficient funds to pay adjustments, prorations, recording fees and your escrow charges, and will deliver to you any instruments which this escrow requires shall be executed by me, all of which you are instructed to use provided at on or before 11/13/81 you hold a policy of title insurance with the usual title company's exceptions, with a liability of $ 40,000. covering property located at 22992 Lovios, Mission Viejo, Ca., and legally described as Lot 9, Tract 9478, as per map recorded in book 400, pages 37-38 of MM, in the office of the county recorder of said county. Showing title vested in: CHARLES G. KENNEY AND MARY J. KENNEY, husband and wife as Joint Tenants

free from encumbrances except:

1. General and special county and city taxes, if any, together with special district levies, if any, included and collected with tax bill.
2. Covenants, conditions, restrictions, reservations, rights, rights of way, easements and exceptions of minerals, oils, gas, water, carbons and hydrocarbons on the land now of record, and in deed to file, if any, affecting the use and occupancy of said property:

(3) First Trust Deed of record as per its terms and conditions.

INSTRUCTIONS:

1. Second Trust Deed to record in favor of Raymond Krinsky and Sylvia Krinsky, husband and wife as Joint Tenants, securing a note in the amount of $54,199.86, with interest rate of 28% per annum, with principal payment of $40,000.00, plus interest due and payable in one year from the close of escrow, and the balance due and payable July 16, 1983. Note to a straight note, and interest on note to commence on date funds are deposited in escrow
2. Raymond and Sylvia Krinsky to assigned note and deed of trust covering other property to Charles G. Kenney and Mary J. Kenney, husband and wife as Joint Tenants. Escrow to prepare and record assignment at close of escrow. You are not to be concerned with the unpaid balance on said note as the assignee has been satisfied outside of escrow.
3. Lender to be furnished title insurance policy, fire insurance policy, naming them as second mortgagee, Request for Notice of Default to be prepar and recorded.
4. As agreed between the parties in the event of a default by the Kenney's said note and trust deed will revert back to the assignor's.

above encumbrance is a purchase money trust deed, endorse interest on note as of date of recording deed; if unpaid balance of trust deed(s) of record are more or less than the sum(s) set forth above adjust difference (n/a) in cash (n/a) in deed of trust to file.

Prorate taxes on real property only, based on the latest tax bill in your possession or on latest available tax amounts furnished by the title company as of n/a Prorate interest on loans of record as of n/a

Prorate rents as of n/a based on rent statement handed you. Any rents in arrears to be disregarded on your proration.

Fire insurance as handed you as of n/a unless Buyer elect to place their own insurance and have you funds of said receipt to cover premium. As of n/a credit Seller and debit Buyer the amount of impounds, if any as disclosed in beneficiary statement from the holder of the loan of record.

EACH PARTY SIGNING THESE INSTRUCTIONS HAS READ THE ADDITIONAL ESCROW CONDITIONS AND INSTRUCTIONS ON THE REVERSE SIDE HEREOF AND APPROVES, ACCEPTS AND AGREES TO BE BOUND THEREBY AS THOUGH THE REVERSE SIDE HEREOF APPEARED OVER THEIR SIGNATURES.

The undersigned hereby agrees to pay, on demand, charges for drawing, recording and notarizing all documents, charges of title company, if any, charges of lender institution if any, and the buyer's and/or borrower's customary escrow fees, necessary to complete this escrow.

Lender's or Buyer's Signature _____ Lender's or Buyer's Signature _____

Address Raymond Krinsky Sylvia Krinsky Phone

The foregoing terms, provisions, conditions and instructions are hereby approved and accepted in their entirety and consented to by me. I will hand you note documents and or funds called for on my part to cause title to be shown as above, which you are authorized to deliver when you hold for my account the sum $ 40,000.00 together with any documents due the undersigned as described above, within the time as above provided. Pay your escrow charges including fees, charges for evidence of title as called for, whether or not this escrow is consummated, except those the buyer agreed to pay. You are hereby directed to pay bonds, assessments, taxes, and any liens or encumbrances of record, plus accrued interest, charges and bonus, if any. After Documentary Stamps as required on Deed to property I am conveying

as commission of n/a

Borrower's or Seller's Signature _____ Borrower's or Seller's Signature _____

Charles G. Kenney Mary J. Kenney

D-6

Exhibit D (6)

GCC-3098

BEFORE THE FEDERAL ELECTION COMMISSION

IN RE)
)
MUR 1589)
)

[redacted]

DEPOSITION OF: CHARLES KENNEY

TAKEN ON: APRIL 12, 1984

8 4 0 4 0 4 7 1 3 7 3

Pelletier & Jones / Orange County

CERTIFIED SHORTHAND REPORTERS

3138 S. RITA WAY
SANTA ANA, CALIFORNIA 92704
(714) 641-8451

REPORTED BY: LINDA A. PAYAN, CSR #4426

FILE: 4-134/OC

DEPOSITION OF CHARLES KENNEY, TAKEN AT 24000 AVILA ROAD, LAGUNA HILLS, CALIFORNIA 92677, COMMENCING AT 10:40 A.M., ON THURSDAY, APRIL 12, 1984, BEFORE LINDA A. PAYAN, CSR #4426, A NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA, PURSUANT TO SUBPOENA.

APPEARANCES OF COUNSEL:

FOR THE FEDERAL ELECTION COMMISSION:	LOIS G. LERNER, ATTORNEY AT LAW AND LISA KLEIN, ATTORNEY AT LAW WASHINGTON, D.C. 20463
FOR ESTHER M. GOFF AND CHARLES KENNEY:	ROGERS & DIB BY: GEORGE L. ROGERS, ESQ. 17111 BEACH BOULEVARD SUITE 103 HUNTINGTON BEACH, CALIFORNIA 92647-5999

84047137

INDEX

WITNESS	EXAMINATION
CHARLES KENNEY	
(BY MS. KLEIN)	4, 22
(BY MS. LERNER)	21
(BY MR. ROGERS)	22

EXHIBITS

1	RECEIPT FOR $40,000	23

8404047 1378

CHARLES KENNEY,

AFTER HAVING BEEN DULY SWORN, WAS

EXAMINED AND TESTIFIED AS FOLLOWS:

EXAMINATION

BY MS. KLEIN:

Q WILL YOU PLEASE STATE YOUR NAME FOR THE RECORD.

A CHARLES G. KENNEY, K-E-N-N-E-Y.

Q AND YOUR PRESENT ADDRESS, MR. KENNEY?

A 23368 COSO, C-O-S-O.

Q HAVE YOU BEEN DEPOSED BEFORE?

MR. ROGERS: WHAT TOWN?

BY MS. KLEIN:

Q WHAT TOWN IS YOUR RESIDENCE IN?

A MISSION VIEJO.

Q THE STATE OF CALIFORNIA?

A STATE OF CALIFORNIA.

Q HOW LONG HAVE YOU LIVED THERE, MR. KENNEY?

A SINCE ABOUT MARCH OF THIS YEAR. OR OF '83.

Q PRIOR TO THAT, WHERE DID YOU LIVE?

A AT -- I DON'T REMEMBER THE ADDRESS. BUT IT WAS ON LOVIOS STREET IN MISSION VIEJO.

Q HAVE YOU EVER BEEN DEPOSED BEFORE? HAVE YOU EVER HAD YOUR DEPOSITION TAKEN?

A YES.

Q THEN YOU ARE AWARE THAT IF I ASK A QUESTION THAT YOU DON'T UNDERSTAND, THEN YOU SHOULD LET ME KNOW THAT

8404047 1379

SO I CAN REPHRASE IT. OTHERWISE, I WILL ASSUME THAT YOU UNDERSTOOD THE QUESTION AND RESPONDED TO IT.

A YES.

Q ANOTHER PRELIMINARY QUESTION, ARE YOU REPRESENTED BY COUNSEL HERE TODAY?

A YES, I AM.

Q AND WILL YOU PLEASE STATE YOUR COUNSEL'S NAME FOR THE RECORD.

A GEORGE ROGERS.

Q MR. KENNEY, ARE YOU PRESENTLY EMPLOYED?

A YES, I AM.

Q WHAT IS YOUR EMPLOYMENT?

A THE GOEDEN COMPANY, G-O-E-D-E-N.

Q AND HOW LONG HAVE YOU BEEN EMPLOYED?

A SINCE NOVEMBER OF 1983.

Q AND WHAT POSITION DO YOU HOLD AT THE COMPANY?

A GENERAL SALES MANAGER.

Q DID YOU AT SOME POINT OPERATE A BUSINESS KNOWN AS KENNEY REAL ESTATE?

A I DID.

Q WHAT LEGAL FORM DID THE BUSINESS TAKE?

A CORPORATION.

Q WHAT WERE THE DATES OF THE BUSINESS'S OPERATION?

A I THINK FEBRUARY 1977 UNTIL ABOUT, UNOFFICIALLY, FEBRUARY OF '82.

Q COULD YOU DESCRIBE THE TYPE OF REAL ESTATE TRANSACTIONS OF THAT BUSINESS?

A GENERAL SALES, RESIDENTIAL SALES.

8404047 1380

Q HAVE YOU EVER MADE PURCHASES OF INVESTMENT PROPERTIES FOR YOURSELF?

A I DID.

Q HOW MANY INVESTMENT PROPERTIES HAD YOU PURCHASED? AN APPROXIMATE NUMBER.

A THREE OR FOUR.

Q IN 1982, YOU ENTERED INTO A CONGRESSIONAL ELECTION, DID YOU NOT?

A I DID.

Q HAVE YOU EVER RUN FOR ANY OTHER ELECTED OFFICE OTHER THAN THE CONGRESSIONAL SEAT IN 1982?

A A COUNCILMAN IN MISSION VIEJO. MISSION VIEJO IS NOT A CITY. BUT IT'S A MUNICIPAL ADVISORY COMMITTEE.

Q YOU WERE ELECTED TO THE ADVISORY COUNCIL?

A YES, I WAS.

Q ARE YOU PRESENTLY HOLDING A POSITION?

A I AM.

Q WHEN DID YOU DECLARE YOUR CANDIDACY FOR THE 1982 CONGRESS?

A SOMETIME IN OCTOBER 1981.

Q AND DO YOU RECALL WHEN YOU BEGAN THINKING ABOUT SUCH A CONGRESSIONAL BID?

A ABOUT THREE DAYS BEFORE I FILED.

Q AND WHEN DID YOU ACTIVELY BEGIN CAMPAIGNING?

A SHORTLY THEREAFTER.

Q DO YOU KNOW A MR. RAYMOND KRINSKY?

A YES, I DO.

Q WHEN DID YOU FIRST MEET HIM?

8404047 1381

A I'M GOING TO SAY PROBABLY IN 1978 OR '79.
Q DO YOU REMEMBER HOW YOU MET HIM?
A HE JUST CAME INTO THE OFFICE.
Q INTO YOUR REAL ESTATE OFFICE?
A REAL ESTATE OFFICE.
Q DO YOU KNOW WHY HE CAME TO YOUR REAL ESTATE OFFICE?
A I DON'T RECALL, REALLY. JUST MOSTLY ABOUT INVESTMENTS AND THINGS OF THAT NATURE. I DON'T REALLY RECALL FOR SURE.
Q DURING THE TIME THAT YOU HAVE KNOWN HIM, DID YOU SEE HIM ON A REGULAR BASIS?
A NOT REGULAR, BUT FREQUENTLY.
Q HOW OFTEN DID YOU USUALLY SEE ONE ANOTHER?
A SEVERAL TIMES A MONTH.
Q DID YOU EVER HAVE A SOCIAL RELATIONSHIP WITH MR. KRINSKY?
A YES, WE DID.
Q DID YOU KNOW MRS. KRINSKY?
A YES, I DID.
Q COULD YOU DESCRIBE THE SOCIAL RELATIONSHIP THAT YOU HAD WITH THEM?
A THEY INVITED ME TO SEVERAL FUNCTIONS. HE'S VERY ACTIVE IN THE VETERANS ADMINISTRATION. AND HE INVITED ME TO LIKE THE NAVY BALL AND A FEW OTHER INVITATIONS THAT WE WENT TOGETHER. AND ALSO WE WERE IN THE SAME CLUBS, SIMILAR CLUBS TOGETHER.
Q HAVE YOU EVER BEEN TO HIS HOME?

8404047 1382

A YES.

Q ON HOW MANY OCCASIONS WOULD YOU SAY THAT YOU HAVE BEEN THERE?

A ONCE DURING THE CAMPAIGN AND MAYBE ONCE BEFORE, MAYBE.

Q HAS HE BEEN TO YOUR HOME?

A NOT -- YES. WE DID HAVE A FUNCTION THERE, YES, AND HE WAS THERE ONCE.

Q DID MRS. KRINSKY EVER COME TO YOUR OFFICE WITH HER HUSBAND?

A YES.

Q DID SHE EVER COME ALONE WITHOUT HER HUSBAND?

A I DON'T RECALL.

Q DO YOU KNOW WHAT MR. KRINSKY DOES FOR A LIVING?

A I THINK HE'S RETIRED.

Q AND WHAT LEADS YOU TO BELIEVE THIS?

A HE TALKS AN AWFUL LOT ABOUT THE OLD NAVY.

Q WAS THERE A TIME WHEN YOU LEARNED THAT MR. AND MRS. KRINSKY WOULD BE INTERESTED IN SOME REAL ESTATE TRANSACTIONS?

A YES.

Q WHEN WAS THAT?

A 1980.

Q WHAT TYPE OF TRANSACTIONS WERE THEY INTERESTED IN?

A THEY WERE LOOKING TO REINVEST SOME MONEY. THEY KEPT THEIR MONEY IN T-BILLS, AND HE FELT THAT HE COULD GET A HIGHER RATE OF INTEREST BY BUYING TRUST DEEDS.

8404047 1383

Q DID MR. KRINSKY THEN APPROACH YOU FOR SUCH INVESTMENTS?

A YES.

Q DID YOU EVER APPROACH HIM?

A NO.

Q PRIOR TO NOVEMBER OF 1981, DID YOU EVER ENTER INTO ANY BUSINESS TRANSACTIONS WITH MR. AND MRS. KRINSKY?

A AS A BUSINESS NATURE, YES. NOT AS MYSELF. HE BOUGHT SOME TRUST DEEDS FROM OTHER PEOPLE THROUGH ME.

Q HOW MANY SUCH TRUST AGREEMENTS DID HE PURCHASE?

A I THINK TWO.

Q ON EACH OF THESE OCCASIONS, DID MR. OR MRS. KRINSKY INITIATE THE TRANSACTION?

A HE DID.

Q MR. KRINSKY PURCHASED THE TRUST DEEDS FROM OTHER PERSONS THROUGH YOU?

A THAT'S CORRECT.

Q YET HE INITIATED SUCH AN INVESTMENT TRANSACTION?

A THAT'S CORRECT. HE ADVISED ME THAT HIS T-BILL WAS COMING DUE AND WANTED TO KNOW IF WE HAD ANY OTHER INVESTMENTS THAT HE COULD INVEST IN THAT HE COULD GET A HIGHER RATE OF RETURN THAN ON HIS T-BILLS.

Q DID YOU MAKE SUCH ARRANGEMENTS FOR ANY OTHER PERSONS OTHER THAN MR. AND MRS. KRINSKY?

A NOT IN THE SAME NATURE. BUT, YES, WE DID.

Q COULD YOU EXPLAIN THAT FOR ME.

A YES. IN SOME CASES WE WERE LOOKING FOR INVESTERS, AND THROUGH CONTACTS OF SALESMEN IN THE OFFICE

8404047 1384

MAY HAVE FOUND SOMEONE ELSE TO INVEST IN REAL ESTATE THAT THE COMPANY DID SOME TRANSACTIONS WITH.

Q TURNING TO THE NOVEMBER 1981 LOAN, DID MR. AND MRS. KRINSKY LOAN YOU $40,000 IN 1981?

A YES.

Q WHEN DID YOU FIRST DISCUSS THE POSSIBILITY OF THIS LOAN?

A MID YEAR. JUNE, JULY, SOMETHING OF THAT NATURE. HE CAME INTO THE OFFICE, AS HE DID QUITE FREQUENTLY, AND HAD A T-BILL COMING DUE AND DID I HAVE ANYTHING FOR HIM. AND I TOLD HIM I HAD A NOTE COMING DUE AT A BANK AND I COULD USE THE MONEY. AND THAT WAS JUNE OR JULY OF 1981.

Q WHEN YOU TOLD THIS TO MR. KRINSKY, WHAT WAS HIS REACTION TO YOUR DESIRE THAT HE WOULD --

A THAT HE WOULD BE INTERESTED IN MAKING THE LOAN TO ME.

Q WAS ANYONE ELSE PRESENT DURING THIS CONVERSATION?

A I DO NOT RECALL.

Q DURING YOUR LOAN NEGOTIATION FOR THE $40,000, WHAT TYPE OF SECURITY WAS DISCUSSED FOR SUCH A LOAN?

A MY RESIDENCE ON LOVIOS IN MISSION VIEJO.

Q WAS THERE EVER A DISCUSSION OF ANY OTHER PROPERTY BEING USED AS SECURITY?

A AT THAT TIME, NO.

Q WAS THERE AT ANY OTHER TIME?

A LATER HE HAD A NOTE THAT HE HAD PURCHASED FROM ME, ONE OF THE NOTES THAT HE HAD PURCHASED FROM ME THAT

8404047 1385

HE WANTED TO INCREASE THE NOTE FROM 40,000 TO A HIGHER AMOUNT AND THEN ASSIGN THAT NOTE TO ME. THERE WAS STILL THE SAME SECURITY. THAT WAS ALL.

Q WHEN YOU BEGAN YOUR NEGOTIATIONS IN JULY, WERE YOU DISCUSSING AS SECURITY YOUR OWN PERSONAL RESIDENCE?

A YES.

Q DID MR. KRINSKY ASK THAT YOU DO ANYTHING BEFORE HE WOULD AGREE TO LEND YOU THE MONEY?

A YES.

Q WHAT WAS THAT?

A HE WANTED AN APPRAISAL OF THE PROPERTY TO BE SURE THAT THERE WAS SUFFICIENT EQUITY IN THE PROPERTY. HE WANTED A STATEMENT FROM THE BANK, OR SAVINGS AND LOAN, THAT THEY WOULD NOT CALL THE LOAN. AND THESE ARE PRE-REQUISITES TO HIS MAKING THE LOAN.

Q WAS AN APPRAISAL DONE ON THE PROPERTY?

A IT WAS DONE WHEN I REFINANCED THE HOUSE IN THE END OF '80, OR FIRST OF '81.

Q THERE WAS NOT A SECOND APPRAISAL THAT WAS DONE?

A NO. HE WANTED ME TO GET A COPY OF THE INITIAL APPRAISAL, AND HE WANTED A COPY OF THAT. AND THAT WAS ONE OF THE REASONS FOR THE DELAY IN PUTTING THE LOAN TOGETHER WITH MR. KRINSKY, BECAUSE WE KEPT WRITING AND CALLING AND ASKING FOR THE APPRAISAL FROM DOWNEY SAVINGS AND LOAN, AND THEY TOOK THEIR TIME. MR. KRINSKY ON SEVERAL OCCASIONS WENT UP TO DOWNEY SAVINGS AND LOAN AND GOT VERY IRATE WITH THEM BECAUSE THEY WEREN'T FURNISHING THE APPRAISAL FAST

8404047 1386

ENOUGH SO HE COULD TURN HIS MONEY FROM HIS T-BILL IN TO ME VERY SWIFTLY.

Q THIS HAPPENED PURSUANT TO YOUR JULY CONVERSATION WITH HIM?

A YES.

Q WHEN WAS THE NEXT TIME THAT YOU TALKED WITH HIM ABOUT THE LOAN?

A PROBABLY WEEKLY.

Q AT WHAT TIME DID HE FINALLY AGREE TO LEND YOU THE MONEY?

A HE HAD AGREED AT THAT TIME IF I COULD LEAVE ALL THESE PREREQUISITES, THAT HE WOULD LEND ME THE MONEY.

Q REGARDING THE LOAN, HOW MUCH WAS THE AMOUNT OF THE LOAN?

A THE NOTE WAS WRITTEN I THINK FOR 54,000 AND SOME ODD DOLLARS, WHICH INCORPORATED $40,000 CASH FROM HIM AND THE ASSIGNMENT OF THE 14,000 ODD DOLLARS TO ME.

Q INTEREST WAS DUE ON THE TOTAL AMOUNT?

A YES.

Q WHEN WAS THE PRINCIPAL PAYMENT DUE?

A ONE YEAR, I THINK.

Q THE PRINCIPAL PAYMENT BEING?

A THE PRINCIPAL AND INTEREST ALL DUE AND PAYABLE AT THE SAME TIME.

Q IN WHAT FORM DID MR. KRINSKY TRANSFER THE LOAN MONEY TO YOU?

A THROUGH AN ESCROW.

Q DID HE USE A PERSONAL CHECK?

8404047 13387

A HE PUT THE MONEY, AND ESCROW GAVE THE MONEY TO ME.

Q YOU SAID THAT THERE WAS A TRUST DEED THAT WAS ALSO ASSIGNED?

A YES.

Q COULD YOU EXPLAIN WHY THE TRUST DEED WAS INCLUDED?

A HE DIDN'T LIKE THE NOTE THAT HE HAD PURCHASED BECAUSE THE GUY WAS CONSTANTLY LATE ON MAKING PAYMENTS. AND ONE OF HIS TERMS OF THE NEGOTIATIONS WITH ME WOULD BE THAT I WOULD TAKE THAT NOTE OVER, AND IT WOULD BE UP TO ME TO TAKE THAT NOTE OVER AND COLLECT.

MR. ROGERS: WE HAVE A COPY OF THE RECEIPT IN A CASHIER'S CHECK FROM MR. KRINSKY ON NOVEMBER 10TH, 1981, ESCROW NO. 702, IF YOU'D LIKE THAT. AND WE ALSO HAVE A COPY OF THE TRUST DEED FROM MR. AND MRS. KENNEY TO MR. AND MRS. KRINSKY SHOWING IT WAS RECORDED NOVEMBER 17, 1981.

MS. KLEIN: I BELIEVE THAT WE HAVE A COPY OF THIS, MR. ROGERS.

MS. LERNER: I THINK WE SHOULD PROBABLY MAKE THE RECEIPT AN EXHIBIT TO THE DEPOSITION. WHY DON'T WE GIVE IT TO THE COURT REPORTER.

MR. ROGERS: DO YOU HAVE THE ESCROW INSTRUCTIONS?

MS. KLEIN: YES, WE DO.

MS. LERNER: WE WILL MARK THE RECEIPT EXHIBIT 1.

THE WITNESS: I DIDN'T THINK THE ESCROW INSTRUCTIONS WERE FURNISHED.

MS. LERNER: WE HAVE A COPY OF THAT.

8404047 1388

BY MS. KLEIN:

Q DID MR. KRINSKY ASK YOU WHY YOU WANTED THE MONEY?

A HE WAS AWARE IT WAS FOR BUSINESS AT THAT TIME. I HAD A REAL ESTATE BUSINESS. AND PEOPLE ARE FAMILIAR WITH THE REAL ESTATE MARKET IN THAT PERIOD OF TIME WAS DECLINING, AND I WAS SUSTAINING SOME LOSSES. AND I NEEDED THE LOAN TO SUSTAIN THE LOSSES UNTIL THE REAL ESTATE MARKET TURNED AROUND.

Q WAS THERE ANYTHING TO CAUSE YOU TO THINK THAT MR. AND MRS. KRINSKY MIGHT PERCEIVE THE PURPOSE TO BE DIFFERENT THAN IT WHAT YOU HAVE DESCRIBED?

A NO.

Q DID YOU TELL MR. KRINSKY OR MRS. KRINSKY ABOUT YOUR INTENTION TO RUN FOR CONGRESS?

A NOT AT THE INITIAL NEGOTIATIONS OF THE LOAN, NO.

Q WHEN DID YOU FIRST MENTION YOUR INTENTION TO RUN FOR CONGRESS?

A WHEN I FILED FOR CONGRESS, IT WAS OBVIOUS THAT I WAS RUNNING FOR OFFICE AT THAT TIME.

Q DID YOU INDICATE TO THEM THAT YOU WERE CONTEMPLATING RUNNING FOR OFFICE BEFORE YOUR ACTUAL FILING DATE?

A NOT FOR CONGRESS, NO.

Q DID YOU TELL THEM THAT YOU WERE THINKING OF RUNNING FOR AN ELECTED OFFICE?

A YES.

8404047 1389

Q WHEN DID YOU TELL THEM THIS?

A WE WERE ANTICIPATING GETTING AN ASSEMBLY SEAT. THAT WAS GOING THROUGH REAPPORTIONMENT IN CALIFORNIA. AND UNDER ANTICIPATION OF GETTING A REAPPORTIONMENT SEAT, I INDICATED I WAS THINKING OF RUNNING FOR ASSEMBLY.

Q THE ASSEMBLY BEING FOR THE STATE OF CALIFORNIA?

A STATE OF CALIFORNIA, YES.

Q YOU HAD MENTIONED THAT YOU HAD BEEN TO THE HOME OF MR. AND MRS. KRINSKY. COULD YOU TELL ME WHEN YOU WENT TO THEIR HOME?

A I DON'T KNOW THE EXACT DATE. IT WAS PRIOR TO THEM MAKING ME THE LOAN.

Q DO YOU REMEMBER WHAT TRANSPIRED DURING YOUR VISIT THERE?

A YEAH. HE HAD ALL HIS DOCUMENTS AT THAT TIME FROM THE SAVINGS AND LOAN COMPANY THAT HE NEEDED. I THINK HE NEEDED ONE MORE DOCUMENT I THINK IS WHAT IT WAS. HE WANTED ME TO REVIEW WHAT HE HAD. AND WE DISCUSSED THE POSSIBILITY OF GETTING THE REST OF THE DOCUMENTATION FROM THE SAVINGS AND LOAN, THAT HE WOULD TRY TO GET IT AND I WOULD TRY TO GET IT SO THAT WE COULD CONSUMATE THE LOAN.

Q WAS ANYTHING MENTIONED DURING THAT VISIT MENTIONING YOUR POLITICAL ASPIRATIONS?

A NO.

Q DID YOU EVER RETURN TO THE KRINSKYS' HOME?

A NO.

Q MR. KENNEY, IF YOU NEEDED TO BORROW MONEY AT THAT TIME, WHY DID YOU NOT GO TO SECURE THE LOAN FROM A BANK?

8404047 13390

A MAINLY THE REAL REASON WAS HE KEPT PURSUING ME AND MADE IT EASY.

Q YOU SAID THAT YOU NEEDED THE MONEY FOR BUSINESS DEBTS THAT WERE COMING DUE. DID YOU HAVE ANY SECONDARY REASONS FOR BORROWING THIS MONEY?

A NO.

Q AS A RESULT OF PAYING OFF YOUR BUSINESS DEBTS, WERE YOU ABLE TO BORROW MONEY FROM ANY OTHER SOURCES OTHER THAN MR. AND MRS. KRINSKY?

A I COULD HAVE, YES.

Q DID YOU?

A YEAH. I MADE A LOAN ON ANOTHER PIECE OF PROPERTY IN SAN CLEMENTE DURING THE CAMPAIGN, YES.

Q YOU SECURED A LOAN ON ANOTHER PROPERTY THAT YOU OWNED?

A YES.

Q DID YOU EVER HAVE THE IMPRESSION THAT THE KRINSKYS WERE SUPPORTIVE OF YOUR POLITICAL ELECTION BID?

A YES.

Q WHAT CREATED THIS IMPRESSION?

A HIS WIFE CAME IN SEVERAL TIMES AND MADE PHONE CALLS FOR THE CAMPAIGN. AND HE ATTENDED SEVERAL OF THE FUND RAISERS THAT WE HELD.

Q WHY DO YOU THINK THAT THEY WERE SUPPORTIVE OF YOUR CANDIDACY?

A BECAUSE OF OUR FRIENDSHIP.

Q DID YOU EVER ASK EITHER OF THE KRINSKYS TO MAKE A CONTRIBUTION TO THE CAMPAIGN?

84047139

A ONLY THROUGH THE FUND RAISERS.

Q WHAT WERE THE FUND RAISERS?

A PERIODICALLY IN ANY CAMPAIGN YOU HAVE A FUND RAISER. YOU KNOW, YOU HAVE LIKE A LUNCHEON OR RECEPTION OR SPEAKERS. AND THEY WERE SENT INVITATIONS.

Q DO YOU RECALL WHETHER THEY CONTRIBUTED IN THIS FASHION?

A THEY ATTENDED A COUPLE OF THE FUND RAISERS, YES.

Q DID YOU EVER ASK THEM TO MAKE A LOAN TO YOUR CAMPAIGN?

A NO.

Q WHAT DID YOU DO WITH THE PORTION OF THE PROCEEDS OF THE $40,000 THAT YOU BORROWED FROM MR. AND MRS. KRINSKY?

A WELL, A PORTION OF IT IS INDICATED IN THE CLOSING STATEMENT SHOWED THAT IT MADE TO PAY OFF THE SOUTH-WEST BANK LOAN, AND THE OTHER PORTION WENT INTO KENNEY REAL ESTATE AT THAT TIME TO MAKE UP OUR NORMAL NEEDS FOR THE BUSINESS.

Q DID YOU USE ANY OF THE NOVEMBER 1981 LOAN PROCEEDS FOR PURPOSES OF YOUR CAMPAIGN?

A NO.

Q DID YOU EVER INTEND TO USE ANY OF THAT MONEY FOR YOUR CAMPAIGN?

A NO.

Q DID YOU OR YOUR COMMITTEE EVER CONTEMPLATE DOING A DIRECT MAIL OUT?

A YES.

8404047 13 92

Q WHO SUGGESTED A DIRECT MAIL OUT?

A CAMPAIGN MANAGER.

Q AND DO YOU RECALL WHEN THE CAMPAIGN MANAGER SUGGESTED THIS?

A WELL, WE HAD ONE OR TWO DURING THE CAMPAIGN, AND THEN ONE TOWARDS THE END HE INTENDED TO RUN, WHICH WE DID NOT RUN.

Q WHY DID YOU NOT RUN THE LATTER?

A HE DID SOME TYPE OF SURVEY AND TOLD ME THAT WE WERE SO FAR DOWN ON THE TOTEM POLE, DON'T USE THE MONEY. WHEN THERE'S 18 PEOPLE RUNNING AND I'M PREDICTED TO COME IN LIKE 14TH, IT'S NOT A TIME TO SPEND ANY MORE MONEY.

Q DID YOU LOAN YOUR COMMITTED $40,000 IN MARCH OF 1982?

A YES.

Q HOW MUCH MONEY DID YOU LOAN YOUR COMMITTEE?

A AGAIN, $40,000. IT JUST HAPPENED TO BE A COINCIDENCE THAT THE MONEY IS THE SAME.

Q WHAT DID YOU DO WITH THE MONEY?

A GAVE IT TO THE BANK.

Q DID YOU USE THE MONEY FOR THE PURPOSE OF THE MAIL OUT?

A YES.

Q WHERE DID YOU ACQUIRE THE $40,000 THAT YOU LOANED YOUR COMMITTEE IN MARCH OF 1982?

A SOLD SEVERAL NOTES AND TRUST DEEDS THAT I HAD ON VARIOUS PIECES OF PROPERTY.

Q COULD YOU TELL ME WHY THE SOURCE OF THE $40,000

8404047 1393

WAS NOT REPORTED BY YOUR COMMITTEE?

A I FELT THAT AT THAT TIME I DIDN'T REALIZE I HAD TO REPORT THEM. I DIDN'T KNOW. BECAUSE IT WAS A SALE OF NOTES. IT WASN'T REALLY A LOAN. IT WAS PERSONAL PROPERTY THAT I HAD HELD. I JUST SOLD THE NOTES.

Q DID YOU DISCUSS THE FINANCIAL REPORTS THAT WERE SUBMITTED TO THE FEDERAL ELECTION COMMISSION WITH THE TREASURER OF YOUR CAMPAIGN?

A I REVIEWED THEM, YES.

Q DID YOU DISCUSS THEM BEFORE THEY WERE COMPLETED?

A WE WENT OVER SOME OF THE FIGURES TOGETHER, YES.

Q AND THEN YOU REVIEWED THEM BEFORE THEY WERE SUBMITTED?

A YES.

Q DID YOU DISCUSS WITH ESTHER GOFF THE SOURCE OF THE CAMPAIGN FUNDS OR THE FUNDS THAT YOU LENT THE COMMITTEE IN MARCH OF 1982?

A I DON'T RECALL, YOU KNOW, PER SE. BUT SINCE I REVIEWED THE REPORTS, I MUST HAVE DISCUSSED SOMETHING WITH HER ON IT, YES.

Q YOU MENTIONED THAT YOU SECURED ANOTHER LOAN IN THE SPRING OF 1982 ON SOME PROPERTY THAT YOU OWNED. WHAT PROPERTY WAS THIS?

A THAT WAS IN SAN CLEMENTE.

Q WHAT TYPE OF PROPERTY WAS IT?

A RESIDENTIAL.

Q WAS IT A PERSONAL RESIDENCE?

8404047 1394

A IT WAS AN INVESTMENT RESIDENCE, YES.

Q BUT YOU WEREN'T ACTUALLY LIVING IN IT?

A I WAS NOT LIVING IN IT, NO.

Q WHY DID YOU REFINANCE THIS PROPERTY?

A AGAIN, THE INTENTION, THAT WAS TO BE USED FOR BUSINESS AT THE TIME.

Q AS I UNDERSTAND IT, YOU LENT YOUR CAMPAIGN THE $40,000, AND WITHIN THREE DAYS THAT MONEY WAS REPAID TO YOU?

A YES.

Q COULD YOU EXPLAIN WHY THERE WAS SUCH A QUICK TURNOVER?

A YEAH. WELL, THAT WAS THE RESULT OF, EVIDENTLY, THE SURVEY. THE CAMPAIGN MANAGER HAD BEEN ASKING ME TO DO A MAIL OUT. SO I DECIDED LET'S PUT THE MONEY IN THERE AND DO THE MAIL OUT. WHEN I PUT THE MONEY IN, ALMOST IMMEDIATELY THE CAMPAIGN MANAGER SAID WE SHOULDN'T DO THAT BECAUSE I DON'T KNOW IF WE CAN MAKE IT OR NOT. HE REVIEWED THE SURVERY. HE SAID, "NO, DON'T MAKE THE MAIL OUT. YOU ARE WASTING YOUR MONEY."

Q WAS THE SURVEY MADE BEFORE YOU LENT THE MONEY TO THE COMMITTEE?

A I'M SURE IT WAS. THEY JUST DIDN'T GET THE RESULTS OUT.

Q YOUR FEELING IS IT WAS ON THE BASIS OF THE RESULTS OF THE SURVEY TO DETERMINE THAT THE DIRECT MAIL OUT WOULD NOT BE NECESSARY?

A THAT'S CORRECT.

8404047 13995

MS. LERNER: I JUST HAVE TWO QUESTIONS I'D LIKE TO ASK.

EXAMINATION

BY MS. LERNER:

Q WHEN YOU FIRST SPOKE TO THE KRINSKYS IN JUNE OR JULY, DID YOU EVER SUGGEST TO MR. KRINSKY THE USE OF OTHER PROPERTY OTHER THAN YOUR PERSONAL RESIDENCE AS SECURITY FOR THAT LOAN?

A I DON'T RECALL. I THINK WE DID. BUT I THINK HE WANTED THAT ONE BECAUSE HE FELT MORE SECURE WITH THAT ONE. I'M NOT POSITIVE.

Q WHEN MISS GOFF FIRST TOLD YOU THAT THE FEDERAL ELECTION COMMISSION HAD SOME QUESTIONS CONCERNING THE LOAN AND YOU TOLD HER THAT THE SOURCE OF THE LOAN WAS A LOAN YOU HAD TAKEN FROM THE BANK, WHY DID YOU TELL HER THAT THAT WAS THE SOURCE, WHEN IN FACT THE SOURCE WAS SEVERAL TRANSACTIONS?

A I DON'T RECALL, REALLY, GOING THROUGH IT IN DETAIL THAT MUCH. THERE WAS SO MUCH PAPERWORK GOING THROUGH, THE LOAN WAS MADE AND A LOT OF OTHER THINGS OF THAT NATURE, AND REVIEWING ALL OF HER REPORTS PLUS ALL MY OWN AND THE BUSINESS TRANSACTION, I PROBABLY DIDN'T LOOK AT IT THAT CLOSE.

MS. KLEIN: ANY QUESTIONS, MR. ROGERS?

//

8404047 13396

EXAMINATION

BY MR. ROGERS:

Q I JUST WANT TO ASK THIS: MR. KENNEY, THE $40,000 THAT YOU LOANED IN MARCH OF 1982 THAT WAS REPAID IN APRIL OF 1982, DID ANY PART OF THAT MONEY COME FROM MR. KRINSKY'S MONEY?

A IT DID NOT.

Q AND YOU HAVE EXPLAINED THAT TO MR. KRINSKY?

A YES.

Q IN FACT, MR. KRINSKY HAS SUED THE ESCROW COMPANY, WHO HAS SUED YOU?

A THAT'S RIGHT.

Q DOES ANY PART OF THOSE ALLEGATIONS INDICATE THAT IT HAS ANYTHING TO DO WITH YOUR CAMPAIGN?

A NO. NONE OF THAT MONEY WAS EVER SPENT FOR THE CAMPAIGN OR WAS ANY OF KRINSKYS' MONEY EVER SPENT FOR THE CAMPAIGN.

MR. ROGERS: I HAVE NOTHING OTHER THAN THAT.

MS. KLEIN: I THINK I HAVE ONE FINAL QUESTION.

FURTHER EXAMINATION

BY MS. KLEIN:

Q DURING THE TIME THAT YOU NEGOTIATED THE $40,000 LOAN WITH MR. AND MRS. KRINSKY, WAS THERE ANY TIME THAT YOU MADE ANY TYPE OF SUGGESTION THAT THE MONEY OR A PORTION OF THAT MONEY WOULD BE USED FOR YOUR CAMPAIGN OR THAT YOU WANTED THE MONEY FOR CAMPAIGN PURPOSES?

A ABSOLUTELY NOT. IN FACT, IT WAS SPECIFICALLY

8404047 1397

INDICATED IT WAS FOR BUSINESS AND EVEN SAW IT IN THE ESCROW PAPERS THAT THE MONEY WAS USED FOR BUSINESS. HE WAS AWARE THAT MY NOTE WAS COMING DUE. THAT IS WHY I BORROWED THE MONEY.

MS. KLEIN: UNDER THE U.S.V. 247G THAT WE WORK UNDER, THE INVESTIGATIONS OF THE FEDERAL ELECTION COMMISSION ARE CONFIDENTIAL. SO WHATEVER WE HAVE DISCUSSED HERE TODAY SHOULD NOT BE DIVULGED UNTIL OUR INVESTIGATION IS COMPLETED.

I ALSO HAVE A WITNESS CHECK FOR YOU. MAY THE RECORD REFLECT THAT IT IS PAYABLE TO CHARLES KENNEY IN THE SUM OF $36.15.

THE DEPOSITION IS ADJOURNED.

MR. ROGERS: SEND THE ORIGINAL TO ME AND I WILL SEND IT TO MR. KENNEY AND GET IT BACK TO THE FEDERAL ELECTION COMMISSION.

(WHEREUPON, THE AFOREMENTIONED DOCUMENT WAS MARKED EXHIBIT 1 FOR IDENTIFICATION BY THE NOTARY PUBLIC, A COPY OF WHICH IS ATTACHED HERETO.)

I, CHARLES KENNEY, DECLARE UNDER THE PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

_____

DATE

_____

CHARLES KENNEY

8404047 1398

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, LINDA A. PAYAN, CSR # 4426, a Notary Public in and for the County of ORANGE, State of California, do hereby certify:

That, prior to being examined, the witness named in the foregoing deposition, to wit, CHARLES KENNEY, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken down by me in shorthand at the time and place therein named and thereafter reduced to typewriting under my direction.

I further certify that I am not interested in the event of the action.

WITNESS my hand and seal this 8th day of APRIL, 1984.

Linda A. Payan
Notary Public in and for the County of ORANGE, State of California

OFFICIAL SEAL
LINDA A PAYAN
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY
My comm. expires NOV 5, 1986

8404047139

MAJESTIC ESCROW INC.
25200 LA PAZ RD. S-107
LAGUNA HILLS, CA.

ESCROW TRUST RECEIPT NO. 1080
COMPANY 670 OFFICE 001

ESCROW NO.	DATE
702	11/10/81

RECEIVABLE NO.	RECEIVED OF
	RAYMOND KRINSKY

FORTY THOUSAND AND NO/100 DOLLARS $ 40,000.00

	CASH	CASHIER'S CHECK	CHECKS
		16-77	
ABA#		[redacted]	

CHECKING ACCOUNT NO.

SMS-107

RECEIVED AFTER HOURS ☐
FROM BUYER ☐ SELLER ☐ Lender

BY

OFFICE COPY

8404047 1400

exhibit 1 for I.D.
Linda A. Payan, N.P.
Date 4-12-84

Exhibit 1

ATTORNEY'S NOTES

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Esther M. Goff, Treasurer
Kerney For Congress
P.O. Box 65
El Toro, Ca. 92631

Federal Election Commission
Roberto Garcia, Reports Analyst
Reports Analysis Division
Washington, D.C. 20463

FED I.D. # C00146340

Reference: April Quarterly Report (1/1/82-3/31/82)

Dear Mr. Garcia:

The following is an account of the loans made to the campaign committee by the candidate during the above periods and the source of those funds. A copy of this letter has been sent to the Clerk of the House of Representatives as an amendment to our original report.

Date	Amount	Source
February 18, 1982	$ 2,000.00	Personal Funds
March 3, 1982	1,100.00	Personal Funds
March 8, 1982	2,300.00	Personal Funds
March 18, 1982	5,000.00	Proceeds from personal funds from sale of a Trust Deed for $20,000. Trust Deed was held prior to campaign. Trustor: J. Spencer. Sold to Mr. V. Spitalarri on March 8, 1982.
March 21, 1982	100.00	Personal Funds
March 31, 1982	40,000.00	"See below"

The candidate initiated a loan on his investment property in San Clemente, California in February for the amount of $58,000 for the purpose of repaying a business debt. The loan was completed on March 18, 1982. The campaign staff suggested the candidate loan the committee $40,000.00 for a direct mail campaign. On March 31, 1982 the candidate loaned the committee $40,000.00 for that purpose. Subsequently the campaign manager advised the candidate that to make the mail-out would be futile and a waste of money and further suggested that the committee repay the loan to the candidate. On April 4, 1982 the committee repaid the loan to the candidate and he proceeded to repay his business debt as he intended in the beginning.

Since the money was not borrowed for the specific purpose of the campaign, it was not reported as an institutional loan on the quarterly report. Further, the money was not used for any campaign purpose and was repaid immediately. For your information the following is submitted for the amended quarterly report.

Kerney For Congress
FED I.D. # C00146340

Source of Funds: Consolidated Home Loan
Date Incurred: March 18, 1982
Amount of Loan: $58,000
Date Due: March 18, 1984
Interest Rate: 18%
Security: Residential home at 3004 Calle Grande Vista, San Clemente, Cal.
Endorsers: Charles G. Kerney and Mary J. Kerney
Type of Ownership: Husband and Wife as joint tenants
Percentage of Ownership: 100%
Value of Property: $360,000.00

I hope this answers the questions regarding the source of the funds the candidate used to loan the committee.

Very truly yours,

Esther M. Goff

Esther M. Goff, Treasurer
July 7, 1983

cc: Clerk of the House of Rep.
I.D. # 097225

exhibit A for I.D.
Linda A. Payan, N.P
Date 4-12-84

Exhibit A

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CCC #984

RECEIVED THE FEC

83 OCT 19 A9:38

Finch

Charles G. Kenney
P.O. Box 65
El Toro, Ca. 92630

October 12, 1983

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

RE: MUR 1589

Dear Mr. Gross:

This is in answer to your letter of September 30, 1983 whereby you attached the complaint from Mr. and Mrs. Raymond Krinsky. I will respond by paragraph number so that an identifiable sequence can be established.

Responding to paragraph (1) of the complaint: At no time did I ever indicate that the Krinskys did not contribute to my campaign. In fact, the amount indicated by them is correct.

Responding to paragraph (2) of the complaint: The statement by the Krinskys is entirely false. As I indicated in my letter to you of June 19, 1983, the negotiations for the loan from them was started well before I decided to run for Congress. At no time did the conversation include any comments about a campaign loan. They were at all times advised of the purpose of the loan and the closing statement furnished you indicates their awareness of the distribution of the proceeds from the loan. The repeating of the information in the aforementioned letter should not be necessary as I am sure you have this on file in your office. However, I would like to reiterate the time lag from the time the negotiations for the loan started, was in excess of six months because of the requirements placed on me from Mr. and Mrs. Krinsky. It is therefore quite obvious that the start of this transaction was long before my intentions to run for Congress.

Further answering Paragraph (2) of the complaint: At no time did I ever say I had another trust deed on Lovios other than Mr. Krinsky's. I held other property which had junior liens, but he is correct that he was the only note at that time on that particular property other than the 1st trust deed to Downey Savings and Loan Association.

Responding to Paragraph (3) of the complaint: The $40,000 loaned to my campaign committee was a consolidation of funds from the following resources:

83 OCT 19 A11:50

exhibit D-1 for I.D.
Linda A. Payan, N.P.
Date 11-10-84

Exhibit D

1.	Proceeds of note payable from Mr. Vasquez	$ 7,466.	2/21/82
2.	Sale of trust deed to Mr. Trapasso	11,200.	2/24/82
3.	Sale of note to Mr. John Street	3,720.	3/11/82
4.	Sale of property (Manzano) 1/3rd interest	7,239	3/14/82
5.	Proceeds from Consolidated Home Loan	7,466	3/18/82
6.	Sale of stock to Mr. Ron Mayes	5,000	3/21/82

All of the above took place subsequent to February 21, 1982 and prior to March 31, 1982. This is all in addition to my personal income from wages and commissions. Upon the repayment from the committee to me this money was used to pay business debts as indicated in my prior correspondence.

Again, I would like to state that none of the $40,000 referred to above, that was loaned to the committee, was ever used for campaign purposes and was repaid to me almost immediately. (Re: my previous letter). I wholeheartedly affirm that no wrongdoing was intended nor do I believe any committed.

The furtherance of this complaint is instituted by Mr. and Mrs. Krinsky as a vendictive jesture as are all the calls and visits he makes to people in our community to degrade me. The continued harrasement by him as placed unnecessary burdens on me, my family, and the Committee.

I sincerely hope the above information, together with that furnished by me previously, will be sufficient to satisfy any doubts the Commission may have.

Very truly yours,

Charles G. Kenney

As stated above and in my previous correspondence, none of Mr. and Mrs. Krinsky's money was ever used for the campaign and I declare under penalty of perjury that the foregoing is true and correct and to the best of my knowledge and belief.

Charles G. Kenney

10/12/83
Date

Subscribed and sworn to before me on

October 12, 1983

Esther M. Goff

Esther M. Goff, Notary Public
State of California, County of Orange

OFFICIAL SEAL
ESTHER M GOFF
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY.
My comm. expires MAR 8, 1984

D-2

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Ccc #1009

FEC

83 OCT 25 A9:43

Esther Goff, Treasurer
Kenney For Congress Committee
P.O. Box 65
El Toro, Ca. 92630

FINCH
MUR 1589

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

October 13, 1983

RE: MUR 1589

Dear Mr. Gross:

In reply to your inquiry pertaining to a further complaint by Mr. & Mrs. Krinsky, the candidate has advised me he is responding to your request under separate cover.

Attached is the statement of designation of counsel. The attorney will represent the candidate and the Committee should the need arise.

I was not the treasurer at the time the alleged transaction took place; however, a review of all the records do not indicate that any wrong doing ever occurred and Mr. Kenney has provided me with adequate information to satisfy me that Mr. & Mrs. Krinsky's money was never used for the campaign. In addition, I find no reporting violations regarding receipt of monies for the campaign. Please refer to my previous reports submitted to Mr. Roberto Garcia, Reports Analyst, dated July 7, 1983.

In reference to this further complaint, regarding the monies received from proceeds of financing investment property in San Clemente, only a portion of the proceeds was used in conjunction with other monies received by Mr. Kenney for his real estate business and together with his personal funds to comprise an amount of $40,000. Again, I refer to you the rport to Mr. Garcia.

I find this continous harrasement by the Krinskys extremely vendictive in nature and turning into an obsession with them to recapture their loss. They entered into a business transaction with Mr. Kenney and as with all business negotiations (especially with trust deeds) were apprised and knowledgeable of the risks involved as a junior trust deed lien holder.

I do hope that this matter is resolved soon. Please advise if I can be of further assistance to you.

Sincerely,

Esther M. Goff

Esther M. Goff,
Treasurer

exhibit E for I.D.
Linda A. Payan, N.P
Date 4-12-84

Exhibit E

BEFORE THE FEDERAL ELECTION COMMISSION

IN RE

MUR 1589

[redacted]

DEPOSITION OF: ESTHER M. GOFF

TAKEN ON: APRIL 12, 1984

Pelletier & Jones / Orange County

CERTIFIED SHORTHAND REPORTERS

3138 S. RITA WAY
SANTA ANA, CALIFORNIA 92704
(714) 641-8451

REPORTED BY: LINDA A. PAYAN, CSR #4426

FILE: 4-134/OC

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DEPOSITION OF ESTHER M. GOFF, TAKEN AT 24000 AVILA ROAD, LAGUNA HILLS, CALIFORNIA 92677, COMMENCING AT 10:00 A.M., ON THURSDAY, APRIL 12, 1984, BEFORE LINDA A. PAYAN, CSR NO. 4426, A NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA, PURSUANT TO SUBPOENA.

APPEARANCES OF COUNSEL:

FOR THE FEDERAL ELECTION COMMISSION:	LOIS G. LERNER, ATTORNEY AT LAW AND LISA KLEIN, ATTORNEY AT LAW WASHINGTON, D.C. 20463
FOR ESTHER M. GOFF AND CHARLES KENNEY:	ROGERS & DIB BY: GEORGE L. ROGERS, ESQ. 17111 BEACH BOULEVARD SUITE 103 HUNTINGTON BEACH, CALIFORNIA 92647-5999

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(BY MS. KLEIN)	4, 16
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D	17
E	17

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ESTHER M. GOFF,

AFTER HAVING BEEN DULY SWORN, WAS

EXAMINED AND TESTIFIED AS FOLLOWS:

EXAMINATION

BY MS. KLEIN:

Q WILL YOU STATE YOUR NAME AND SPELL YOUR NAME FOR THE RECORD.

A ESTHER, E-S-T-H-E-R, M. GOFF, G-O-F-F.

Q AND WHAT IS YOUR PRESENT ADDRESS?

A 25371 MAXIMUS, M-A-X-I-M-U-S, MISSION VIEJO.

Q MISS GOFF, HAVE YOU EVER BEEN DEPOSED BEFORE?

A HAVE I EVER BEEN WHAT?

Q DEPOSED BEFORE.

A OH, YES.

Q YOU HAVE?

A I HAVE?

MR. ROGERS: THIS IS A DEPOSITION. HAVE YOU GIVEN A DEPOSITION BEFORE?

THE WITNESS: WELL, YEAH.

BY MS. KLEIN:

Q I JUST ASK YOU THAT SO THAT SETTING FORTH THE GROUND RULES, IF I ASK YOU A QUESTION THAT YOU DON'T UNDERSTAND THEN I WOULD EXPECT THAT YOU WOULD SAY YOU JUST DON'T UNDERSTAND THAT QUESTION --

A OKAY.

Q -- SO THAT I CAN REPHRASE IT.

ALSO, IF YOU WOULD PLEASE ANSWER ANY QUESTIONS,

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IF YOU WANT TO ANSWER BY "YES" OR "NO," PLEASE INDICATE VERBALLY AND NOT WITH JUST A NOD OF THE HEAD.

ARE YOU REPRESENTED BY COUNSEL HERE TODAY?

A YES.

Q COULD YOU PLEASE STATE YOUR COUNSEL'S NAME FOR ME.

A GEORGE L. ROGERS.

Q MISS GOFF, ARE YOU PRESENTLY EMPLOYED?

A YES, I AM.

Q AND WHERE ARE YOU EMPLOYED?

A MISSION VIEJO ASSOCIATES.

Q WHAT IS MISSION VIEJO ASSOCIATES?

A REAL ESTATE.

Q WHEN DID YOU BEGIN YOUR DUTIES AS TREASURER OF THE KENNEY FOR CONGRESS CAMPAIGN?

A I'D HAVE TO CHECK THE RECORDS. DO YOU WANT AN EXACT DATE?

Q IF YOU HAVE THAT AVAILABLE.

A I MAY NOT HAVE IT. I CAN TELL YOU WHEN I MAILED IT IN, THOUGH.

Q ALL RIGHT.

A BECAUSE I WROTE ON HERE. THE REGISTRATION AMENDMENT WAS MAILED AND RECEIVED MAY 14TH, 1983. SO SOMEWHERE IN THAT TIME FRAME IS WHEN I TOOK OVER.

Q WHEN DID YOU TERMINATE YOUR DUTIES AS TREASURER?

A I STILL AM.

Q YOU STILL ARE TREASURER. AS TREASURER, DID YOU

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RECEIVE A REQUEST FOR ADDITIONAL INFORMATION FROM THE F.E.C. IN 1982? THAT IS THE FEDERAL ELECTION COMMISSION.

MR. ROGERS: IN '82?

MS. KLEIN: YES.

THE WITNESS: I'VE HAD A LOT. I DON'T KNOW WHICH DATE.

BY MS. KLEIN:

Q LET ME BE MORE PRECISE. DID YOU EVER RECEIVE A REQUEST FOR ADDITIONAL INFORMATION REGARDING A LOAN BY MR. KENNEY TO HIS CAMPAIGN?

A I BELIEVE I DID.

Q THIS WOULD BE FOR A LOAN OF $40,000 IN MARCH OF 1982.

A CAN I TALK TO HIM? BECAUSE I'M NOT REAL SURE WHAT YOU ARE WANTING. LIKE WHEN TOM BUSBY WAS THE TREASURER, THIS IS IN THAT TIME FRAME.

MR. ROGERS: THAT'S '83. THIS IS '82.

MS. LERNER: THE REQUEST MAY BE IN '83. I THINK SHE MEANS THAT THE LOAN WAS MADE IN '82. I'M SORRY IF YOU ARE UNCLEAR.

THE WITNESS: WHAT I HAVE IN FRONT OF ME WAS A LETTER DATED JUNE 28TH, 1983, TO TOM BUSBY, WHO WAS THE TREASURER AT THAT TIME. AND THAT WAS THAT TIME FRAME. AND THEN I TOOK OVER, SO HE GAVE ME THE LETTER TO RESPOND TO IT. IS THAT THE LETTER YOU ARE REFERRING TO?

MS. LERNER: MAY WE LOOK AT THE LETTER?

MR. ROGERS: SURE.

THE WITNESS: THERE WERE TWO OF THEM TO HIM. THIS IS

8404047141 2

THEIR LETTER. AND THIS IS A COPY OF WHAT I SENT THEM. I RESPONDED. I WAS NOT THE TREASURER.

MS. LERNER: AT THE TIME THE LOAN WAS MADE?

THE WITNESS: YEAH. AT THE TIME OF THE CAMPAIGN, I WAS NOT THE TREASURER.

MS. LERNER: THIS LETTER FROM THE COMMISSION IS JUNE 28TH, '83.

BY MS. KLEIN:

Q DID YOU RESPOND TO THESE REQUESTS THAT WERE ADDRESSED TO MR. BUSBY?

A YES, I DID.

Q DID YOU DISCUSS THE SUBSTANCE OF THESE REQUESTS WITH MR. KENNEY BEFORE RESPONDING TO THEM?

A BRIEFLY.

Q DID YOU DISCUSS THE REQUESTS WITH THE PRIOR TREASURER BEFORE RESPONDING TO THEM?

A I DON'T REMEMBER.

Q DID ANYONE ASSIST YOU IN PREPARING YOUR RESPONSE TO THE REQUESTS?

A I DON'T REMEMBER. I REALLY DON'T.

Q DID MR. KENNEY ASSIST YOU IN RESPONDING?

A I TALKED TO HIM ABOUT IT.

Q WHAT DID YOU TALK TO HIM ABOUT?

A JUST, YOU KNOW, BASICS OF WHAT IS HERE IN THE LETTER IS WHERE I GOT THE INFORMATION.

Q YOU GOT THE INFORMATION FROM MR. KENNEY?

A YES. I ASKED HIM.

Q DID YOU ASK HIM THE SOURCE OF THE $40,000 LOAN

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OF MARCH 1982?

A YEAH. I TALKED TO HIM ABOUT IT.

MS. LERNER: WE HAVE AN EXHIBIT THAT MIGHT MAKE IT EASIER TO DEAL WITH.

BY MS. KLEIN:

Q LET THE RECORD REFLECT I AM SHOWING MISS GOFF AN EXHIBIT MARKED EXHIBIT "A."

A THAT IS WHAT I HAVE. THAT IS WHAT I AM LOOKING AT RIGHT NOW. IT IS WHAT I SAID IN THE LETTER.

Q THIS IS THE LETTER THAT YOU WROTE TO MR. GARCIA ON JULY 7TH, 1983.

A CORRECT.

Q ON MARCH 31ST, 1982, YOU INDICATE THAT THERE WAS A LOAN MADE BY MR. KENNEY TO HIS COMMITTEE FOR $40,000. YOU INDICATE IN THE SECOND PARAGRAPH THAT HE HAD INITIATED A LOAN ON INVESTMENT PROPERTY IN SAN CLEMENTE FOR THE PURPOSE OF PREPAYING A BUSINESS DEBT.

A CORRECT.

Q YOU INDICATE THAT THIS WAS THE SOURCE OF MR. KENNEY'S MARCH 31ST, 1982 LOAN TO HIS CAMPAIGN.

A I ASSUMED IT WAS.

Q DID YOU DISCUSS THE SOURCE OF THE $40,000 THAT MR. KENNEY LOANED TO HIS COMMITTEE ON THAT DATE WITH HIM BEFORE FILING THIS RESPONSE?

A NO. I JUST BASICALLY, YOU KNOW, I TALKED TO HIM. AND HE SAYS, "WELL, I TOOK OUT THIS LOAN, AND HERE'S THE PAPERS. JUST GIVE IT TO THEM. AND HERE IS THE TRUST DEED."

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Q DID MR. KENNEY REVIEW THIS LETTER BEFORE YOU SUBMITTED IT TO THE FEDERAL ELECTION COMMISSION?

A I DON'T REMEMBER.

Q DO YOU REMEMBER SHOWING THIS RESPONSE TO ANYONE ELSE BEFORE SENDING IT TO THE FEDERAL ELECTION COMMISSION?

A I DON'T REMEMBER.

Q IN PARAGRAPH 2 OF THIS SAME LETTER YOU INDICATE THAT THE LOAN WAS INITIATED ON INVESTMENT PROPERTY.

A CORRECT.

Q ON PAGE 2 OF YOUR LETTER YOU INDICATE SECURITY GIVEN FOR THE LOAN WAS A RESIDENTIAL HOME. IS THIS THE SAME PROPERTY THAT YOU WERE REFERRING TO IN WHAT IS ON PAGE 2 AS IN THE SECOND PARAGRAPH?

A YES.

Q AT THAT TIME DID MR. KENNEY OWN MORE THAN ONE RESIDENCIAL HOME?

A YES.

Q DO YOU KNOW HOW MANY RESIDENTIAL HOMES HE OWNED AT THAT TIME?

A THERE WERE A FEW. I DON'T KNOW THE EXACT NUMBER.

Q DO YOU KNOW WHY THE COMMITTEE RECORDED THE SOURCE OF THE LOAN OF THE $40,000 MARCH 1982 LOAN -- TO REPHRASE THAT QUESTION, DO YOU KNOW WHY THEY DID NOT LIST THE SOURCE OF THE $40,000 LOAN IN THE REPORTS FILED WITH THE FEDERAL ELECTION COMMISSION?

A NO. I WAS NOT THE TREASURER AT THE TIME.

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Q AGAIN REFERRING TO EXHIBIT "A," YOU INDICATE IN THE SECOND PARAGRAPH, "THE LOAN WAS COMPLETED ON MARCH 18, 1982. THE CAMPAIGN STAFF SUGGESTED THE CANDIDATE LOAN THE COMMITTEE $40,000 FOR A DIRECT MAIL CAMPAIGN."

ON WHAT INFORMATION DID YOU BASE THIS STATEMENT?

A FROM THE CANDIDATE.

Q DO YOU KNOW WHO MADE THE SUGGESTION FOR A DIRECT MAIL OUT?

A NO.

Q DO YOU KNOW WHEN THE SUGGESTION WAS MADE?

A NO. I DON'T REMEMBER. YOU KNOW, LIKE I SAID, I WASN'T THE TREASURER.

Q ALSO IN THIS SAME PARAGRAPH YOU INDICATE THAT THE LOAN WAS INITIATED SO THAT MR. KENNEY COULD REPAY A BUSINESS DEBT. ARE YOU STILL OF THE OPINION THAT THE LOAN WAS INITIATED FOR THE PURPOSE OF REPAYING A BUSINESS DEBT?

A YES.

MR. ROGERS: COULD I GET A CLARIFICATION?

MS. KLEIN: SURE.

MR. ROGERS: THE COMPLAINT FOR MR. KRINSKY IS THAT HIS MONEY FOUND ITS WAY INTO THE CAMPAIGN. I KNOW MRS. GOFF IS PREPARED TO GIVE YOU PROOF AND TESTIMONY ABOUT WHERE MR. KRINSKY'S MONEY WENT, TO SHOW THAT IT WAS NOT PART OF THE $40,000 LOAN IN MARCH OF 1982. BECAUSE THIS MARCH LOAN WAS ONLY A 5-DAY LOAN. THE MONEY WENT IN AND THE MONEY WENT OUT.

MS. LERNER: LET'S GO OFF THE RECORD.

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(OFF THE RECORD.)

MS. LERNER: BACK ON THE RECORD.

BY MS. KLEIN:

Q MAY THE RECORD SHOW THAT I AM HANDING WHAT IS MARKED EXHIBIT "E" TO MISS GOFF AND A COPY TO THE REPORTER. EXHIBIT "E" PURPORTS TO BE A COPY OF A LETTER FROM MISS GOFF TO MR. GROSS AND IS DATED OCTOBER 13, 1983. DO YOU RECOGNIZE THIS LETTER, MISS GOFF?

A YES.

Q AND WHAT IS IT?

A A LETTER TO MR. GROSS SIGNED BY ME.

Q IN THE PARAGRAPH THAT BEGINS, "IN REFERENCE TO THIS FURTHER COMPLAINT, REGARDING THE MONEYS RECEIVED FROM PROCEEDS OF FINANCING INVESTMENT PROPERTY IN SAN CLEMENTE, ONLY A PORTION OF THE PROCEEDS WAS USED IN CONJUNCTION WITH OTHER MONEYS RECEIVED BY MR. KENNEY FOR HIS REAL ESTATE BUSINESS AND TOGETHER WITH HIS PERSONAL FUNDS TO COMPRISE AN AMOUNT OF $40,000."

WHAT CAUSED YOU TO CHANGE YOUR POSITION IN YOUR OCTOBER 13, 1983, LETTER REGARDING THE SOURCE OF THE $40,000?

A WELL, I GUESS I DIDN'T RESEARCH IT FAR ENOUGH. WHEN HE SAYS HERE IS THE TRUST DEED, I GOT $58,000, IT WAS AN ASSUMPTION ON MY PART IT WAS JUST THAT. I JUST NEVER SAW THE IMPORTANCE TO REALLY DELVE INTO IT FURTHER.

MR. ROGERS: THEY'RE ASKING WHAT WAS THE SOURCE OF YOUR INFORMATION.

THE WITNESS: FOR THIS?

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MR. ROGERS: YES. DID YOU TALK TO SOMEBODY OR DID YOU LOOK AT SOME DOCUMENTS?

THE WITNESS: THERE WAS A LETTER THAT PROMPTED THIS.

MS. LERNER: BY "THIS," YOU ARE REFERRING TO EXHIBIT "E"?

THE WITNESS: BECAUSE WHERE IS THIS LETTER FROM?

BY MS. KLEIN:

Q THIS ACTUALLY I THINK WAS IN RESPONSE TO THE SECOND COMPLAINT FILED BY MR. AND MRS. KRINSKY, AND THIS CONSTITUTED YOUR RESPONSE TO THAT COMPLAINT. MY QUESTION IS, WHO DID YOU TALK TO BETWEEN JULY 1983 AND OCTOBER 1983 THAT MADE YOU CHANGE YOUR MIND REGARDING WHERE THE $40,000 THAT MR. KENNEY LOANED TO HIS CAMPAIGN CAME FROM?

A I DON'T REMEMBER TALKING TO ANYONE PARTICULAR ABOUT IT. I MEAN, I SENT THIS. AND I ASSUMED THAT WAS THE END OF IT.

MR. ROGERS: DID YOU SEE SOMETHING?

THE WITNESS: I HAVE A LETTER THAT I RESPONDED TO.

MR. ROGERS: DID MR. KENNEY RESPOND TO THESE PEOPLE?

MS. LERNER: MAYBE I CAN CLEAR THIS UP. EXHIBIT "E" IS IN RESPONSE TO THE REASON TO BELIEVE FINDING THAT THE COMMISSION SENT TO YOU. IN THE REASON TO BELIEVE FINDING THERE WAS A MENTION OF THE FACT THAT THE $40,000, I BELIEVE THERE WAS A LAYOUT OF WHERE THIS MONEY WENT WHEN MR. KENNEY RECEIVED THE LOAN FROM THE BANK DESCRIBED MR. KENNEY AS RECEIVING A CERTAIN AMOUNT IN CASH AND THE REST WENT OUT TO PAY OTHER TRANSACTIONS. AFTER YOU RECEIVED THE REASON TO BELIEVE FINDING, DID YOU SPEAK WITH MR. KENNEY FURTHER

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CONCERNING THE $40,000 THAT HE HAD BORROWED?

THE WITNESS: OKAY. I THINK, JUST TO CLARIFY WHERE I AM COMING FROM, WE BOTH PROBABLY GOT A LETTER. I DON'T HAVE IT IN FRONT OF ME RIGHT NOW. AND MR. KENNEY RESPONDED TO THE LETTER. SO THAT'S WHAT I AM SAYING. AND THEN AFTER I SAW WHAT HE WROTE AND HE EXPLAINED IT TO ME, BECAUSE WE SAW WE NEEDED A BREAKDOWN, THAT'S WHEN I WROTE MY LETTER. BUT I JUST ASSUMED ON THAT FIRST ONE WITHOUT CHECKING FURTHER. IT WAS JUST A MISTAKE.

MR. ROGERS: JUST FOR THE RECORD, WHAT SHE SAW WAS THE JUNE 19, 1983 LETTER FROM MR. KENNEY TO MR. GROSS.

BY MS. KLEIN:

Q SO MR. KENNEY HAD SHOWED YOU HIS LETTER OF OCTOBER 12, 1983, BEFORE TO YOU?

MR. ROGERS: JUNE 19TH.

THE WITNESS: I WANT TO SEE WHAT SHE'S REFERRING TO.

MR. ROGERS: IT WAS JUNE 19TH, WASN'T IT?

MS. LERNER: THAT WOULD HAVE BEEN A LATER LETTER, BECAUSE HE WOULD HAVE BEEN RESPONDING TO THE SECOND COMPLAINT, I BELIEVE.

THE WITNESS: IT SHOULD BE A LETTER AROUND OCTOBER.

MS. LERNER: WE HAVE THE EXHIBIT HERE.

BY MS. KLEIN:

Q EXHIBIT "D" IS A LETTER TO MR. KENNETH GROSS FROM MR. CHARLES KENNEY DATED OCTOBER 12, 1983.

A YES, THIS IS IT. I AM JUST SAYING, YOU KNOW, YOU GUYS WROTE TO US AND SAID WE'RE NOT SATISFIED AND WANT AN EXPLANATION, AND HE EXPLAINED IT. BUT THE LETTER WAS

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ALSO ADDRESSED TO ME, TOO. SO I RESPONDED. AND I JUST REFERENCED HIS LETTER.

Q AND YOU HAD READ HIS LETTER BEFORE YOU WROTE YOUR LETTER?

A I GUESS. I SAID IN HERE, YEAH, HE'S RESPONDING UNDER SEPARATE COVER. YEAH. BECAUSE I ASKED HIM AT THAT TIME, AND THAT IS WHERE WE GOT THE CLARIFICATION. BECAUSE I HAD ASSUMED ORIGINALLY THAT ALL THE MONEY WAS FROM THE SAME. AND, YOU KNOW, YOU GET A LETTER BACK AND SAY NO, IT IS NOT. AND HE SAID IT CAME LIKE THIS. SO THAT'S WHERE IT CAME FROM. INSTEAD OF ME PUTTING IT IN MY LETTER, THAT IS WHAT I SAY, I JUST MADE A WRONG ERROR. I JUST DIDN'T DELVE INTO IT FURTHER.

MS. KLEIN: MR. ROGERS, DO YOU HAVE ANY QUESTIONS THAT YOU WOULD LIKE TO ASK?

MS. LERNER: I HAVE A FEW.

EXAMINATION

BY MS. LERNER:

Q OTHER THAN THE LETTER THAT YOU SENT TO THE FEDERAL ELECTION COMMISSION WHICH IS EXHIBIT "E" AND REFERENCES MR. KENNEY'S LETTER, WHICH IS EXHIBIT "D," HAVE YOU EVER AMENDED YOUR REPORTS TO THE COMMISSION TO REFLECT THE ADDITIONAL SOURCE OF THE $40,000 LOAN?

A NO. I WAS NEVER TOLD TO.

Q I WOULD SUGGEST THAT THAT WOULD PROBABLY BE A GOOD THING TO DO. BECAUSE LET ME EXPLAIN TO YOU THAT WHAT WE DO IS ENFORCEMENT. THE OTHER FOLKS THAT WERE WRITING

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YOU LETTERS ASKING YOU FOR FURTHER CLARIFICATION WERE THE REPORTS ANALYSIS COMMISSION. ONCE THE REPORTS COME TO US, THEY NO LONGER CORRESPOND TO YOU. BUT THAT WOULD BE SOMETHING YOU WOULD WANT TO DO IS AMEND THOSE REPORTS. EXHIBIT "D" IS NOT CONSIDERED AN AMENDMENT TO THE REPORT. ALL YOU WOULD HAVE TO DO IS SEND ANOTHER LETTER TO THEM EXPLAINING THE EXACT SAME THING TO MR. GARCIA, I BELIEVE IT IS.

A OKAY.

MR. ROGERS: THAT WILL BE DONE TODAY, RIGHT?

THE WITNESS: CAN WE GO OFF THE RECORD FOR A MINUTE?

MS. LERNER: OFF THE RECORD.

(OFF THE RECORD.)

MS. LERNER: BACK ON THE RECORD.

EXAMINATION

BY MR. ROGERS:

Q MRS. GOFF, YOU ARE FAMILIAR WITH RAYMOND KRINSKY?

A YES.

Q YOU HAVE REVIEWED CERTAIN RECORDS OF MR. KENNEY, AS WELL AS KENNEY FOR CONGRESS RECORDS, AND OTHER DOCUMENTATIONS RELATED TO THOSE RECORDS?

A YES.

Q IS THERE ANY QUESTION IN YOUR MIND THAT NO PART OF THE $40,000 LOAN BY MR. KENNEY IN MARCH OF 1982, THAT NO PART OF THOSE FUNDS CAME FROM MR. KRINSKY'S MONEY?

A ABSOLUTELY NONE OF THAT WAS KRINSKY'S MONEY.

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Q YOU ARE POSITIVE OF THAT?

A FROM ALL THE DOCUMENTATION I'VE DUG AND TALKED TO EVERYBODY AND SENT ALREADY TO THE F.E.C., NONE OF IT WAS HIS MONEY.

Q AND NONE OF MR. KRINSKY'S MONEY, TO YOUR KNOWLEDGE, EVER FOUND ITS WAY INTO THE CAMPAIGN OR WAS THEIR EARLIER LOANS?

A NOT THAT I AM AWARE OF.

MR. ROGERS: ANYBODY WANT TO ASK ANYTHING FURTHER?

MS. KLEIN: ONE QUESTION.

FURTHER EXAMINATION

BY MS. KLEIN:

Q MISS GOFF, DO YOU KNOW WHETHER MR. KRINSKY DID LEND MR. KENNEY $40,000?

A JUST BY THE DOCUMENTATION THAT I HAVE FROM ESCROW AND A RECEIPT WHICH I JUST GAVE TO MY ATTORNEY.

MS. LERNER: DID MR. KENNEY EVER TELL YOU THAT MR. KRINSKY HAD LENT HIM MONEY FOR HIS CAMPAIGN?

THE WITNESS: NO.

MS. LERNER: DID MR. KENNEY EVER TELL YOU THAT MR. KRINSKY HAD MADE A $40,000 CONTRIBUTION TO HIS CAMPAIGN?

THE WITNESS: NO.

MS. KLEIN: I REMIND YOU THAT ACCORDING TO U.S.V. 437G, THE INVESTIGATIONS OF THE FEDERAL ELECTION COMMISSION ARE CONFIDENTIAL. AND UNTIL THE INVESTIGATION IS CLOSED, THAT WHICH WE HAVE DISCUSSED TODAY SHOULD NOT BE DIVULGED.

MAY THE RECORD SHOW THAT I AM TENDERING ESTHER

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M. GOFF, MADE TO HER ORDER, FOR $36.15 FOR A WITNESS FEE FOR TODAY.

THE DEPOSITION IS ADJOURNED.

MR. ROGERS: SEND THE ORIGINAL TO ME, AND I WILL GET MRS. GOFF'S SIGNATURE. WE WILL SEND IT BACK TO THE FEDERAL ELECTION COMMISSION WITHIN 30 DAYS AFTER I RECEIVE IT. WE WILL GET IT BACK TO YOU SOONER IF THAT'S POSSIBLE.

(WHEREUPON, THE AFOREMENTIONED DOCUMENTS WERE MARKED EXHIBITS "A", "D", AND "E" FOR IDENTIFICATION BY THE NOTARY PUBLIC, COPIES OF WHICH ARE ATTACHED HERETO.)

I, ESTHER M. GOFF, DECLARE UNDER THE PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT.

_____

DATE

_____

ESTHER M. GOFF

84004471423

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

I, LINDA A. PAYAN, CSR # 4426,
a Notary Public in and for the County of ORANGE State of California, do hereby certify:

That, prior to being examined, the witness named in the foregoing deposition, to wit, ESTHER M. GOFF, was by me duly sworn to testify the truth, the whole truth and nothing but the truth;

That said deposition was taken down by me in shorthand at the time and place therein named and thereafter reduced to typewriting under my direction.

I further certify that I am not interested in the event of the action.

WITNESS my hand and seal this 28th day of APRIL, 1984.

Linda A. Payan
Notary Public in and for the County of ORANGE, State of California

OFFICIAL SEAL
LINDA A PAYAN
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY
My comm. expires NOV 5, 1987

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ATTORNEY'S NOTES

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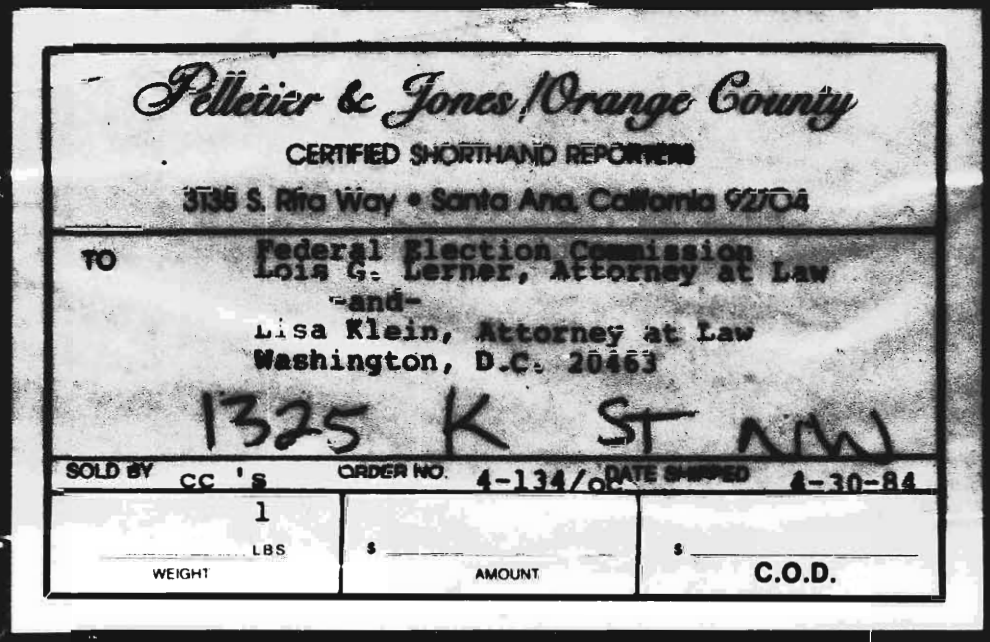

Pelletier & Jones/Orange County

CERTIFIED SHORTHAND REPORTERS

3135 S. Rita Way • Santa Ana, California 92704

TO Federal Election Commission
Lois G. Lerner, Attorney at Law
-and-
Lisa Klein, Attorney at Law
Washington, D.C. 20463

1325 K ST NW

SOLD BY CC 's ORDER NO. 4-134/0 DATE SHIPPED 4-30-84

1 LBS	$	$
WEIGHT	AMOUNT	C.O.D.

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 4, 1984

Pelletier and Jones
3138 South Rita Way
Santa Ana, California 92704

Dear Sir or Madam:

This is to confirm the arrangements made by Lisa Klein with your office for the services of a court reporter. It is my understanding that you will provide a court reporter for our depositions at the Chet Holifield Building, 24000 Avila Road, Laguna Niguel on April 10 and 12, 1984, beginning at 10 a.m.

Sincerely,

Lois G. Lerner
Assistant General Counsel

8404047 1428

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MUR 1589

April 2, 1984

Alvin Horn
GSA - OPR BMD
Santa Ana Field Office
Box 12310
Santa Ana, CA 92712

Dear Mr. Horn:

This is to confirm the arrangements made by Lisa Klein with your office for the use of conference rooms in the Chet Holifield Building. It is my understanding that the Federal Election Commission will have use of room "C" on April 10th and of room "B" on April 12th from 9:30 a.m. to 5:00 p.m.

Sincerely,

Lois G. Lerner

Lois G Lerner
Assistant General Counsel
(202) 523-4143

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 30, 1984

George L. Rogers, Esquire
Rogers & Dib
17111 Beach Boulevard, Suite 103
Huntington Beach, California 92647-5999

Re: Depositions of Charles Kenny
and Esther Goff - MUR 1589

Dear Mr. Rogers:

This is to confirm your conversation of March 29, 1984, with Lisa Klein of this Office. As you agreed, we have rescheduled the depositions of your clients for April 12, 1984. Ms. Goff's deposition will begin at 10:30 a.m. in room "B" of the Chet Holifield Building. Immediately following its conclusion we will begin Mr. Kenney's deposition.

Enclosed please find copies of the subpoenas originally mailed to your office on March 23, 1984. If you have any questions or problems, please do not hesitate to call me at (202)523-4143 or Lisa Klein at (202) 523-4000.

Sincerely,

Lois G. Lerner
Assistant General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 30, 1984

David A. Linn, Esquire
Lindley, Linn and Walton
China Creek Professional Building
P.O. Box 2328
Oakhurst, California 93644

Re: Depositions of Raymond and Sylvia Krinsky - MUR 1589

Dear Mr. Linn:

This is to confirm our March 30, 1984, agreement to change the date of Raymond and Sylvia Krinsky's depositions from Wednesday, April 4, 1984 to Tuesday, April 10, 1984. Mrs. Krinsky's deposition will begin at 10 a.m. Immediately following its conclusion, we will begin Mr. Krinsky's deposition.

If you have any questions or problems, please do not hesitate to call me at (202) 523-4143 or Lisa Klein at (202) 523-4000.

Sincerely,

Lois G. Lerner

Lois G. Lerner
Assistant General Counsel

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MUR 1589

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 13, 1984

Alvin Horn
GSA - OPR BMD
Santa Anna Field Office
P.O. Box 12310
Santa Anna, California 92712

Dear Mr. Horn:

This is to confirm the arrangements made by Lisa Klein with your office for the use of Conference Room C on the 6th floor of the Chet Holifield Building in Laguana Niguel, California. It is my understanding that the Federal Election Commission will have use of this room on April 4 and 5, 1984, from 9:30 a.m. until 5 p.m. each day.

Sincerely,

Lois G. Lerner

Lois G. Lerner
Assistant General Counsel
(202) 523-4166

8404047 1432

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 6, 1984

MUR 1589

Ms. Stella McCoy
Building Management
The Federal Building
300 North Los Angeles Street
Los Angeles, California 90012

Dear Ms. McCoy:

This is to confirm our telephone conversation earlier today regarding the use of Room 7210. It is my understanding that the Federal Election Commission will have use of this room on April 4 and 5, 1984, from 9:30 a.m. until 5 p.m. each day.

Sincerely,

Lisa E. Klein
Attorney

8404047143

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David A. Linn, Esquire
Lindley, Linn and Walton
P.O. Box 2328
Oakhurst, California 93644

RE: MUR 1589
Raymond Krinsky
Sylvia Krinsky

Dear Mr. Linn:

On December 15, 1983, your clients received notification that the Commission had found reason to believe that they violated 2 U.S.C. § 441a(a)(1)(4), a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has issued the attached subpoenas which require your clients to appear and give sworn testimony on April 4, 1984, to assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

Pursuant to 11 CFR § 111.14, a witness summoned by the Commission shall be paid $30.00, plus mileage at the rate of 20.5 cents per mile. Your clients will be given a check for the witness fee and mileage at the time of the deposition.

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Please confirm the scheduled appearance with Lisa Klein, the attorney handling this matter, on our toll free line (800/424-9530) within two days of your receipt of this notification.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoenas

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 23, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David A. Linn, Esquire
Lindley, Linn and Walton
P.O. Box 2328
Oakhurst, California 93644

RE: MUR 1589
Raymond Krinsky
Sylvia Krinsky

Dear Mr. Linn:

On December 15, 1983, your clients received notification that the Commission had found reason to believe that they violated 2 U.S.C. § 441a(a)(1)(4), a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has issued the attached subpoenas which require your clients to appear and give sworn testimony on April 4, 1984, to assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

Pursuant to 11 CFR § 111.14, a witness summoned by the Commission shall be paid $30.00, plus mileage at the rate of 20.5 cents per mile. Your clients will be given a check for the witness fee and mileage at the time of the deposition.

8404047 1436

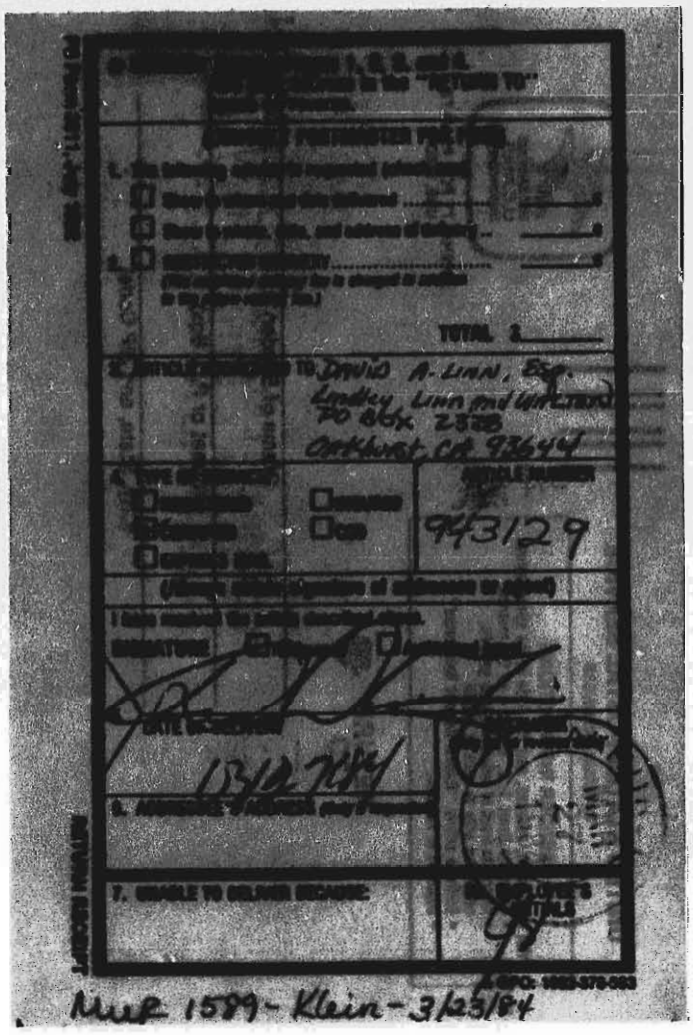
Please confirm the scheduled appearance with Lisa Klein, the attorney handling this matter, on our toll free line (800/424-9530) within two days of your receipt of this notification.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoenas



8404047114437

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Raymond Krinsky

MUR 1589

SUBPOENA

TO: Mr. Raymond Krinsky

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the above-captioned matter. Notice is hereby given that the deposition is to be taken at the Chet Holifield Building, Conference Room "C", 6th Floor, 24000 Avila Road, Laguna Niguel, California, beginning at 1:30 p.m. on April 4, 1984, and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., this 22nd day of March, 1984.

Lee Ann Elliott
Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

8404047-1438

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Sylvia Krinsky)
) MUR 1589
)

SUBPOENA

TO: Mrs. Sylvia Krinsky

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the above-captioned matter. Notice is hereby given that the deposition is to be taken at the Chet Holifield Building, Conference Room "C", 6th Floor, 24000 Avila Road, Laguna Niguel, California, beginning at 9:30 a.m. on April 4, 1984, and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., this 22nd day of March, 1984.

Lee Ann Elliott

Lee Ann Elliott
Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons

Marjorie W. Emmons
Secretary to the Commission

8404047 1439

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

George L. Rogers, Esquire
Rogers and Dib
17111 Beach Boulevard, Suite 103
Huntington Beach, California 92647-5999

Re: MUR 1589
Charles Kenney
Kenney for Congress
Esther M. Goff, Treasurer,

Dear Mr. Rogers:

On December 15, 1983, your clients received notification that the Commission had found reason to believe that they had violated 2 U.S.C. §§ 441a(f), 434(b), provisions of the Federal Election Campaign Act of 1971, as amended and 11 C.F.R. § 110.9, a provision of the Code of Federal Regulations. An investigation of this matter is being conducted and it has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has issued the attached subpoenas, which require Charles Kenney and Esther Goff to appear and give sworn testimony on April 5, 1984, to assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

Pursuant to 11 CFR § 111.14, a witness summoned by the Commission shall be paid $30.00, plus mileage at the rate of 20.5 cents per mile. Your clients will be given a check for the witness fee and mileage at the time of the deposition.

8404047I440

Please confirm the scheduled appearance with Lisa Klein, the attorney handling this matter, on our toll free line (800/424-9530) within two days of your receipt of this notification.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoenas

8404047141

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 23, 1984

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

George L. Rogers, Esquire
Rogers and Dib
17111 Beach Boulevard, Suite 103
Huntington Beach, California 92647-5999

Re: MUR 1589
Charles Kenney
Kenney for Congress
Esther M. Goff, Treasurer,

Dear Mr. Rogers:

On December 15, 1983, your clients received notification that the Commission had found reason to believe that they had violated 2 U.S.C. §§ 441a(f), 434(b), provisions of the Federal Election Campaign Act of 1971, as amended and 11 C.F.R. § 110.9, a provision of the Code of Federal Regulations. An investigation of this matter is being conducted and it has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has issued the attached subpoenas, which require Charles Kenney and Esther Goff to appear and give sworn testimony on April 5, 1984, to assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

Pursuant to 11 CFR § 111.14, a witness summoned by the Commission shall be paid $30.00, plus mileage at the rate of 20.5 cents per mile. Your clients will be given a check for the witness fee and mileage at the time of the deposition.

8404047144 2

Please confirm the scheduled appearance with Lisa Klein, the attorney handling this matter, on our toll free line (800/424-9530) within two days of your receipt of this notification.

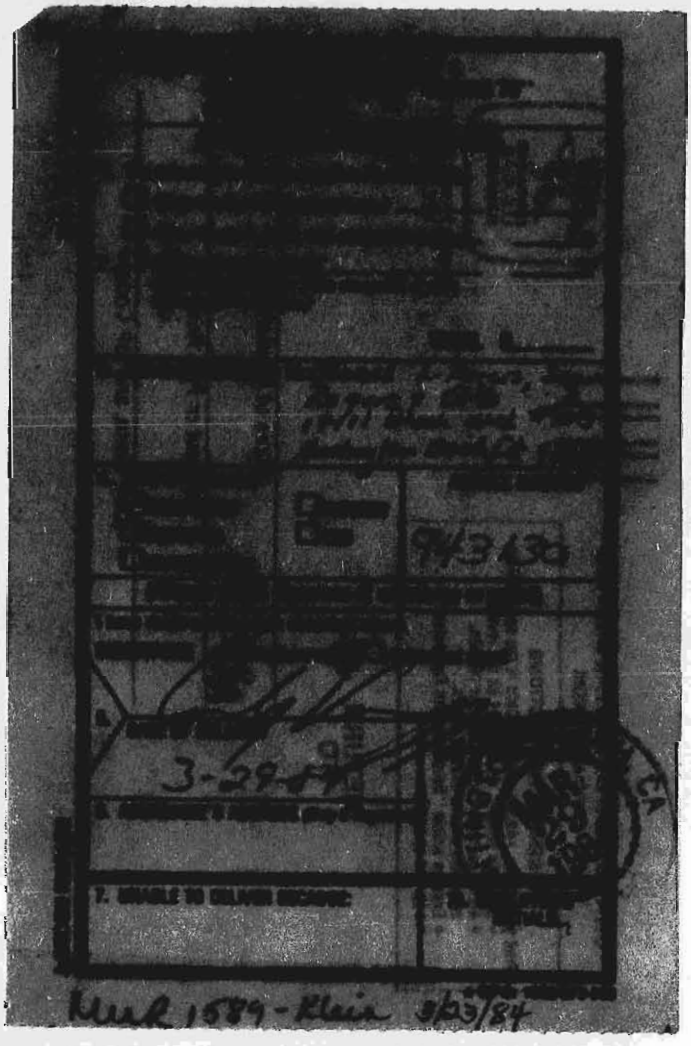
Sincerely,

Charles N. Steele
General Counsel

Kenneth A. Gross (by DPL)

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoenas



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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Charles Kenney) MUR 1589
)
)

SUBPOENA

TO: Mr. Charles Kenney

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the above-captioned matter. Notice is hereby given that the deposition is to be taken at the Chet Holifield Building, Conference Room "C", 6th Floor, 24000 Avila Road, Laguna Niguel, California beginning at 1 p.m. on April 5, 1984, and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., this 22nd day of March, 1984.

Lee Ann Elliott

Lee Ann Elliott
Chairman
Federal Election Commission

ATTEST:

Marjorie W Emmons

Marjorie W. Emmons
Secretary to the Commission

8404047144

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Kenney For Congress,	)	MUR 1589
Esther M. Goff, as Treasurer	)	
	)	
	)	

SUBPOENA

TO: Ms. Esther M. Goff, Treasurer, Kenney For Congress

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the above-captioned matter. Notice is hereby given that the deposition is to be taken at the Chet Holifield Building, Conference Room "C", 6th Floor, 24000 Avila Road, Laguna Niguel, California, beginning at 10 a.m. on April 5, 1984, and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., this 22nd day of March, 1984.

Lee Ann Elliott
Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

8404047 1445

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM

DATE: MARCH 22, 1984

SUBJECT: SUBPOENAS RE: MUR 1589

The attached subpoenas, which were Commission approved on March 20, 1984, have been signed and sealed this date.

Attachments

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 1589
	)	
Raymond and Sylvia Krinsky	)	
Charles Kenney	)	
Kenney for Congress,	)	
Esther M. Goff, Treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 20, 1984, the Commission decided by a vote of 5-0 to take the following actions in MUR 1589:

1. Authorize the subpoenas to Charles Kenney, Esther M. Goff, Treasurer of Kenney for Congress, Raymond Krinsky and Sylvia Krinsky as submitted with the General Counsel's Report signed March 15, 1984.

2. Approve the accompanying cover letters as attached to the General Counsel's March 15, 1984 Report.

Commissioners Aikens, Elliott, McDonald, McGarry and Reiche voted affirmatively in this matter; Commissioner Harris did not cast a vote.

Attest:

3-20-84
Date

Jody C. Ransom
for Marjorie W. Emmons
Secretary of the Commission

Received in Office of Commission Secretary: 3-16-84, 10:11
Circulated on 48 hour tally basis: 3-16-84, 2:00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: March 16, 1984

SUBJECT: MUR 1589 - General Counsel's Report

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

Open Session _____

Closed Session _____

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

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RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Raymond and Sylvia Krinsky)
Charles Kenney,) MUR 1589
Kenney for Congress and)
Esther M. Goff, Treasurer)

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SENSITIVE

GENERAL COUNSEL'S REPORT

On June 8, 1983, Raymond and Sylvia Krinsky filed their initial complaint with the Commission. The complainants alleged that in November 1981 Charles Kenney, a California congressional candidate, borrowed $40,000 from them for his congressional campaign and failed to properly report the loan to the Commission. The Commission determined that there was no reason to believe a violation of the Act had been committed based on the information provided by the complainants and the respondents (MUR 1553).

Mr. and Mrs. Krinsky filed a second complaint with the Commission on September 16, 1983, citing additional facts in support of the allegations in their earlier complaint. The Commission opened the present MUR and on December 13, 1983, and found reason to believe that Charles Kenney, Kenney for Congress, Esther Goff, as treasurer, and Raymond and Sylvia Krinsky had violated provisions of the "Act" and "Regulations."

The Office of General Counsel has reviewed the information provided by Mr. Kenney in his response to the complaint as well as in his answers to the Commission's interrogatories served on him in December 1983. He maintains that Mr. and Mrs. Krinsky

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lent him $40,000 for business purposes in November 1981. Mr. Kenney asserts that these funds were never intended to be used and never were used in connection with his congressional campaign.

Mr. and Mrs. Krinsky dispute Mr. Kenney's version of this loan transaction. In both of their complaints and in their answers to the Commission's interrogatories, the Krinsky's insist that Mr. Kenney requested their help in his congressional campaign and that the loan negotiations were undertaken with this objective in view. On February 17, 1984, this office received narrative summaries sworn and attested to by Mr. and Mrs. Krinsky. Neither summary directly or completely retracted the earlier statements made regarding the purported purpose of the November 1981 loan.

This office is of the opinion that further interrogatories would not be productive in ascertaining what actually transpired between Mr. Kenney and the Krinskys. The circumstances and substance of respondents' conversations during their loan negotiations appear pivotal to determining whether the transaction involved an illegal contribution. Deposing the respondents would be the most efficient and effective means to clarify the ambiguities and contradictions that have surfaced in the course of our investigation.

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Recommendation

Authorize the attached subpoenas to Charles Kenney, Esther M. Goff, Treasurer of Kenney for Congress, Raymond Krinsky and Sylvia Krinsky and approve the accompanying cover letters.

Charles N. Steele
General Counsel

March 15, 1984
Date

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments

1. Subpoenas
2. Letters to Mr. Linn and Mr. Rogers (counsel for respondents)

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Kenney For Congress,	)	MUR 1589
Esther M. Goff, as Treasurer	)	
	)	
	)	

SUBPOENA

TO: Ms. Esther M. Goff, Treasurer, Kenney For Congress

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the above-captioned matter. Notice is hereby given that the deposition is to be taken at the Chet Holifield Building, Conference Room "C", 6th Floor, 24000 Avila Road, Laguna Niguel, California, beginning at 10 a.m. on April 5, 1984, and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., this day of , 1984.

Lee Ann Elliott
Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

8404047 1452

ATTACHMENT I -(1)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Charles Kenney) MUR 1589
)
)

SUBPOENA

TO: Mr. Charles Kenney

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the above-captioned matter. Notice is hereby given that the deposition is to be taken at the Chet Holifield Building, Conference Room "C", 6th Floor, 24000 Avila Road, Laguna Niguel, California beginning at 1 p.m. on April 5, 1984, and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., this day of , 1984.

Lee Ann Elliott
Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

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Attachment I - (2)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Sylvia Krinsky)
) MUR 1589
)

SUBPOENA

TO: Mrs. Sylvia Krinsky

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the above-captioned matter. Notice is hereby given that the deposition is to be taken at the Chet Holifield Building, Conference Room "C", 6th Floor, 24000 Avila Road, Laguna Niguel, California, beginning at 9:30 a.m. on April 4, 1984, and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., this day of , 1984.

Lee Ann Elliott
Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

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Attachment I-(3)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of
Raymond Krinsky

MUR 1589

SUBPOENA

TO: Mr. Raymond Krinsky

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to the above-captioned matter. Notice is hereby given that the deposition is to be taken at the Chet Holifield Building, Conference Room "C", 6th Floor, 24000 Avila Road, Laguna Niguel, California, beginning at 1:30 p.m. on April 4, 1984, and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set her hand at Washington, D.C., this day of , 1984.

Lee Ann Elliott
Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Secretary to the Commission

8404047145

Attachment I - (4)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

David A. Linn, Esquire
Lindley, Linn and Walton
P.O. Box 2328
Oakhurst, California 93644

RE: MUR 1589
Raymond Krinsky
Sylvia Krinsky

Dear Mr. Linn:

On December 15, 1983, your clients received notification that the Commission had found reason to believe that they violated 2 U.S.C. § 441a(1)(4), a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has issued the attached subpoenas which require your clients to appear and give sworn testimony on April 4, 1984, to assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

Pursuant to 11 CFR § 111.14, a witness summoned by the Commission shall be paid $30.00, plus mileage at the rate of 20.5 cents per mile. Your clients will be given a check for the witness fee and mileage at the time of the deposition.

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Attachment 2 (1)

Please confirm the scheduled appearance with Lisa Klein, the attorney handling this matter, on our toll free line (800/424-9530) within two days of your receipt of this notification.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoenas

8404047I457

Attachment 2(2)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

George L. Rogers, Esquire
Rogers and Dib
17111 Beach Boulevard, Suite 103
Huntington Beach, California 92647-5999

Re: MUR 1589
Charles Kenney
Kenney for Congress
Esther M. Goff, Treasurer,

Dear Mr. Rogers:

On December 15, 1983, your clients received notification that the Commission had found reason to believe that they had violated 2 U.S.C. §§ 441a(f), 434(b), provisions of the Federal Election Campaign Act of 1971, as amended and 11 C.F.R. § 110.9, a provision of the Code of Federal Regulations. An investigation of this matter is being conducted and it has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has issued the attached subpoenas, which require Charles Kenney and Esther Goff to appear and give sworn testimony on April 5, 1984, to assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, U.S. Code.

Pursuant to 11 CFR § 111.14, a witness summoned by the Commission shall be paid $30.00, plus mileage at the rate of 20.5 cents per mile. Your clients will be given a check for the witness fee and mileage at the time of the deposition.

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Attachment 2 (3)

Please confirm the scheduled appearance with Lisa Klein, the attorney handling this matter, on our toll free line (800/424-9530) within two days of your receipt of this notification.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure
Subpoenas

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Attachment 2(4)

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel Cit

DATE: February 9, 1984

SUBJECT: MUR 1589 - Comprehensive Investigative Report #1

The attached is submitted as an Agenda document

for the Commission Meeting of _____

Open Session _____

Closed Session _____

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

_____ _____

_____ _____

_____ _____

_____

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RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
Charles Kenney,) MUR 1589
Kenney for Congress and)
Esther M. Goff, Treasurer)

84 FEB 9 P4: 20

SENSITIVE

COMPREHENSIVE INVESTIGATIVE REPORT #1

On December 13, 1983, the Commission found reason to believe that: (1) Charles Kenney violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9; (2) Kenney for Congress and Esther Goff, as treasurer, violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9; and (3) Raymond Krinsky and Sylvia Krinsky violated 2 U.S.C. § 441a(a)(1)(A). Letters and interrogatories approved by the Commission were sent to Respondents on December 15, 1983. Respondents Charles Kenney, Kenney for Congress and Esther Goff timely responded to the interrogatories. At the request of Respondents Raymond Krinsky and Sylvia Krinsky an extension of time was granted until January 13, 1984, in which to file their responses. Those responses were received on January 16, 1984.

Charles Kenney's response indicates that in July 1981, he began to negotiate a business loan with Raymond and Sylvia Krinsky. The negotiations culminated in a $40,000 loan at an interest rate of 28 percent. Some of the proceeds were disbursed directly through escrow to a bank creditor of Mr. Kenney. The remainder, $13,980.90, was paid directly to Mr. and Mrs. Kenney who deposited the money into Mr. Kenney's business bank account. Mr. Kenney further states that the proceeds of this loan were

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never used for campaign purposes. Rather, he asserts that his $40,000 loan to the campaign was derived from several other sources, which he listed.

In response to the Commission's interrogatory to Esther Goff concerning a discrepancy between information she provided to the Commission on July 7, 1983 and on October 13, 1983, regarding Mr. Kenney's March loan to the campaign, Ms. Goff explained that she was not the treasurer at the time of the initial reporting error and that she had submitted the July report based upon the available information without having consulted with Mr. Kenney. She did not explain where the information came from.

The responses of Raymond and Sylvia Krinsky indicate that they loaned Mr. Kenney money for a possible Congressional campaign. As security for their loan, Mr. and Mrs. Kenney executed a deed of trust on their personal residence. Mr. and Mrs. Krinsky's answers were not fully responsive to all of the interrogatories sent by the Commission. Subsequently, this office received a letter from counsel for the Krinskys indicating that he wished to discuss the matter indepth to clarify certain factual considerations. Following that letter our office had two conversations with counsel, in which he stated that he was unclear as to his client's intent with respect to the loan transaction. He also noted that the parties had entered into a similar loan transaction about a year before the November 1981

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loan. Counsel stated that he would submit a comprehensive narrative statement on behalf of his clients as soon as possible. Upon receipt of that narrative this office will report further to the Commission concerning the progress of this MUR.

Charles N. Steele
General Counsel

February 9, 1984
Date

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

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Lindley, Linn & Walton

ATTORNEYS AT LAW

ROBERT S. LINDLEY
DAVID A. LINN
F. DANA WALTON
KENNETH R. BALLARD

CHINA CREEK PROFESSIONAL BUILDING
P. O. BOX [illegible]
OAKHURST, CALIFORNIA 93644
(209) [illegible]

5077 BULLION STREET
P. O. BOX [illegible]
MARIPOSA, CALIFORNIA 95338
(209) [illegible]

PLEASE REPLY TO
OAKHURST OFFICE

January 23, 1984

Mr. G.A. Finch
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1589
Raymond Krinsky
Sylvia Krinsky

Dear Mr. Finch:

Please be advised that Mr. and Mrs. Krinsky have returned to you the Interrogatories which you previously requested. Please also be advised that I have attempted to contact you a number of times at your office but have been unsuccessful.

I would like to discuss the aforementioned matter in depth in hopes of resolving it. I believe that an in-depth analysis of some of the facts which have been previously provided to you may result in a satisfactory disposition of this case.

My clients are most eager to resolve this matter. Please contact me at your very earliest convenience.

Very truly yours,

DAVID A. LINN

DAL:ph
CC:Mr. & Mrs. Raymond Krinsky

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Lindley, Linn & Walton
ATTORNEYS AT LAW
[illegible] PROFESSIONAL BUILDING
P. O. BOX [illegible]
OAKHURST, CALIFORNIA 93644

84040471

FRESNO, CA 937
PM
24 JAN
1984

84 JAN 27 A

Mr. G.A. Finch
Associate General Counsel
Federal Election Commission
Washington, D.C. 20463

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84 FEB 17 PM 12:08

Lindley, Linn & Walton

ATTORNEYS AT LAW

ROBERT B. LINDLEY
DAVID A. LINN
F. DANA WALTON
KENNETH R. BALLARD

CHINA CREEK PROFESSIONAL BUILDING
P. O. BOX 2328
OAKHURST, CALIFORNIA 93644
(209) 683-5775

5077 BULLION STREET
P. O. BOX 1907
MARIPOSA, CALIFORNIA 95338
(209) 966-3007

PLEASE REPLY TO:
OAKHURST OFFICE

February 15, 1984

FEDERAL ELECTION COMMISSION
Washington, D.C. 20463

Attention: Lisa Kline

Re: Raymond & Sylvia Krinsky

Dear Ms. Kline:

Enclosed please find unverified copies of the Krinsky narratives. I have instructed Mr. and Mrs. Krinsky to send the verified originals to you by Express Mail.

Very truly yours,

DAVID A. LINN

DAL:ph
Enclosures

EXPRESS MAIL

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THE NARRATIVE OF RAYMOND KRINSKY

I, Raymond Krinsky, state:

My first personal contact with Mr. Charles Kenney was approximately four years ago, when we were both running for a non-pay council seat on the Municipal Advisory Council in the unincorporated area of Mission Viejo, Orange County, California. At that time, he introduced himself as a licensed real estate broker and owner of his own firm, Kenney Real Estate Company, Mission Viejo, California. He subsequently won election to the Advisory Council and I met him on occasion at the local advisory council meetings.

He asked me if I had ever invested in real estate, i.e., notes and trust deeds. I told him that I had, and he then stated that he had some real estate transactions from time to time that required someone lending some money to facilitate a sale. He additionally asked if I would be interested in such transactions which would involve a favorable percentage return. I indicated to Mr. Kenney that I would be interested in this investment property if after inspection the secured property would justify the investment.

At some point after that, Mr. Kenney contacted me and gave me five different property addresses. I checked these addresses out and they were not to my liking or expectations as a safe real estate investment. Some time later, in the beginning of July, 1980, I was supplied with another address, 29662 Coral Cove, Laguna Niguel, California, and 23082 Mullin, El Toro, California. After a discussion with my attorney, Mr. David Linn, about preparing a guarantee on these two pieces of property, which Mr. Linn prepared and was subsequently approved and signed by Mr. Kenney, I placed these two loans for a three-year period, commencing in 1980. The loan at 29622 Coral Cove, Laguna Niguel, California, made payments properly and on time. The second loan at 23082 Mullen, El Toro, California, was not on time on a number of occasions.

In September of 1981, Mr. Kenney approached me and stated he would like a loan on his own personal home at 22992 Lovios, Mission Viejo, California. He stated that he had ambitions for a political career and hoped to run for a congressional seat in our district in the near future. It should be noted that at this time, Mr. Kenney had not filed, nor had he filed at the time of the loan, according to the records of the Board of Registrars in Orange County, California.

In November, 1981, I made a loan of $40,000.00 to Mr. Kenney secured by a piece of property under his and his wife's name at 22992 Lovios, Mission Viejo, California. My wife tried to talk me out of this loan and even insisted that he take over the late paying 1980 loan, as per written attorney's agreement, hoping he would refuse and cancel out, which he did not do.

My only personal contact with Mr. and Mrs. Kenney outside of the real estate transactions were on two separate occasions. The first, a Christmas party at the American Legion Hall in Newport Beach, California, in December of 1981, and the second a Navy Day Dinner in Long Beach, California, in 1982, in which they were my guests. Mr. Kenney was a retired Air Force career enlisted man and was interested in military associations.

Subsequently, Mr. Kenney filed in 1982, for the primary campaign for Congress in the 43rd Congressional District. Mr. Kenney closed his real estate office and moved his staff to another real estate firm, Mission Viejo Associates in Mission Viejo, California. Mr. Kenney stopped making payments to Downey Savings and Loan Association, Costa Mesa, California, who was the lender and had the first note and trust deed on the property at 22992 Lovios. I was informed after speaking to the loan officer at Downey Savings and Loan that if I did not keep payments current, they would foreclose on this property which I held a second on and remove my interest on said property.

I brought payments, taxes, etc., up to date and proceeded with a foreclosure action on my own against Mr. Kenney. Mr. Kenney stated that he did not sign over the property to me as I requested to keep a foreclosure action from being placed on him, he stated that he could not as he had allowed two of his former real estate employees to receive a third and fourth trust deed on the same piece of property and if I wanted him to sign the grant deed over to me, I would first have to satisfy the two employees' liens against the property. At that point in time, I decided to proceed with a non-judicial foreclosure action on the property.

During the time I was foreclosing, I asked Mr. Kenney what had happened to all of the money he had borrowed. He claimed that he had lost all of his money in the congressional campaign. I then went to the Orange County Registrar's Office and obtained copies of his Finance Report and discovered that he did not lose all of the money in the campaign as he stated.

8404047 1468

I never signed any documents that I was lending him any funds towards any election campaign, state or federal. I operated honestly and in good faith as I have done in the past for sixty-five years. I have served my country honorably in the United States Navy and I am retired with a service-connected disability since 1973. I have never been charged with any crime, arrested or investigated, I pay my taxes on time and consider myself a patriot and an outstanding citizen as is evidenced by numerous citations I have received for community services and veterans activities.

My personal opinion is that I have not intentionally or unintentionally violated Federal Election Campaign laws or any other laws, any violation would appear to be the candidate for office's responsibility. It is my personal opinion that Mr. Kenney used his congressional campaign to exit gracefully from his failing real estate business.

RAYMOND KRINSKY

8404047I469

SAFECO TITLE INSURANCE

Staple

STATE OF CALIFORNIA
COUNTY OF _____ } SS.

On this the _____ day of _____ 19____, before me the undersigned, a Notary Public in and for said County and State, personally appeared _____

_____

_____

_____, personally known to me or proved to me on the basis of satisfactory evidence to be the person_____ whose name_____ subscribed to the within instrument and acknowledged that _____ executed the same.

_____
Signature of Notary

FOR NOTARY SEAL OR STAMP

Staple

CAL-375 (Rev. 8-82) Ack. Individual

THE NARRATIVE OF SYLVIA KRINSKY

I, Sylvia Krinsky, state:

My husband, Raymond Krinsky, handles all real estate transactions for our family. I do not become personally involved in these transactions.

I have met Mr. Kenney socially on approximately two different occasions. I was aware of the subject loan involved in this matter, however, my husband handled all of the arrangements.

SYLVIA KRINSKY

8404047147O

SAFECO TITLE INSURANCE

Stapler

STATE OF CALIFORNIA
COUNTY OF _____ } SS.

On this the _____ day of _____ 19____, before me the undersigned, a Notary Public in and for said County and State, personally appeared _____

_____

_____

_____, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name subscribed to the within instrument and acknowledged that executed the same.

_____
Signature of Notary

FOR NOTARY SEAL OR STAMP

Stapler

CAL-375 (Rev. 8-82) Ack. Individual

MUR 1589
Klein

FEB 17 P2:12

THE NARRATIVE OF RAYMOND KRINSKY

I, Raymond Krinsky, state:

My first personal contact with Mr. Charles Kenney was approximately four years ago, when we were both running for a non-pay council seat on the Municipal Advisory Council in the unincorporated area of Mission Viejo, Orange County, California. At that time, he introduced himself as a licensed real estate broker and owner of his own firm, Kenney Real Estate Company, Mission Viejo, California. He subsequently won election to the Advisory Council and I met him on occasion at the local advisory council meetings.

He asked me if I had ever invested in real estate, i.e., notes and trust deeds. I told him that I had, and he then stated that he had some real estate transactions from time to time that required someone lending some money to facilitate a sale. He additionally asked if I would be interested in such transactions which would involve a favorable percentage return. I indicated to Mr. Kenney that I would be interested in this investment property if after inspection the secured property would justify the investment.

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In September of 1981, Mr. Kenney approached me and stated he would like a loan on his own personal home at 22992 Lovios, Mission Viejo, California. He stated that he had ambitions for a political career and hoped to run for a congressional seat in our district in the near future. It should be noted that at this time, Mr. Kenney had not filed, nor had he filed at the time of the loan, according to the records of the Board of Registrars in Orange County, California.

9404047147

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My only personal contact with Mr. and Mrs. Kenney outside of the real estate transactions were on two separate occasions. The first, a Christmas party at the American Legion Hall in Newport Beach, California, in December of 1981, and the second a Navy Day Dinner in Long Beach, California, in 1982, in which they were my guests. Mr. Kenney was a retired Air Force career enlisted man and was interested in military associations.

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8404047147 2

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My personal opinion is that I have not intentionally or unintentionally violated Federal Election Campaign laws or any other laws, any violation would appear to be the candidate for office's responsibility. It is my personal opinion that Mr. Kenney used his congressional campaign to exit gracefully from his failing real estate business.

Raymond Krinsky
RAYMOND KRINSKY

3 4 0 4 0 4 7 1 4 7 3

SAFECO TITLE INSURANCE

Staple

STATE OF CALIFORNIA
COUNTY OF Orange } SS.

On this the 16th day of February 1984, before me the undersigned, a Notary Public in and for said County and State, personally appeared

Raymond Krinsky

[redacted] proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

Signature of Notary

FOR NOTARY SEAL OR STAMP

OFFICIAL SEAL
VICKI J. HANSEN
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires October 19, 1986

Staple

CAL-375 (Rev. 8-82) Ack. Individual

Gen #165 RECEIVED AT THE FEC

84 FEB 17 P1:

THE NARRATIVE OF SYLVIA KRINSKY

I, Sylvia Krinsky, state:

My husband, Raymond Krinsky, handles all real estate transactions for our family. I do not become personally involved in these transactions.

I have met Mr. Kenney socially on approximately two different occasions. I was aware of the subject loan involved in this matter, however, my husband handled all of the arrangements.

Sylvia Krinsky
SYLVIA KRINSKY

9 4 0 4 1 4 7 4

SAFECO TITLE INSURANCE

STATE OF CALIFORNIA
COUNTY OF Orange } SS.

On this the 16th day of February 19 84, before me the undersigned, a Notary Public in and for said County and State, personally appeared

Sylvia Krinsky

proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged that she executed the same.

Vicki J. Hansen
Signature of Notary

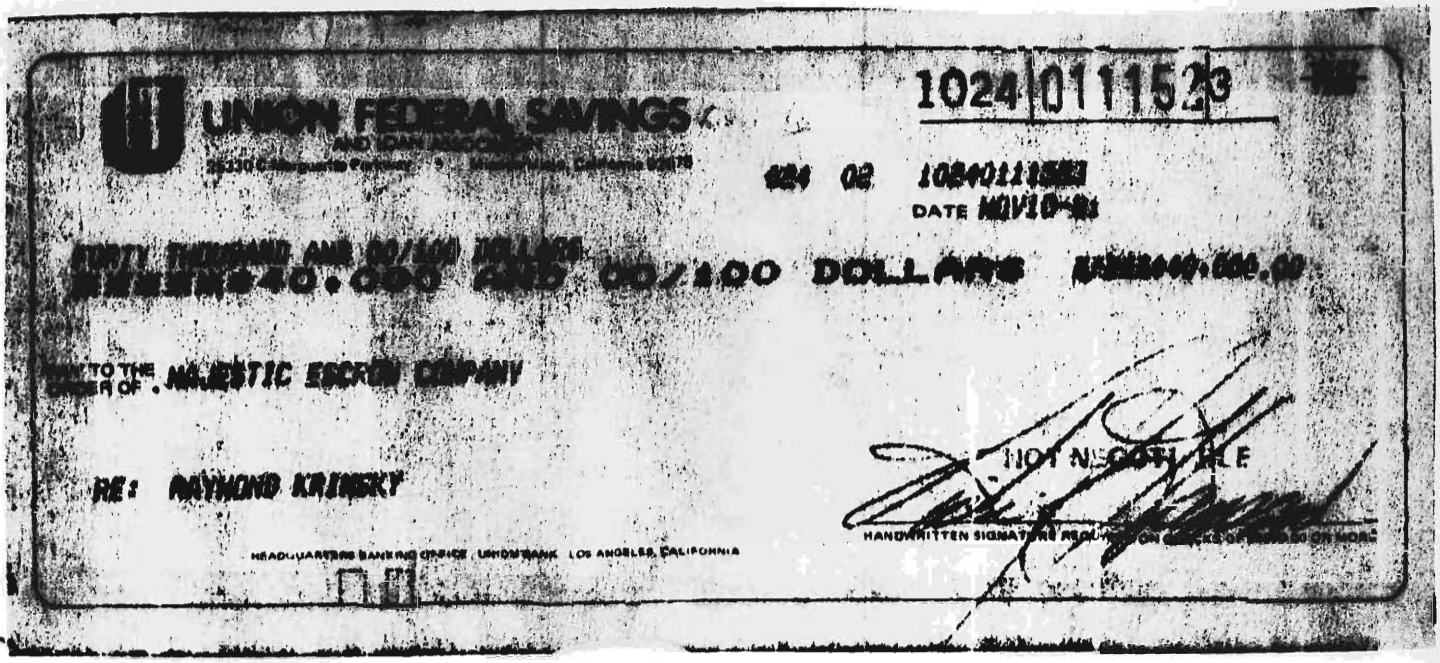
FOR NOTARY SEAL OR STAMP

OFFICIAL SEAL
VICKI J. HANSEN
NOTARY PUBLIC — CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires October 19, 1984

Sample

CAL-375 (Rev. 8-82) Ack. Individual

Sample



UNION FEDERAL SAVINGS

1024 011152

DATE NOV 10 81

FORTY THOUSAND AND 00/100 DOLLARS $40,000.00

PAY TO THE ORDER OF MAJESTIC ESCROW COMPANY

RE: RAYMOND KRINSKY

NOT NEGOTIABLE

HEADQUARTERS BANKING OFFICE, UNIONBANK, LOS ANGELES, CALIFORNIA

HANDWRITTEN SIGNATURE REQUIRED ON CHECKS OF $10,000 OR MORE

MAJESTIC ESCROW INC.
25200 LA PAZ RD. S-107
LAGUNA HILLS, CA.

ESCROW TRUST RECEIPT NO. 1080
COMPANY 670 OFFICE 001

ESCROW NO	DATE
702	11/10/81

RECEIVABLE NO	RECEIVED OF
	RAYMOND KRINSKY

FORTY THOUSAND AND NO/100 DOLLARS $ 40,000.00

	CASH	CASHIER'S CHECK	CHECKS
		16-77	
AGT		m	

CHECKING ACCOUNT NO

RECEIVED AFTER HOURS ☐

FROM BUYER ☐ SELLER ☐ Lender

BY

SMS-107

DUPLICATE COPY

REPLY TO INTERROGATORIES

1) Between October 1, 1981 and November 9, 1981, we discussed a loan on a possible Congressional Campaign. I insisted that this loan given to Mr. & Mrs. Kenney be a real estate transaction. The loan at 28% interest rate was secured with Mr. Kenney's personal residence.

2) The loan was supposed to be guaranteed by the note and dedd of trust and income generated from the interest.

3) Escrow instructions and note and deed of trust. See attached documents.

4) Personal funds.

5) a. Union Federal Savings & Loan
25330 C Marguerite Pkway
Mission Viejo, CA 92675
b. See attached copy of bank check.
c. Joint account, Raymond & Sylvia Krinsky
d. 11/10/81 bank check.

6) No outside loan.

7) Bank Check made out to Majestic Escrow Co. See attached copy.

8) Escrow Instructions. See attached documents.

Raymond Krinsky
RAYMOND KRINSKY
23542 Via Benavente
Mission Viejo, CA 92692

16 P3:46

84 171476

State of California } ss.
County of Orange }

On this the 12th day of January 19 84, before me,

Linda Ferneau,

the undersigned Notary Public, personally appeared

Raymond Krinsky.

HOUSEHOLD FEDERAL

☐ personally known to me
☒ proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is subscribed to the within instrument, and acknowledged that he executed it.
WITNESS my hand and official seal.

OFFICIAL SEAL
LINDA FERNEAU
Notary Public California
ORANGE COUNTY
My Commission Expires 1/2/87

Linda Ferneau
Notary's Signature

GENERAL ACKNOWLEDGMENT FORM

FORM N-42 (9-83)

MUR 1589 GCC #1414
Finch 84 JAN 18 P1:49

REPLY TO INTERROGATORIES

1) Between October 1, 1981 and November 9, 1981, we discussed a loan on a possible Congressional Campaign. I insisted that this loan given to Mr. & Mrs. Kenney be a real estate transaction. The loan at 28% interest rate was secured with Mr. Kenney's personal residence.

2) the loan was supposed to be guaranteed by the note and deed of trust and income generated from the interest.

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25330 C Marguerite Pkway
Mission Viejo, CA 92675
b. See attached copy of bank check.
c. Joint account, Raymond & Sylvia Krinsky
d. 11/10/81 bank check.

6) No outside loan.

7) Bank check made out to Majestic Escrow Co. See attached copy.

8) Escrow instructions. See attached documents.

Sylvia Krinsky
SYLVIA KRINSKY
23542 Via Benavente
Mission Viejo, CA 92692

RECEIVED
FEC
84 JAN 18 P1:47

04017477

State of California
County of Orange
} ss.

On this the 12th day of January 1984, before me,

Linda Ferneau,

the undersigned Notary Public, personally appeared

Sylvia Krinsky,

☐ personally known to me
☒ proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is subscribed to the within instrument, and acknowledged that she executed it.
WITNESS my hand and official seal.

Linda Ferneau
Notary's Signature

HOUSEHOLD FEDERAL

OFFICIAL SEAL
LINDA FERNEAU
Notary Public California
ORANGE COUNTY
My Commission Expires 1/2/87

GENERAL ACKNOWLEDGMENT FORM

FORM K-62 (8-82)

XT

HE 2-POUND PAK

EXPRESS MAIL NEXT DAY SERVICE

POST OFFICE TO ADDRESSEE

B 11435407

FROM:

Customer Number, if any:

TO:
FEDERAL ELECTION COM
1325 K STREET
WASHINGTON DC 20463

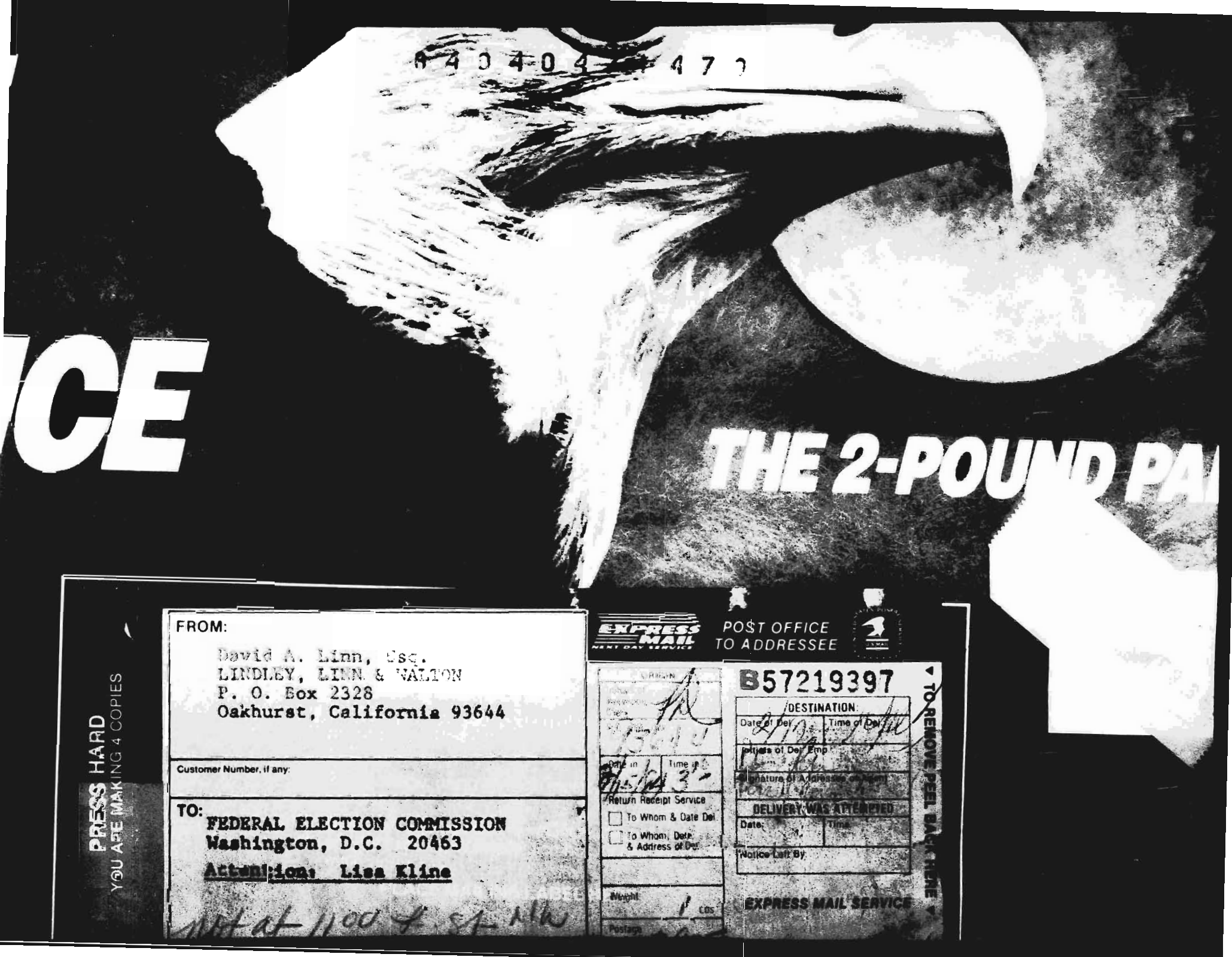
ORIGIN:
Initials of Receiving Clerk: DS
P.O. ZIP Code: 92670
Date: 2/14/XX Time: 1530
Return Receipt Service
☐ To Whom & Date Del.
☐ To Whom, Date & Address of Del
Weight: 1 lbs. Postage & Fees: $ 9.35

DESTINATION:
Date of Delivery:
Time of Delivery:
Initials of Delivering Employee:
Signature of Addressee or Agent:
DELIVERY WAS ATTEMPTED
Date: Time:
Notice Left By

TO REMOVE PEEL BACK HERE

EXPRESS MAIL SERVICE

LABEL 11B DEC/80 ☆ U.S.G.P.O. 1981-348-724


CE
THE 2-POUND PA
PRESS HARD
YOU ARE MAKING 4 COPIES
FROM:
David A. Linn, Esq.
LINDLEY, LINN & WALTON
P. O. Box 2328
Oakhurst, California 93644
Customer Number, if any:
TO:
FEDERAL ELECTION COMMISSION
Washington, D.C. 20463
Attention: Lisa Kline
EXPRESS MAIL
NEXT DAY SERVICE
POST OFFICE
TO ADDRESSEE
B57219397
DESTINATION:
Date of Del
Time of Del
Initials of Del Emp
Signature of Addressee or Agent
DELIVERY WAS ATTEMPTED
Date:
Time:
Notice Left By:
EXPRESS MAIL SERVICE
TO REMOVE PEEL BACK HERE
Return Receipt Service
To Whom & Date Del
To Whom, Date & Address of Del
Time in
Weight
Postage

8[illegible]0 4 0 4 7 1 4 8[illegible]

RECORDING REQUESTED BY

BK 14293PG 686

TITLE INSURANCE & TRUST CO.

19007

RECORDED IN OFFICIAL RECORDS OF ORANGE COUNTY, CALIFORNIA

-2 20 PM NOV 17 '81

LEE A. BRANCH, County Recorder

$5.00
C5

AND WHEN RECORDED MAIL TO

Name
Street Address
City & State

Mr, & Mrs. Raymond Krinsky
23542 Via Benavent
Mission Viejo, Ca 92692

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS (INDIVIDUAL)

A.P.N.

This Deed of Trust, made this 10th day of November, 1981, between

CHARLES G. KENNEY AND MARY J. KENNEY, husband and wife

, herein called TRUSTOR,

whose address is 22992 Lovios, Mission Viejo, Ca
(number and street) (city) (state) (zip)

DE VILLE SERVICE CORP., INC., a California corporation, herein called TRUSTEE, and

RAYMOND KRINSKY AND SYLVIA KRINSKY, husband and wife as Joint Tenants

, herein called BENEFICIARY,

Witnesseth: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to TRUSTEE IN TRUST, WITH POWER OF SALE, that property in Orange County, California, described as:

AS PER EXHIBIT "A" ATTACHED HERETO:

This Trust Deed is second and subject to a first trust deed of record.

TOGETHER WITH the rents, issues and profits thereof, SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Beneficiary by paragraph (10) of the provisions incorporated herein by reference to collect and apply such rents, issues and profits

For the Purpose of Securing: 1. Performance of each agreement of Trustor incorporated by reference or contained herein. 2. Payment of the indebtedness evidenced by one promissory note of even date herewith, and any extension or renewal thereof, in the principal sum of $ 54,199.86 executed by Trustor in favor of Beneficiary or order. 3. Payment of such further sums as the then record owner of said property hereafter may borrow from Beneficiary, when evidenced by another note (or notes) reciting it is so secured.

To Protect the Security of This Deed of Trust, Trustor Agrees: By the execution and delivery of this Deed of Trust and the note secured hereby, that provisions (1) to (14), inclusive, of the fictitious deed of trust recorded in Santa Barbara County and Sonoma County October 18, 1961, and in all other counties October 23, 1961, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, viz.:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	435	684	Kings	792	833	Placer	895	301	Sierra	29	335
Alpine	1	250	Lake	362	39	Plumas	151	5	Siskiyou	468	181
Amador	104	348	Lassen	171	471	Riverside	3005	523	Solano	1105	182
Butte	1145	1	Los Angeles	T2055	899	Sacramento	4331	62	Sonoma	1851	689
Calaveras	145	152	Madera	810	170	San Benito	271	383	Stanislaus	1715	456
Colusa	296	617	Marin	1508	339	San Bernardino	5567	61	Sutter	572	297
Contra Costa	3978	47	Mariposa	77	292	San Francisco	A332	905	Tehama	401	289
Del Norte	78	414	Mendocino	579	530	San Joaquin	2470	311	Trinity	93	366
El Dorado	568	456	Merced	1547	538	San Luis Obispo	1151	12	Tulare	2294	275
Fresno	4626	572	Modoc	184	851	San Mateo	4078	420	Tuolumne	135	47
Glenn	422	184	Mono	52	429	Santa Barbara	1878	869	Ventura	2062	386
Humboldt	657	527	Monterey	2194	538	Santa Clara	5336	341	Yolo	653	245
Imperial	1091	501	Napa	639	86	Santa Cruz	1431	494	Yuba	334	486
Inyo	147	598	Nevada	305	320	Shasta	684	528			
Kern	3427	60	Orange	5889	611	San Diego	Series 2 Book 1961, Page 183887				

(which provisions, identical in all counties, are printed on the reverse hereof) hereby are adopted and incorporated herein and made a part hereof as fully as though set forth herein at length; that he will observe and perform said provisions; and that the references to property, obligations, and parties in said provisions shall be construed to refer to the property, obligations, and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any Notice of Default and of any Notice of Sale hereunder be mailed to him at his address hereinbefore set forth.

STATE OF CALIFORNIA, } ss.
COUNTY OF Orange }

On November 10, 1981 before me, the undersigned, a Notary Public in and for said State, personally appeared Charles G. Kenney and Mary J. Kenney

, known to me to be the person S whose name S are subscribed to the within instrument and acknowledged that they executed the same.

WITNESS my hand and official seal.

Signature Dolores F Carlyle

Signature of Trustor

Charles G. Kenney

Mary J. Kenney

OFFICIAL SEAL
DOLORIS F. CARLYLE
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Dec. 11 1982

Title Order No.

Escrow or Loan No.

(This area for official notarial seal)

11 SC 21741-12

EXHIBIT "A"

DESCRIPTION:

PARCEL 1:

LOT 9 OF TRACT NO. 9878, IN THE COUNTY OF ORANGE, STAE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 400 PAGES 37 AND 38 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND ALL UNDERGROUND WATER IN OR UNDER OR WHICH MAY BE PRODUCED FROM SAID LAND WHICH UNDERLIES A PLANE PARALLEL TO AND 550 FEET BELOW THE PRESENT SURFACE OF SAID LAND FOR THE PURPOSE OF PROSPECTING FOR, THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION AND TAKING OF SAID MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER FROM SAID LAND BY MEANS OF MINES, WELLS, DERRICKS AND/OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND OR LYING OUTSIDE OF THE ABOVE DESCRIBED LAND, IT BEING UNDERSTOOD THAT THE OWNER OF SUCH MINERALS, OIL, GAS, PETROLEUM, OTHER HYDROCARBON SUBSTANCES AND WATER, AS SET FORTH ABOVE, SHALL HAVE NO RIGHT TO ENTER UPON THE SURFACE OF THE ABOVE DESCRIBED LAND NOR TO USE ANY OF THE SAID LAND OR ANY PORTION THEREOF ABOVE SAID PLANE PARALLEL TO AND 550 FEET BELOW THE PRESENT SURFACE OF THE SAID LAND FOR ANY PURPOSE WHATSOEVER, AS RESERVED IN THE DEED RECORDED FEBRUARY 24, 1971 IN BOOK 10575 PAGE 757, OFFICIAL RECORDS, AS INSTRUMENT NO. 25141.

PARCEL 2:

NON-EXCLUSIVE EASEMENTS FOR ACCESS, INGRESS, EGRESS, ENCROACHMENT, DRAINAGE, REPAIR, MAINTENANCE, SUPPORT AND FOR OTHER PURPOSES, ALL AS DESCRIBED IN THE RESTATEMENT AND AMENDMENT OF RESTRICTIONS AND RESERVATION OF EASEMENTS RECORDED IN BOOK 11258 PAGE 121, OFFICIAL RECORDS; THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED IN BOOK 11063 PAGE 935, OFFICIAL RECORDS, AND THE SUPPLEMENTAL DECLARATION RECORDED IN BOOK 12127 PAGE 1082, OFFICIAL RECORDS.

RECORDER'S MEMO: LEGIBILITY OF WRITING, TYPING OR PRINTING UNSATISFACTORY IN THIS DOCUMENT WHEN RECEIVED.

84040471481

DO NOT DESTROY THIS ORIGINAL NOTE: When paid, said original note, together with the Deed of Trust securing same, must be surrendered to Trustee for cancellation and retention before reconveyance will be made.

NOTE SECURED BY DEED OF TRUST

(STRAIGHT NOTE)

$54,199.86 Laguna Hills, California, November 10, 1981

On or before July 16, 1983 after date, for value received, I/we promise to pay to RAYMOND KRINSKY AND SYLVIA KRINSKY, husband and wife as Joint Tenants, or order at 23542 Via Benavent, Mission Viejo, Ca 92692 the sum of FIFTY FOUR THOUSAND ONE HUNDRED NINETY NINE AND 86/100 DOLLARS, with interest thereon from November 9, 1981, at the rate of 28% per cent per annum, ~~payable monthly~~ with principal payment of $40,000.00, plus interest payment due on November 9, 1982, and the balance of principal and interest all due and payable July 16, 1983.

Should default be made in payment of interest when due the whole sum of principal and interest shall become immediately due at the option of the holder of this note. Principal and interest payable in lawful money of the United States. If action be instituted on this note I/we promise to pay such sum as the Court may fix as attorney's fees. This note is secured by DEED of TRUST to **DE VILLE SERVICE CORP., INC.** a California corporation, as Trustee.

Charles G. Kenney

Mary J. Kenney

DO NOT DESTROY THIS NOTE

8404047 | 482

8 4 0 4 0 4 7 1 4 8 3

page 1 of 2

Loan
Escrow Instructions

Dee Carlyle
Escrow Officer

Majestic Escrow Company

25200 La Paz Rd. Suite 107
Laguna Hills, Ca 92653 · (714) 586-9222

702
Escrow Number

11/10/81
Date

We will hand you the sum of $40,000.00, when you hold for us a note in the amount of $54,199.86.

Paid outside of Escrow		
Cash through Escrow	40,000	00
Encumbrances of record		
.. .. ..		
New Encumbrances		
Total Consideration	40,000	00

In addition to the aforementioned sums, buyer will hand you, prior to close of escrow, sufficient funds to cover adjustments, prorations, recording fees and your escrow charges, and will deliver to you any instruments which this escrow requires shall be executed by me, all of which you are instructed to use provided that on or before 11/13/81 you hold a policy of title insurance with the usual title company's exceptions, with a liability of $ 40,000. covering property located at 22992 Lovios, Mission Viejo, Ca., and legally described as Lot 9, Tract 9478, as per map recorded in book 400, pages 37-38 of MM, in the office of the county recorder of said county.

Showing title vested in: CHARLES G. KENNEY AND MARY J. KENNEY, husband and wife as Joint Tenants

Free from encumbrances except:

1. General and special county and city taxes, if any, together with special district levies, if any, included and collected with tax bill.
2. Covenants, conditions, restrictions, reservations, rights, rights of way, easements and exceptions of minerals, oils, gas, water, carbons and hydrocarbons on or under said land, now of record, and in deed to file, if any, affecting the use and occupancy of said property.
3. First Trust Deed of record as per its terms and conditions.

INSTRUCTIONS:

1. Second Trust Deed to record in favor of Raymond Krinsky and Sylvia Krinsky, husband and wife as Joint Tenants, securing a note in the amount of $54,199.86, with interest rate of 28% per annum, with principal payment of $40,000.00, plus interest due and payable in one year from the close of escrow, and the balance due and payable July 16, 1983. Note to a straight note, and interest on note to commence on date funds are deposited in escrow.
2. Raymond and Sylvia Krinsky to assigned note and deed of trust covering other property to Charles G. Kenney and Mary J. Kenney, husband and wife as Joint Tenants. Escrow to prepare and record assignment at close of escrow. You are not to be concerned with the unpaid balance on said note as the assignee has been satisfied outside of escrow.
3. Lender to be furnished title insurance policy, fire insurance policy, naming them as second mortgagee, Request for Notice of Default to be prepared and recorded.
4. As agreed between the parties in the event of a default by the Kenney's said note and trust deed will revert back to the assignor's.

If above encumbrance is a purchase money trust deed, endorse interest on note as of date of recording deed. In event unpaid balance of trust deed(s) of record are more or less than the sum(s) set forth above, adjust difference (n/a) in cash (n/a). Mail deed of trust to file.

Prorate taxes on real property only, based on the latest tax bill in your possession or on latest available tax amounts furnished by the title company as of n/a. Prorate interest on loans of record as of n/a.

Prorate rents as of n/a based on rent statement handed you. Any rents in arrears to be disregarded in your prorations.

Prorate insurance as handed you as of n/a unless Buyers elect to place their own insurance and hand you funds or paid receipt to cover premium. As of n/a credit seller and debit buyer the amount of impounds, if any, as disclosed by beneficiary statement from the holder of the loan of record.

EACH PARTY SIGNING THESE INSTRUCTIONS HAS READ THE ADDITIONAL ESCROW CONDITIONS AND INSTRUCTIONS ON THE REVERSE SIDE HEREOF AND APPROVES, ACCEPTS AND AGREES TO BE BOUND THEREBY AS THOUGH THE REVERSE SIDE HEREOF APPEARED OVER THEIR SIGNATURES.

The undersigned hereby agrees to pay, on demand, charges for drawing, recording and notarizing all documents, charges of title company, if any, charges of lending institution, if any, and the buyer's and/or borrower's customary escrow fees, necessary to complete this escrow.

Lender's or Buyer's Signature _____ Lender's or Buyer's Signature _____

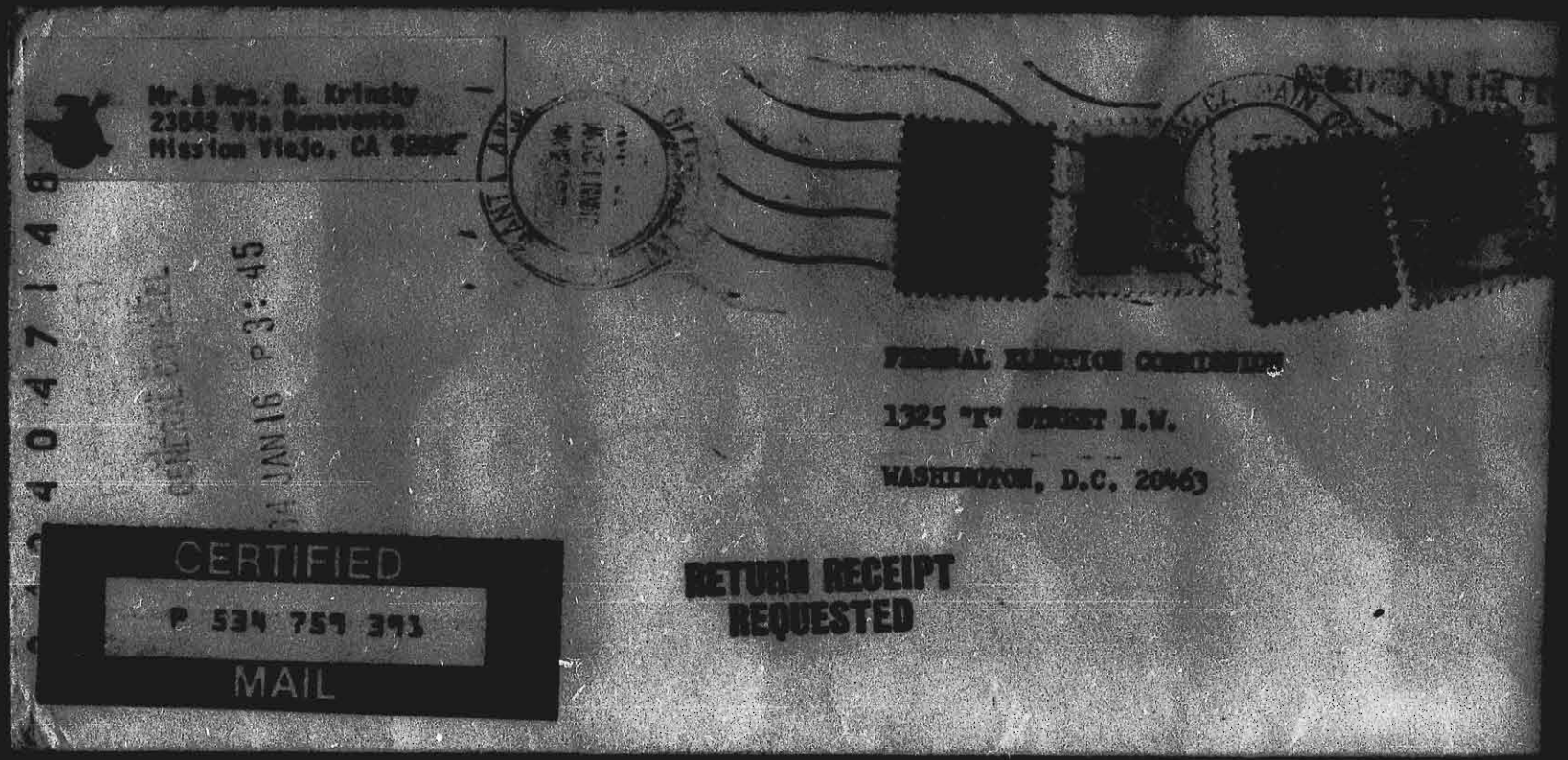
Address Raymond Krinsky Sylvia Krinsky Phone

The foregoing terms, provisions, conditions and instructions are hereby approved and accepted in their entirety and concurred in by me. I will hand you necessary documents and/or funds called for on my part to cause title to be shown as above, which you are authorized to deliver when you hold for my account the sum of $ 40,000.00 together with any documents due the undersigned as described above, within the time as above provided. Pay your escrow charges, recording fees, charges for evidence of title as called for, whether or not this escrow is consummated, except those the buyer agreed to pay. You are hereby authorized to pay bonds, assessments, taxes, and any liens or encumbrances of record, plus accrued interest, charges and bonus, if any. Affix Documentary Tax Stamps as required on Deed to property I am conveying.

Pay commission of n/a Sign & return

Borrower's or Seller's Signature _____ Borrower's or Seller's Signature _____

Address Charles G. Kenney Mary J. Kenney Phone



Mr.& Mrs. R. Krinsky
23842 Via Ranvento
Mission Viejo, CA 92692

JAN 16 P 3:45

CERTIFIED
P 534 759 393
MAIL

RETURN RECEIPT
REQUESTED

FEDERAL ELECTION COMMISSION
1325 "K" STREET N.W.
WASHINGTON, D.C. 20463

P 534 759 393

MUR 1589
3 mcl

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE

FROM: MARJORIE W. EMMONS mwe

DATE: JANUARY 5, 1984

SUBJECT: ATTACHED LETTER FROM GEORGE L. ROGERS RE. MUR1589

Transmitted herewith is a letter addressed to Chairman Danny L. McDonald regarding MUR 1589. Commissioner McDonald's staff has asked that we forward it to you.

Attachment: 6 page letter with attachments

8404047148 5

GCC#1361

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY
84 JAN 6 A9:44

ROGERS & DIB
A LAW CORPORATION
17111 BEACH BOULEVARD, SUITE 103
HUNTINGTON BEACH, CALIFORNIA 92647
TELEPHONE: (714) 847-6041

GEORGE L ROGERS
MICHAEL G. DIB
CHARLES S. SCOLASTICO
DIANN ROLL
R. ALLAN KUHLMAN

84 JAN 9 A9:25

December 28, 1983

Federal Election Commission
Washington, D.C. 20463

Attn: Danny L. McDonald
Chairman

RE: MUR 1589
Charles Kenney

Dear Mr. McDonald:

I received your two letters dated December 15, 1983, one addressed to the undersigned on behalf of Charles Kenney and one addressed to the undersigned on behalf of Kenney for Congress and Esther M. Goff, as treasurer.

You have asked Esther Goff as follows:"In your July 7, 1983 letter to Mr. Garcia, amending the Kenney for Congress Committee's April quarterly report, you listed a $58,000 loan from Consolidated Home Loans as a sole source of the funds constituting Mr. Kenney's March 31, 1982, loan to the committee. In your October 13, 1983, response to the complaint in MUR 1589, you stated that the funds constituting Mr. Kenney's $40,000 loan to the committee came from several sources.

Please explain the discrepancy between the information provided in your July 7, 1983 and October 13, 1983, letters to the commission."

Response: Mr. Kenney's letter dated October 12, 1983 is attached hereto as Exhibit A and adequately explains the source of funds. Therefore if your question to Mrs. Goff is where did the $40,000 funds loaned by Mr. Kenney, come from, then that is explained in the letter attached by Mr. Kenney. If your question is, why is there a discrepancy, then by way of explanation, Mrs. Goff advises this firm that she was not the treasurer at the time the reporting error initially took place for the Federal Election Commission. Her reply was based upon information on hand at the time that she prepared the letter of July 7, 1983 and she had failed to ask Mr. Kenney the total source of the funds. Mrs. Goff's understanding of Regulation 11 CFR110.10 was that if monies borrowed from

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Consolidated Home Loan were received for personal and business use, that it was not necessary to show the source of the funds when the candidate in turn loaned the monies to the committee, as was the situation in this case. As is set forth in Exhibit A, the $7,466.00 came from the Consolidated Home Loan proceeds and the rest came from the other five sources set forth in such letter. Unfortunately, Mrs. Goff in making her July 7, 1983 report, assumed that the full $40,000 came from the Consolidated Home Loan as she did not have the breakdown of the funds available to her. This error was rectified in the letter of October 13, 1983. However, the important issue is whether or not there was an attempt to camouflage or conceal campaign uses of Mr. and Mrs. Krinsky's funds. Unequivocally, Mr. and Mrs. Krinsky's money loaned to Mr. and Mrs. Kenney was used to pay off a previous loan and for business capital. This money was never used for campaign purposes. This is clearly set forth in back up material in the letter sent on June 19, 1983 and that letter clearly substantiates the use of the money from Mr. and Mrs. Krinsky by Mr. and Mrs. Kenney.

A verification by Esther Goff is attached as to the accuracy of the above statements and if there should be any further questions, please contact the undersigned and I will be happy to respond further as there is absolutely no question in the undersigned's mind as well in that of Mr. Kenney and Mrs. Goff, that no wrongdoing has taken place with respect to Mr. and Mrs. Krinsky.

With respect to Mr. Kenney, you have sent two sets of interrogatories. The questions and the responses thereto will be set forth below:

Question: With respect to the $40,000 loan you made to the Kenney for Congress Committee on March 31, 1982 and repaid to you on April 4, 1982:

(1) Please state the purpose of the loan.

Response: The purpose of the loan to the committee was to make a direct mail out.

(2) Please state the form in which you made the loan to the committee, e.g., cash,check, money order, etc.

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Response: The loan was made to the Kenney for Congress Committee and was in the form of a personal check, number 3087 dated March 30, 1982.

(3) If a written instrument was used to make the loan, please provide a copy of such instrument.

Response: No written instrument was used to make the loan other than the check and an entry in the quarterly report. There was no interest to be paid on the loan, so no loan documents were prepared.

(4) Please describe what you did with the proceeds of the loan after the committee repaid you on April 4, 1982.

Response: Upon receipt of the money, it was immediately placed in the Mission Viejo National Bank for business purposes.

Attached as Exhibit B is a copy of check #3087 from Mr. and Mrs. Kenney reflecting the $40,000 loan.

Question: With respect to the $40,000 loan made to you by Raymond and Sylvia Krinsky in November 1981:

(1) List all occasions upon which you discussed the making of the loan with Mr. and/or Mrs. Krinsky prior to the time it was made, including the date and substance of each such discussion.

Response: The negotiations with Mr. and Mrs. Krinsky commenced in July, 1981 and were totally related to a business loan. Mr. Kenney had just purchased a home in San Clemente, California and needed the extra money to pay a business loan to Southwest Bank and supplement his real estate business. On numerous occasions between July and August, 1981, for which there are no records to indicate the dates, Mr. Krinsky came to Mr. Kenney's place of business to discuss the loan. In August, 1981, Mr. Krinsky requested a copy of the appraisal of Mr. Kenney's house, which was conducted by Downey Savings and Loan and asked for a statement from Downey Savings and Loan Association that they would not exercise the due on sale clause if the loan was made by Mr. Krinsky to Mr. Kenney. Mr. Krinsky was anxious to expedite the loan to Mr. Kenney, since Mr. Krinsky had a treasury bill coming due and wanted to loan the money to Mr. Kenney at a higher rate then what he was receiving from the financial institution. Mr. Krinsky on several occasions went to Downey Savings and Loan to expedite the receipt of the appraisal

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and statement. In late October or November, Mr. Kenney met with Mr. and Mrs. Krinsky at their house and detailed the terms of the loan. When the documents were received, Mr. Kenney and Mr. Krinsky met at Mr. Kenney's place of business and went to the escrow company to open an escrow for the loan.

(2) Please state the purpose of the loan as understood between you and Mr. and Mrs. Krinsky.

Response: At all times it was understood by Mr. Kenney that this was a business loan and it should be noted that the loan negotiations started well before Mr. Kenney filed for public office. At no time did Mr. Kenney ever indicate the money was to be used for campaign purposes nor did Mr. Kenney ever intend to do so. The escrow closing statement reflects the disbursement of the funds to pay off existing loans directly from escrow. Mr. and Mrs. Krinsky received a copy of the escrow statement and had they questionned the disbursement of the funds, they would have raised a question at that time. From the escrow statements and discussions at the point in time in which the loan took place, it appeared clear that all parties knew the loan was to pay off existing debts.

(3) Please provide the Commission with copies of all written agreements evidencing the loan and its terms. If no such documents exist, please state all terms of the loan, including but not limited to:

a) the date the loan was made;
b) the ending date of the repayment period;
c) the repayment schedule;
d) the interest rate on the loan and the method used to calculate such interest;
e) the conditions upon which the loan could become due upon demand;
f) the collateral for the loan;
g) the names and addresses of all witnesses to the loan.

Response: a) The loan was made November 10, 1983;
b) Ending date of the note was July 16, 1983;
c) The repayment schedule was as follows: Principal payment of $40,000 with interest due on November 9, 1982 and balance of principal and interest all due and payable July 16, 1983. The total note was for $54,199.86. Monies received were $40,000 less cost. The balance of $14,199.86 was in the form of a note on another piece of property that Mr. Krinsky had assigned to Mr. Kenney;

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d) Interest rate was 28% and the rate was calculated by the demand of Mr. and Mrs. Krinsky. By way of reference any interest at that time exceeding 18% was usury in the State of California. This means that the Krinskys would be entitled to no interest based upon the usurious nature of the transaction.

e) The loan was due upon demand or the sale or transfer of the property for which there was security.

f) The security was property at 22992 Lovios, Mission Viejo, California which was the personal residence of Mr. and Mrs. Kenney.

g) Witnesses to the loan were Mr. and Mrs. Krinsky, Mr. and Mrs. Kenney, Mrs. Dee Carlyle, the escrow officer from Majestic Escrow and a notary for the State of California.

(4) Please state the form in which you received the loan, e.g., cash, check, money order, etc.

Response: Proceeds from the loan were disbursed through escrow as follows:
$25,362.73 was paid direct to Southwest Bank to pay off the business loan
$13,980.90 was paid to Mr. and Mrs. Kenney and immediately deposited into Kenney Real Estate bank account to sustain the business
$656.37 were charges to make the loan.
The above equal $40,000.

(5) Please describe how and on what date(s) you disbursed the proceeds of the $40,000 loan you received from the Krinskys.

Response: All proceeds were disbursed by escrow on November 17, 1981 as indicated in response to question (4) above. On November 18, 1981 the $13,980.90 was deposited into the business of Kenney Real Estate.

Mr Kenney's signed verification is attached to verify the response to the answers of the interrogatories sent to him. If you should need any additional or further information, please contact the undersigned as set forth above, there appears to be some type of personal vendetta by Mr. and Mrs. Krinsky as the records, documents and discussions clearly indicate this was a business loan from the Krinskys to Mr. and Mrs. Kenney and at no time were the funds contemplated to be used for the campaign

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in Mr. Kenney for Congress and at no time were such funds used for Mr. Kenney's Campaign. I am unable to ascertain any violation of law and if you should find differently, I would appreciate discussing the same with you before any further action is taken.

Best regards.

Very truly yours,

GEORGE L ROGERS

GLR:cc
cc: Mr. Charles Kenney
Mrs. Esther Goff

8404047!491

Charles G. Kenney
Kenney For Congress Campaign
P.O. Box 65
El Toro, Ca. 92630

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

RE: MUR 1553

Dear Mr. Gross:

I am in receipt of your letter of June 10, 1983 whereby you attached the complaint from Mr. and Mrs. Raymond Krinsky.

In response to this complaint I catagorically deny the allegation that the loan from them was used for the campaign. They indicated that I met with them in October and November 1981, to discuss a loan for my campaign. The negotiations for this loan started in July 1981, long before I ever intended to run for Congress. At all times they were advised that the purpose of the loan was to pay off an existing loan that was coming due and to supplement my real estate business which was suffering from the declining market. At no time did I ever intend to make a loan from the complaintants to be used for campaigning purposes. The intention was conveyed to them on many occasions that this was a business loan. In August, 1981, Mr. Krinsky required that I have a recent appraisal conducted by Downey Savings and Loan Association to assure him that the equity was sufficient to secure his loan. In addition, he required a statement from the savings and loan company that they would not exercise the due-on-sale clause if he were to place a second trust deed on the house. For a long period Downey Savings and Loan did not respond to my request and it was not until November 1981, that the sufficient documentation was received to satisfy the complaintants. An escrow was opened with Majestic Escrow Company to complete the transaction.

Further evidence that the complaintants were aware of the purpose and use of their funds can be found in the attached closing statement from the escrow company indicating the disbursement of the proceeds from the loan. Your attention is invited to the payment of a demand from Southwest Bank for a loan payoff in the amount of $25,362.73. This was paid directly to Southwest Bank from Escrow. Since Mr. and Mrs. Krinsky had been totally informed of the purpose of my loan with them and further since they had a copy of the closing statement it is quite obvious that this complaint is a further harassment by them because of the loss of their investment.

As indicated, my loan was a business venture by them as further evidenced by the userous interest rate they charged for the loan. (Twenty-eight -28%- percent). Had not the real estate market declined so rapidly they would have recovered their investment and received a tremendous return.

EXHIBIT A

8404047149 2

As the appraisal on the house at 22992 Lovios, Mission Viejo, will indicate there was sufficient equity to secure the loan for them. I had every intention to repay the loan from business gains or the sale of the above property. The reason Mr. Krinsky made the loan was to make a greater profit from this venture than he could anywhere else.

In September, 1982, when it became evident that I could not repay the loan because of continued business reversals, I placed the home on the market so that a sale would satisfy the complaintants debt and return a profit to them and all parties. As time passed, continued price reductions were made to expedite the sale. Because of the depressed real estate market the home did not sell and Mr. Krinsky foreclosed on his note and took title to the property.

I deeply regret that they lost money on their investment. I too lost money and my home. No one could have predicted the rapid and severe decline in the real estate market.

It is apparent that because of this loss, the Krinskys became vindictive of me to such a point that they would make these false accusations whereby a look at the closing statement from their loan fully indicated the disposition of the funds.

As referenced above the $25,362.73 was used to payoff a loan to Southwest Bank and the remaining $13,980.97 was placed in the business account of Kenney Real Estate to cover the cost of operating the business. None of the monies received from the Krinskys was used for the campaign as he indicated.

During the course of the campaign I refinanced one of my investment homes for personal, business and campaign purposes.

On March 31, 1982 I loaned the campaign $40,000 for the purpose of making a district wide mail-out. The next day after consulting with my campaign manager and staff it was decided that it would be futile and a waste of money to do this. The campaign therefore repaid the loan to me and did not make the mailer. The amount of money happened to be coincidently the same amount that Mr. Krinsky loaned to me in November and probably therefore resulted in his complaint.

Since the money was not used at all for any means, I do not feel a violation of the Federal Election Campaign Act of 1971 resulted.

Yours truly,

Charles G. Kenney

Enclosures: List attached

June 19, 1983

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Majestic Escrow Company

25200 La Paz Rd., Suite 107
Laguna Hills, Ca 92653 · (714) 586-9222

Nov. 17, 1981

Mr. & Mrs. Charles Kenney
c/o Kenney Real Estate

ESCROW NO. 702

8404047 | 4 9 4

The following is enclosed for your records:

1. Closing statement
2. Our check in the amount of $13,980.97
3. Escrow instructions to be signed and returned
4. Blank Note and Power of Attorney, signed.
5. Copy of fire insurance policy covering the Mullen property
6. Copy of the title policy covering the Mullen property
7. Assignment of the Deed of Trust, Mullen property
8. Request for Notice, Mullen property
9. Original Note and Trust Deed, Mullen property

Very truly yours,

MAJESTIC ESCROW COMPANY

By Jeri Liggitt

DEPOSIT TICKET

8 4 5 4 0 4 7 1 4 9 5

KENNEY REAL ESTATE
25522 JERONIMO ROAD
MISSION VIEJO, CA 92691

DATE 11/18 19 81

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THIS INSTITUTION'S COLLECTION AGREEMENT

CASH		
CHECKS	Escr C	13980 97
TOTAL FROM OTHER SIDE		
TOTAL	13980 97	

[redacted]

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

Southwest Bank
24417 Rockfield Blvd.
El Toro, CA 92630

⑆122231757⑆ 310161928⑈ ⑈0001398097⑈

THIS IS YOUR DEPOSIT RECEIPT

Southwest Bank

Ask About Our Other Services:
Loans of All Types - Escrows - Safe Deposit Boxes and More

#3101-6192-8 $13,980.97 CKDP
THANK YOU
11/19/81 SWBANK 31 0008 0008 0086 00014?

ALL ITEMS ARE RECEIVED SUBJECT TO CONDITIONS AND TERMS STATED ON SIGNATURE CARDS CURRENTLY USED. BANK SYMBOL, TRANSACTION NUMBER, DATE AND AMOUNT ARE SHOWN ABOVE.

TEL-245 VP

Southwest Bank

June 16, 1983

TO WHOM IT MAY CONCERN:

This letter is to verify and confirm that a check in the amount of $25,362.73 dated 11-17-81 to Southwest Bank from Majestic Escrow was used to pay off loan #316203435-14332 in the name of Charles G. and Mary J. Kenney in full.

Chris McCullough
Vice President and Manager

vh

0040047 1496

24417 Rockfield Blvd. • P.O. Box 655 • El Toro, CA 92630 • (714) 830-3122

Majestic Escrow Company

Date: Nov. 17, 1981

Escrow No.: 702

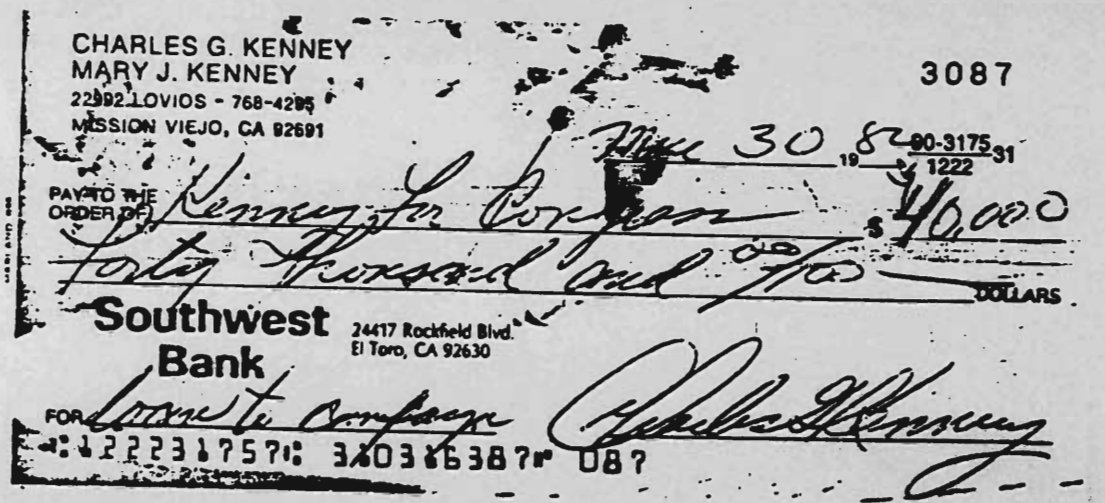
ESCROW STATEMENT OF: CHARLES G. KENNEY AND MARY J. KENNEY

PROP: 22992 Lovios, Mission Viejo, California

ITEMS						RETAIN FOR INCOME TAX PURPOSES DEBITS	CREDITS
Deposit							
Deposit							
Deposit							
Deposit							
CONSIDERATION							40,000 00
New First Deed of Trust Loan							
Purchase Money Deed of Trust							
Outside of Escrow							
Principal Balance of First Deed of Trust of Record							
Principal Balance of Second Deed of Trust of Record							
ADJUSTMENTS							
Taxes	$	per		from	to		
	$	per		from	to		
Personal Prop'ty	$	per		from	to		
Insurance	$	per		from	to		
	$	per		from	to		
Impound Account Held By Lender							
Interest on	$	at	%	from	to		
	$	at	%	from	to		
	$	at	%	from	to		
Homeowners' Association							
	$	per		from	to		
	$	per		from	to		
	$	per		from	to		
	$	per		from	to		
DISBURSEMENTS							
County Tax Collector				from	to		
County Tax Collector				from	to		
New Fire Insurance Policy, Premium Paid to:							
Termite Company Paid:							
Commission Paid to:							
Commission Paid to:							
Payment of Demand to: SOUTHWEST BANK						25,362 73	
Interest on	$	at	%	from	to 11/18	198 70	
Prepayment bonus and/or late charges							
Forwarding Fee/Recon Fees						25 00	
Impound Credit							
Payment of Demand to:							
Interest on	$	at	%	from	to		
Prepayment bonus and/or late charges							
Forwarding Fee							
Building Report Fee							
TITLE CHARGES							
Title Policy and/or ATA Policy						185 60	
Documentary Stamps							
Tax Service Contract							
Recording Fees						17 00	
Reconveyance Fees						40 00	
Title Company Sub Disbursement Control Fee						30 00	
ESCROW CHARGES							
Escrow Fee						125 00	
Drawing Documents						25 00	
Insurance Endorsements							
Notary Fee						10 00	
Loan Escrow Processing Fee							
Beneficiary and/or Demand Processing Fee							
LOAN CHARGES							
Loan Fee to							
Drawing Documents							
Tax Impound							
Insurance Impound							
Credit Report							
Balance / Herewith						13,980 97	
RETAIN THIS STATEMENT FOR INCOME TAX PURPOSES					TOTAL	40,000 00	40,000 00

ME-10

8404047 1498



CHARLES G. KENNEY
MARY J. KENNEY
22992 LOVIOS - 768-4295
MISSION VIEJO, CA 92691

3087

May 30 19 82 90-3175 1222 31

PAY TO THE ORDER OF Kenney for Congress $ 40,000

Forty Thousand and 00/100 DOLLARS

Southwest Bank
24417 Rockfield Blvd.
El Toro, CA 92630

FOR Loan to Campaign

Charles G. Kenney

⑆122231757⑆ 3403866387⑈ 087

EXHIBIT B

VERIFICATION

STATE OF CALIFORNIA, COUNTY OF Orange

I have read the foregoing ~~Answers to Interrogatories~~ and know its contents.

☒ CHECK APPLICABLE PARAGRAPH

☒ I am a party to this action. The matters stated in it are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am ☐ an Officer ☐ a partner_____ ☐ a _____ of _____ a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. I have read the foregoing document and know its contents. The matters stated in it are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am one of the attorneys for _____, a party to this action. Such party is absent from the county of aforesaid where such attorneys have their offices, and I make this verification for and on behalf of that party for that reason. I have read the foregoing document and know its contents. I am informed and believe and on that ground allege that the matters stated in it are true.

Executed on December 28, 1983 at Huntington Beach California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Esther M. Goff
Signature
ESTHER M. GOFF

ACKNOWLEDGMENT OF RECEIPT OF DOCUMENT
(other than summons and complaint)

Received copy of document described as _____

on _____ 19____.

_____
Signature

PROOF OF SERVICE BY MAIL

STATE OF CALIFORNIA, COUNTY OF

I am employed in the county of _____, State of California.

I am over the age of 18 and not a party to the within action; my business address is: _____

On _____ 19____, I served the foregoing document described as _____ on _____ in this action by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at: _____ addressed as follows:

☐ (BY MAIL) I caused such envelope with postage thereon fully prepaid to be placed in the United States mail at _____, California.

☐ (BY PERSONAL SERVICE) I caused such envelope to be delivered by hand to the offices of the addressee.

Executed on _____, 19____ at _____, California.

☐ (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

☐ (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

_____
Signature

8400471499

VERIFICATION

STATE OF CALIFORNIA, COUNTY OF Orange

I have read the foregoing Answers to Interrogatories and know its contents.

☒ CHECK APPLICABLE PARAGRAPH

☒ I am a party to this action. The matters stated in it are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am ☐ an Officer ☐ a partner ☐ a _____ of _____

a party to this action, and am authorized to make this verification for and on its behalf, and I make this verification for that reason. I have read the foregoing document and know its contents. The matters stated in it are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

☐ I am one of the attorneys for _____, a party to this action. Such party is absent from the county of aforesaid where such attorneys have their offices, and I make this verification for and on behalf of that party for that reason. I have read the foregoing document and know its contents. I am informed and believe and on that ground allege that the matters stated in it are true.

Executed on December 28, 19 83 at Huntington Beach, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Charles Kenney
Signature

ACKNOWLEDGMENT OF RECEIPT OF DOCUMENT CHARLES KENNEY
(other than summons and complaint)

Received copy of document described as _____

on _____ 19____.

_____
Signature

PROOF OF SERVICE BY MAIL

STATE OF CALIFORNIA, COUNTY OF

I am employed in the county of _____, State of California.

I am over the age of 18 and not a party to the within action; my business address is: _____

On _____ 19____, I served the foregoing document described as _____

_____ on _____

in this action by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at: _____

addressed as follows:

☐ (BY MAIL) I caused such envelope with postage thereon fully prepaid to be placed in the United States mail at _____, California.

☐ (BY PERSONAL SERVICE) I caused such envelope to be delivered by hand to the offices of the addressee.

Executed on _____, 19____ at _____, California.

☐ (State) I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

☐ (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

_____
Signature

8404715

ROGERS & DE
A LAW CORPORATION
17111 BEACH BOULEVARD, SUITE 103
HUNTINGTON BEACH, CALIFORNIA

84044715

Federal Election Commission
Washington, D.C. 20463

Attn: Mr. Danny L. McDonald
Chairman

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 4, 1984

David A. Linn, Esquire
Lindley, Linn & Walton
China Creek Professional Building
P.O. Box 2328
Oakhurst, California 93644

Re: MUR 1589
Raymond Krinsky
Sylvia Krinsky

Dear Mr. Linn:

Pursuant to your letter of 29 December 1983 requesting a fourteen-day (14-day) extension in which to answer the interrogatories and request for documents, the Office of the General Counsel has evaluated the circumstances surrounding such request and determined that an extension of time is warranted. Any further questions regarding this matter should be directed to attorney G.A. Finch at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross by GF
Kenneth A. Gross
Associate General Counsel

3404047150 2

Ccc# 1557

Finch
MUR 1589

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

84 JAN 3 P 3:58

Lindley, Linn & Walton

ATTORNEYS AT LAW

ROBERT S. LINDLEY
DAVID A. LINN
F. DANA WALTON
KENNETH R. BALLARD

BIG CREEK PROFESSIONAL BUILDING
P. O. BOX 2328
OAKHURST, CALIFORNIA 93644
(209) 683-8778

5077 BULLION STREET
P. O. BOX 1907
MARIPOSA, CALIFORNIA 95338
(209) 966-3007

PLEASE REPLY TO:
OAKHURST OFFICE

FEC 3 AM 10:26

December 29, 1983

Danny L. McDonald, Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 1589
Raymond Krinsky and Sylvia Krinsky

Dear Mr. McDonald:

Please be advised that Mr. and Mrs. Krinsky are presently forwarding directly to your office a statement of designation of counsel authorizing me to act as their counsel in the aforementioned matter. I have been working with Mr. and Mrs. Krinsky for some time on a related matter.

Please be advised that both Mr. Krinsky and myself have attempted to contact Mr. G.A. Finch of your office a number of times. Due to the holiday season, however, he has been unavailable. I have as of this date contacted a Mr. John Levin, counsel with your office. Pursuant to Mr. Levin's instructions, I am requesting a fourteen-day (14-day) extension in which to answer the interrogatories and request for documents which were served on Mr. and Mrs. Krinsky on December 19, 1983. This extension would be to and including January 12, 1984.

This extension is necessitated by the fact that I have just been designated as counsel for the Krinskys and also due to the fact that we have been unable to contact Mr. Finch pursuant to your letter of December 15, 1983.

Thank you for your courtesy and cooperation in this matter.

Very truly yours,

DAVID A. LINN

DAL:ph
CC:Mr. & Mrs. Raymond Krinsky

3 4 0 4 0 4 7 1 5 0 3

ndley, Linn & Walton
ATTORNEYS AT LAW
A CITRUS PROFESSIONAL BUILDING
P. O. BOX-2328
OAKHURST, CALIFORNIA 93644

3404047 I

FRESNO, CA 937
PM
29DEC
1983

USE CHRIST... SEALS
SUP... YOUR
8¢ FLYING ...

Danny L. McDonald, Chairman
Federal Election Commission
Washington, D.C. 20463

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1983

George L. Rogers
Attorney at Law
Law Office of Rogers and Dib
17111 Beach Boulevard
Suite 103
Huntington Beach, California 92647-5999

Re: MUR 1589
Charles Kenney

Dear Mr. Rogers:

The Federal Election Commission notified your client, Charles Kenney, on September 30, 1983, of a complaint alleging that he had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to Mr. Kenney at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on December 13, 1983, determined that there is reason to believe that Mr. Kenney has violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9, provisions of the Act and regulations. Specifically, it appears that Charles Kenney, as a candidate, for federal office, knowingly accepting a contribution in the form of a $40,000 loan from Raymond and Sylvia Krinsky in violation of the Act's contribution limitations.

Your client's response to the Commission's initial notification of this complaint did not provide complete information regarding the matter in question. Please have Mr. Kenney submit answers to the enclosed questions within 10 days of receipt of this letter. Statements should be submitted under oath.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information demonstrating that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed Commission procedures.

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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 your client wishes the matter to be made public.

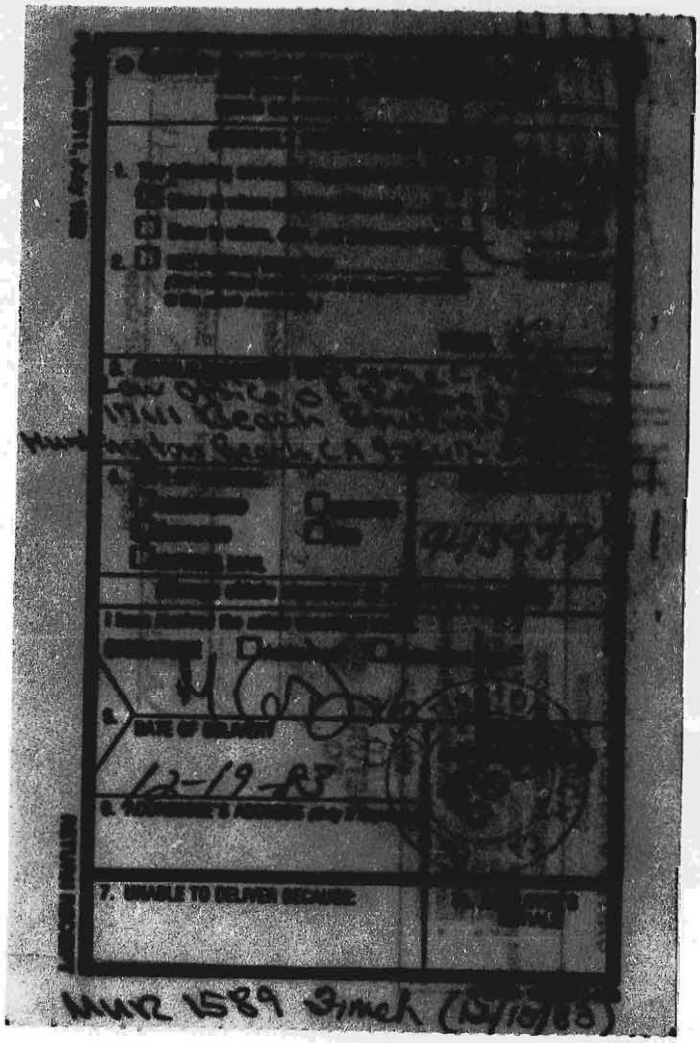
If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4039.

Sincerely,

Danny L. McDonald

Danny L. McDonald,
Chairman

Enclosure
Procedures
Interrogatories



3 4 0 4 0 4 7 1 5 0 6

INTERROGATORIES AND/REQUEST FOR DOCUMENTS

TO: Charles Kenney

With respect to the $40,000 loan made to you by Raymond and Sylvia Krinsky in November 1981:

1) List all occasions upon which you discussed the making of the loan with Mr. and/or Mrs. Krinsky prior to the time it was made, including the date and substance of each such discussion.

2) Please state the purpose of the loan as understood between you and Mr. and Mrs. Krinsky.

3) Please provide the Commission with copies of all written agreements evidencing the loan and its terms. If no such documents exist, please state all terms of the loan, including but not limited to:

a) the date the loan was made;
b) the ending date of the repayment period;
c) the repayment schedule
d) the interest rate on the loan and the method used to calculate such interest;
e) the conditions upon which the loan could become due upon demand;
f) the collateral for the loan;
g) the names and addresses of all witnesses to the loan.

4) Please state the form in which you received the loan, e.g., cash, check, money order, etc.

5) Please describe how and on what date(s) you disbursed the proceeds of the $40,000 loan you received from the Krinskys.

3404047 1507

With respect to the $40,000 loan you made to the Kenney for Congress Committee on March 31, 1982 and repaid to you on April 4, 1982:

1) Please state the purpose of the loan.

2) Please state the form in which you made the loan to the committee, e.g., cash, check, money order, etc.

3) If a written instrument was used to make the loan, please provide a copy of such instrument.

4) Please describe what you did with the proceeds of the loan after the committee repaid you on April 4, 1982.

34047|508

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1983

George L. Rogers
Attorney at Law
Law Office of Rogers and Dib
17111 Beach Boulevard
Suite 103
Huntington Beach, California 92647-5999

Re: MUR 1589
Kenney for Congress and
Esther M. Goff, as Treasurer

Dear Mr. Rogers:

The Federal Election Commission notified your clients, the Kenney for Congress committee and Esther M. Goff, as treasurer, on September 30, 1983, of a complaint alleging that they had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your clients, the Commission, on December 13, 1983, determined that there is reason to believe that your clients have violated 2 U.S.C. §§ 441a(f) and 434(b) and 11 C.F.R. § 110.9, provisions of the Act and regulations. Specifically, it appears that the Kenney for Congress committee and Esther M. Goff, as treasurer, may have accepted contributions in excess of the Act's limitations and failed to properly report a $40,000 contribution/loan.

Your clients' response to the Commission's initial notification of this complaint did not provide complete information regarding the matter in question. Please have your clients submit answers to the enclosed questions within 10 days of receipt of this letter. Statements should be submitted under oath.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your clients, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed Commission procedures.

3404047 1509

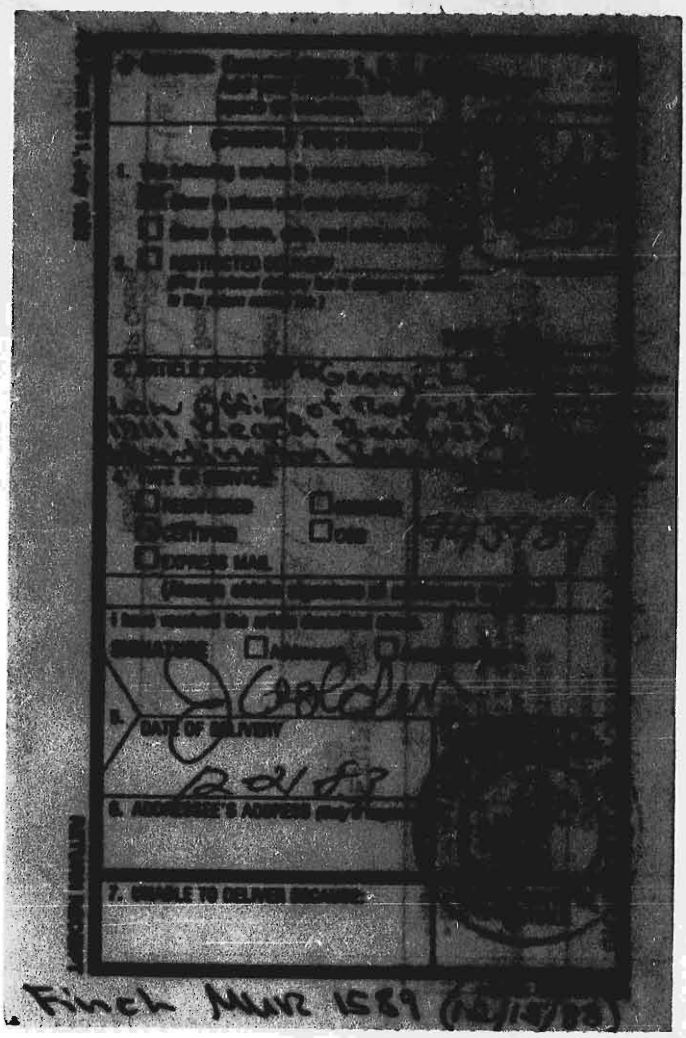
This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public.

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4039.

Sincerely,

Danny L. McDonald
Chairman

Enclosure
Procedures
Interrogatories



3404047150

Interrogatory

TO: Esther Goff

In your July 7, 1983, letter to Mr. Garcia, amending the Kenney for Congress Committee's April Quarterly Report, you listed a $58,000 loan from Consolidated Home Loans as the sole source of the funds constituting Mr. Kenney's March 31, 1982, loan to the Committee. In your October 13, 1983, response to the complaint in MUR 1589, you stated that the funds constituting Mr. Kenney's $40,000 loan to the Committee came from several sources.

Please explain the discrepancy between the information provided in your July 7, 1983 and October 13, 1983, letters to the Commission.

3404047151

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

George L. Rogers
Attorney at Law
Law Office of Rogers and Dib
17111 Beach Boulevard
Suite 103
Huntington Beach, California 92647-5999

15 Dec. 1983

Re: MUR 1589
Kenney for Congress and
Esther M. Goff, as Treasurer

Dear Mr. Rogers:

The Federal Election Commission notified your clients, the Kenney for Congress committee and Esther M. Goff, as treasurer, on September 30, 1983, of a complaint alleging that they had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your clients, the Commission, on , 198 , determined that there is reason to believe that your clients have violated 2 U.S.C. §§ 441a(f) and 434(b) and 11 C.F.R. § 110.9, provisions of the Act and regulations. Specifically, it appears that the Kenney for Congress committee and Esther M. Goff, as treasurer, may have accepted contributions in excess of the Act's limitations and failed to properly report a $40,000 contribution/loan.

Your clients' response to the Commission's initial notification of this complaint did not provide complete information regarding the matter in question. Please have your clients submit answers to the enclosed questions within 10 days of receipt of this letter. Statements should be submitted under oath.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your clients, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed Commission procedures.

3 4 0 4 0 4 7 1 5 1 2

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 your client wishes the matter to be made public.

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4039.

Sincerely,

Enclosure
Procedures
Interrogatories

3404047151 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1983

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mrs. Sylvia Krinsky
23542 Via Benavente
Mission Viejo, California 92692

Re: MUR 1589
Sylvia Krinsky

Dear Mrs. Krinsky:

On September 12, 1983, the Commission received your complaint against Charles G. Kenney alleging violations of the Federal Election Campaign laws. We have numbered this matter MUR 1589. Please refer to this number in all future correspondence.

Upon review of all the available information, the Commission on December 13, 1983, determined that there is reason to believe that you may have violated 2 U.S.C. § 441a(1)(A) by making an excessive contribution, in the form of a $40,000 loan, to candidate Charles G. Kenney for his congressional campaign.

Your submissions to the Commission do not provide complete information regarding the matter in question. Please submit answers to the enclosed questions within ten days of receipt of this letter. Your statements should be submitted under oath.

The Office of the General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information demonstrating that no further action should be taken against you, the Office of the General Counsel must proceed to the next compliance stage, as noted on page 2, paragraph 2, of the enclosed Commission procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

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If you 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.

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4039.

Sincerely,

Danny L. McDonald,
Chairman

Enclosures
Procedures
Designation of Counsel Form
Interrogatories

3404047151S

INTERROGATORIES AND REQUEST FOR DOCUMENTS

TO: Raymond Krinsky

With respect to the $40,000 loan you made to Charles Kenney in November 1981:

1) List all the occasions upon which you discussed making the loan with Mr. Kenney prior to the time it was made, including the date and substance of each such discussion.

2) Please state the purpose of the loan as understood between you and Mr. Kenney.

3) Please provide copies of all written agreements evidencing the loan and its terms. If no such documents exist, please state all terms of the loan, including but not limited to:

a) the date the loan was made;
b) the ending date of the repayment period;
c) the repayment schedule;
d) the interest rate on the loan and the method used to calculate such interest;
e) the condition(s) upon which the loan could become due upon demand;
f) all collateral for the loan;
g) the names and addresses of all witnesses to the loan.

4) Please list all source(s) of the funds that constituted your $40,000 loan to Charles Kenney, e.g., personal funds, bank loan, stockbrokerage, insurance firm, etc.

5) If your response to interrogatory number 4 is personal funds, please provide:

a) the name and address of the financial institution in which those funds were held immediately prior to the making of the loan;

3404047151 6

b) the number(s) for the account(s) from which the funds were withdrawn;
c) the name(s) in which all such accounts were held; and
d) the date upon which the funds were withdrawn and the method of withdrawal, e.g., cash, check, money order.

6) If your response to interrogatory number 4 is a loan, please provide:

a) the name and address of the financial institution or other party that made the loan;
b) the terms of the loan; and
c) the date of the loan.

7) Please state the form in which you disbursed the $40,000 loan to Mr. Charles Kenney, e.g., cash, personal check, money order, etc.

8) If the loan to Mr. Kenney was made by written instrument, please provide a copy of such instrument.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mrs. Sylvia Krinsky
23542 Via Benavente
Mission Viejo, California 92692

12-15-83

Re: MUR 1589
Sylvia Krinsky

Dear Mrs. Krinsky:

On September 12, 1983, the Commission received your complaint against Charles G. Kenney alleging violations of the Federal Election Campaign laws. We have numbered this matter MUR 1589. Please refer to this number in all future correspondence.

Upon review of all the available information, the Commission on December 13, 1983, determined that there is reason to believe that you may have violated 2 U.S.C. § 441a(1)(A) by making an excessive contribution, in the form of a $40,000 loan, to candidate Charles G. Kenney for his congressional campaign.

Your submissions to the Commission do not provide complete information regarding the matter in question. Please submit answers to the enclosed questions within ten days of receipt of this letter. Your statements should be submitted under oath.

The Office of the General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information demonstrating that no further action should be taken against you, the Office of the General Counsel must proceed to the next compliance stage, as noted on page 2, paragraph 2, of the enclosed Commission procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

3404047151 8

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.

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4039.

Sincerely,

Enclosures
Procedures
Designation of Counsel Form
Interrogatories

3404047151519

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 1983

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Raymond Krinsky
23542 Via Benavente
Mission Viejo, California 92692

Re: MUR 1589
Raymond Krinsky

Dear Mr. Krinsky:

On September 12, 1983, the Commission received your complaint against Charles G. Kenney alleging violations of the Federal Election Campaign laws. We have numbered this matter MUR 1589. Please refer to this number in all future correspondence.

Upon review of all the available information, the Commission on December 13, 1983, determined that there is reason to believe that you may have violated 2 U.S.C. § 441a(1)(A) by making an excessive contribution, in the form of a $40,000 loan, to candidate Charles G. Kenney for his congressional campaign.

Your submissions to the Commission do not provide complete information regarding the matter in question. Please submit answers to the enclosed questions within ten days of receipt of this letter. Your statements should be submitted under oath.

The Office of the General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information demonstrating that no further action should be taken against you, the Office of the General Counsel must proceed to the next compliance stage, as noted on page 2, paragraph 2, of the enclosed Commission procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

3404047 1520

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.

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4039.

Sincerely,

Danny L. McDonald,
Chairman

Enclosures
Procedures
Designation of Counsel Form
Interrogatories

3404047 1521

INTERROGATORIES AND REQUEST FOR DOCUMENTS

TO: Sylvia Krinsky

With respect to the $40,000 loan you made to Charles Kenney in November 1981:

1) List all the occasions upon which you discussed making the loan with Mr. Kenney prior to the time it was made, including the date and substance of each such discussion.

2) Please state the purpose of the loan as understood between you and Mr. Kenney.

3) Please provide copies of all written agreements evidencing the loan and its terms. If no such documents exist, please state all terms of the loan, including but not limited to:

- **a) the date the loan was made;**
- **b) the ending date of the repayment period;**
- **c) the repayment schedule;**
- **d) the interest rate on the loan and the method used to calculate such interest;**
- **e) the condition(s) upon which the loan could become due upon demand;**
- **f) all collateral for the loan;**
- **g) the names and addresses of all witnesses to the loan.**

4) Please list all source(s) of the funds that constituted your $40,000 loan to Charles Kenney, e.g., personal funds, bank loan, stockbrokerage, insurance firm, etc.

5) If your response to interrogatory number 4 is personal funds, please provide:

- **a) the name and address of the financial institution in which those funds were held immediately prior to the making of the loan;**

3404047 1522

b) the number(s) for the account(s) from which the funds were withdrawn;
c) the name(s) in which all such accounts were held; and
d) the date upon which the funds were withdrawn and the method of withdrawal, e.g., cash, check, money order.

6) If your response to interrogatory number 4 is a loan, please provide:

a) the name and address of the financial institution or other party that made the loan;
b) the terms of the loan; and
c) the date of the loan.

7) Please state the form in which you disbursed the $40,000 loan to Mr. Charles Kenney, e.g., cash, personal check, money order, etc.

8) If the loan to Mr. Kenney was made by written instrument, please provide a copy of such instrument.

3404715523

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Raymond Krinsky
23542 Via Benavente
Mission Viejo, California 92692

12-15-83

Re: MUR 1589
Raymond Krinsky

Dear Mr. Krinsky:

On September 12, 1983, the Commission received your complaint against Charles G. Kenney alleging violations of the Federal Election Campaign laws. We have numbered this matter MUR 1589. Please refer to this number in all future correspondence.

Upon review of all the available information, the Commission on December 13, 1983, determined that there is reason to believe that you may have violated 2 U.S.C. § 441a(1)(A) by making an excessive contribution, in the form of a $40,000 loan, to candidate Charles G. Kenney for his congressional campaign.

Your submissions to the Commission do not provide complete information regarding the matter in question. Please submit answers to the enclosed questions within ten days of receipt of this letter. Your statements should be submitted under oath.

The Office of the General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information demonstrating that no further action should be taken against you, the Office of the General Counsel must proceed to the next compliance stage, as noted on page 2, paragraph 2, of the enclosed Commission procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

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If you 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.

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4039.

Sincerely,

Enclosures
Procedures
Designation of Counsel Form
Interrogatories

3404047115525

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Charles Kenney,	)	MUR 1589
Kenney for Congress and	)	
Esther M. Goff, Treasurer	)	

CERTIFICATION

I, Marjorie W. Emmons, Recording Secretary for the Federal Election Commission Executive Session on December 13, 1983, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 1589:

1. Find reason to believe that Charles Kenney violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9.

2. Find reason to believe that Kenney for Congress and Esther Goff, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b) and 11 C.F.R. § 110.9.

3. Find reason to believe that Raymond Krinsky violated 2 U.S.C. § 441a(a)(1)(A).

4. Find reason to believe that Sylvia Krinsky violated 2 U.S.C. § 441a(a)(1)(A).

5. Approve the letters and interrogatories attached to the General Counsel's report dated December 2, 1983.

Commissioners Aikens, Harris, McDonald, McGarry, and Reiche voted affirmatively for the decision; Commissioner Elliott dissented.

Attest:

12/14/83
Date

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

3404047 1526

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM

DATE: DECEMBER 8, 1983

SUBJECT: ADDITIONAL OBJECTION - MUR 1589
First General Counsel's Report
signed December 2, 1983

The above-named document was circulated to the Commission on Monday, December 5, 1983 at 11:00.

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

Commissioner Aikens	
Commissioner Elliott	X
Commissioner Harris	X
Commissioner McDonald	
Commissioner McGarry	
Commissioner Reiche	

This matter will be placed on the Executive Session agenda for Tuesday, December 13, 1983.

3404715527

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM JCR

DATE: DECEMBER 5, 1983

SUBJECT: OBJECTION - MUR 1589 First General Counsel's Report signed December 2, 1983

The above-named document was circulated to the Commission on Monday, December 5, 1983 at 11:00.

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

Commissioner Aikens	_____
Commissioner Elliott	_____
Commissioner Harris	X
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Reiche	_____

This matter will be placed on the Executive Session agenda for Tuesday, December 13, 1983.

3404047152 8

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: Office of the Commission Secretary

FROM: Office of General Counsel

DATE: December 2, 1983

SUBJECT: MUR 1589 - First General Counsel's Report

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

Open Session _____

Closed Session _____

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

3404047 1529

SENSITIVE

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

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

83 DEC 2 P4:01

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION _____

MUR # 1589
DATE COMPLAINT RECEIVED
BY OGC September 16, 1983
DATE OF NOTIFICATION TO
RESPONDENT September 20, 1983
STAFF MEMBER G.A. Finch

COMPLAINANTS' NAMES: Raymond Krinsky, Sylvia Krinsky

RESPONDENTS' NAMES: Charles Kenney, Kenney for Congress and Esther M. Goff, Treasurer

RELEVANT STATUTES: 2 U.S.C. §§ 434(b), 441a(a)(1)(A) and 441(a)f
11 C.F.R. §§ 100.7, 102.7 and 110.9

INTERNAL REPORTS CHECKED: Report of Kenney for Congress

FEDERAL AGENCIES CHECKED: None

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GENERATION OF MATTER

This matter was initiated by an outside complaint on September 16, 1983.

SUMMARY OF ALLEGATIONS

Raymond and Sylvia Krinsky, husband and wife, cite in their complaint additional facts in support of their original allegation in closed MUR 1553 that Charles Kenney may have violated the Act by accepting a loan of $40,000 from the Krinskys for use in his campaign and failing to properly report the loan to the Commission.

According to the original complaint (Attachment IV) Charles Kenney, a California congressional candidate, borrowed $40,000 from the complainants for his congressional campaign during November 1981 and defaulted on the loan on November 10, 1982.

The pre-primary report of the Kenney for Congress committee ("the Committee"), Charles Kenney's principal campaign committee, shows that the candidate made a $40,000 loan to the Committee on March 31, 1982, and, on April 4, 1982, the Committee disbursed $40,000 to the candidate as a loan repayment. The complainants suggest that the funds for the $40,000 loan and subsequent disbursement in the name of the candidate originated from the loan that they had made to the candidate. */

In his June 27, 1983, response to the first complaint (MUR 1553), Charles Kenney denied the allegation that the loan was used for his campaign. (Attachment V) He stated that the business purpose of the loan was known to Raymond and Sylvia Krinsky and that such purpose was corroborated by the fact that the loan was used to pay off an existing loan and to supplement his real estate business. Mr. Kenney attached to his response certain documents purporting to show an escrow transaction involving the loan proceeds. The documents showed only that Charles Kenney, his wife Mary Kenney, Southwest Bank, and Majestic Escrow Company were parties to the escrow transaction. Additional documents attached to the response contained real estate information on the candidate's residence at 22992 Lovios,

3404715 3

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*/ A check of the computer contributor index for the FEC reports, which does not list individual contributions below $500, failed to indicate that the complainants made any contributions to any federal candidate including Charles Kenney. In a phone conversation with this Office, Mr. Krinsky stated that he and his wife made contributions to Charles Kenney aggregating $625 during 1982. The FEC reports corroborate the amount of the contributions, but indicate that only Mrs. Krinsky made the contributions.

Mission Viejo, California, as well as bank and ledger information on a $13,980 deposited into the account of Kenney Real Estate.

The evidence in these documents failed to show either that Raymond and Sylvia Krinsky were the source of the funds involved in the escrow transaction or that the proceeds from their loan to Kenney were not the same funds Kenney later loaned his Committee. These documents, alone, did not refute complainants' allegations.

On July 15, 1983, the Reports Analysis Division forwarded documents to the Office of General Counsel that it had received from the Committee's current treasurer in response to an informational request. (Attachment VI) These documents were provided to show the source of the $40,000 loan made to the Committee by the candidate. The documents show that on March 18, 1982, the candidate took out a loan for $58,000 from Consolidated Home Loans for the purpose of repaying a business debt, that the loan was collateralized with a deed of trust on a house owned by the candidate and his wife at 3004 Calle Grande Vista, San Clemente, California, and that part of the proceeds from the $58,000 loan were used by the candidate to make the $40,000 loan to the Committee on March 31, 1982. It was the opinion of the Office of the General Counsel that these corroborated Charles Kenney's contention that the $40,000 loan to his Committee originated from a loan obtained in the ordinary course of

3404715 32

business through the refinancing of one of his investment homes and not from the loan obtained from the Krinskys.

Furthermore, the proximity of Mr. Kenney's receipt of the Consolidated Home Loan (March 18, 1983) to his loan to the Committee (March 31, 1983) strongly suggested to this Office that Kenney's loan to the Committee originated from the Consolidated loan. This information coupled with the fact that the Krinsky loan was made four months prior to Kenney's loan to the Committee, led to the conclusion that the Krinsky loan was not used for campaign purposes.

Based on the above described information this Office recommended, in MUR 1553, that the Commission find no reason to believe that either the candidate, his principal campaign committee, or the complainants violated the Act and that the file be closed. On August 4, 1983, the Commission approved the above recommendations.

Upon receipt of a copy of the Commission's final report in MUR 1553, Mr. Krinsky called this Office several times disagreeing with the Commission's conclusion and contradicting the information presented by Mr. Kenney and his committee. When told to submit his information to the Commission in a sworn statement, he responded with the instant complaint. (Attachment I)

In the present complaint, Mr. Krinsky alleges that the $58,000 Consolidated Home Loan transaction between Mr. Kenney and

3404071533

Consolidated Home Loans could not have been the source of Mr. Kenney's $40,000 loan to the Committee, because the president of Consolidated Home Loans told him that Mr. Kenney only received, in hand, $7,466.17 of that loan. According to a memorandum by the president of Consolidated Home Loans, the $58,000 was, by escrow, disbursed as follows:

Settlement Charges	$ 8,674.54
Pay 1981-82 Taxes	909.01
Pay Mission Viejo Bank	40,950.28
Proceeds disbursed to Borrower	7,466.17
Amount of loan	$58,000.00

The memorandum contradicts the Kenney for Congress Committee's claim that the source of the candidates $40,000 loan to the Committee was the proceeds of the $58,000 loan.

On October 19, 1983, Mr. Kenney filed his response to the instant complaint. (Attachment II) His response states that his negotiations for the Krinsky loan began long before the time he decided to run for Congress; that he never referred to it as a loan for his campaign; that the Krinskys were told of the non-campaign purpose of the loan; that the Krinskys were provided with a copy of Majestic Escrow Company's closing statement regarding the Lovios property; that the $40,000 loaned to his campaign committee was a consolidation of funds from several sources, raised between February 21, 1982 and March 31, 1982; that the $40,000 he received from the Committee as repayment of his loan was used to pay business debts; that none of his $40,000

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loan to the Committee was ever used for campaign purposes; that the complaint is a vindictive gesture by the Krinskys who have continually harassed Mr. Kenney.

On October 25, 1983, Esther M. Goff, treasurer for the Committee, filed her response to the instant complaint. (Attachment III) Her response states that she was not the treasurer during the time of the loan transaction; that, based on the information presented to her by Mr. Kenney, she is satisfied that the Krisky loan was not used for the campaign; that a portion of the Consolidated Home Loans loan constituted one of the sources of the $40,000 loan Mr. Kenney made to the Committee; and that the Krinskys' harassment of Mr. Kenney is designed to recapture the loss they sustained by loaning $40,000 to Mr. Kenney.

The conflicting and incomplete information presented to the Commission by the complainants and the respondents requires the Commission's further determination of the issues raised by the complaint.

If the $40,000 that Mr. Kenney loaned the Committee represents the proceeds from the loan made to the candidate by the complainants, then several provisions of the Act and the regulations may have been violated by both the complainants and the respondents.

2 U.S.C. § 441a(a)(1)(A) prohibits any individual from making contributions in excess of $1,000 to any candidate and his

3404715 35

committee for election to Federal office. The term "contribution" includes any loan used for the purpose of influencing any election for Federal office. 2 U.S.C. § 431(8); 11 C.F.R. § 100.7. The regulations provide that "[a] loan [becomes] a contribution at the time it is made and is a contribution to the extent that it remains unpaid." 11 C.F.R. § 100.7(a)(1)(B). Here, if the $40,000 "loan" was a contribution, it exceeded the allowable aggregate limitation on contributions made to a candidate or his committee with respect to each complainant.

2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9 prohibit a candidate, a political committee, and an officer or employee of a political committee from knowingly accepting any contribution in violation of Section 441a. If the $40,000 loan, made by the complainants was a contribution, it clearly exceeded the contribution limits of § 441a(a)(1)(A); therefore, candidate Kenney may also have violated the Act by knowingly accepting an excessive contribution. Similarly, since Kenney is an agent of the Committee for purposes of accepting contributions (see 11 C.F.R. § 102.7(d)), the Committee and Esther Goff, as treasurer, also may have violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9.

Finally, 2 U.S.C. § 434(b) requires the treasurer of a principal campaign committee to file a report disclosing, among other things, loans made or guaranteed by the candidate as well

3404715536

as all other loans. The candidate is an agent of the Committee for purposes of accepting a contribution. If the $40,000 loan was a contribution, then the Committee had constructive notice that it had been made by complainants to the candidate and failed to correctly report it.

The complaint sufficiently alleges a set of facts that indicate possible violations by the complainants, the candidate and the Committee. The responses by Charles Kenney and Committee Treasurer, Esther M. Goff, neither adequately refute complainants allegations nor adequately clarify the nature of the various loan transactions, the sources of the loan funds and the dispositions of the loan proceeds.

The Office of the General Counsel, therefore, recommends a finding of reason to believe that the Act has been violated.

RECOMMENDATIONS

1. Find reason to believe that Charles Kenney violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9.

2. Find reason to believe that Kenney for Congress and Esther Goff, as treasurer, violated 2 U.S.C. §§ 441a(f) and 434(b) and 11 C.F.R. § 110.9.

3. Find reason to believe that Raymond Krinsky violated 2 U.S.C. § 441a(a)(1)(A).

4. Find reason to believe that Sylvia Krinsky violated 2 U.S.C. § 441a(a)(1)(A).

3404715537

5. Approve attached letters and interrogatories.

Charles N. Steele
General Counsel

December 2, 1983
Date

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments
I. Complaint
II. Charles Kenney's Response
III. Esther M. Goff's Response
IV. MUR 1553 Complaint
V. MUR 1553 Charles Kenney's Response
VI. MUR 1553 Esther M. Goff's Response
VII. Letters
VIII. Interrogatories

3 4 0 4 0 4 7 1 5 3 3

September 12, 1983

FEC
GCC #808
83 SEP 16 P12:18

Finch

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

ATTN: Mr. Charles N. Steele, General Counsel
Mr. Kenneth A. Gross, Associate General Counsel
Mr. G.A. Finch, Staff Member

Subject: Response to MUR #1553 and request for additional information.

Dear Mr. Steele:

This letter is in response to the opinions rendered by the Office of General Counsel (page 4 para. 2).

My wife and I are responding to both your cover letter of August 8, 1983 (4th paragraph), and statement made to me by your Staff Member Mr. G.A. Finch on our last telephone call, that is if any additional information comes to our attention to forward it to you.

Please be advised your report is not accurate and is not acceptable to both of us, our reasons are as follows:

(1) According to your page (2) last paragraph in which you state that we have made no political contributions to any Federal Candidate, including Charles Kenney, this is either your error or Mr. Kenney's, as I have enclosed a copy of campaign statement as filed with the Orange County California's County Registrar's Office and the California Sec'y of State, which shows the sum of $625.00.

(2) Your page (2) paragraph (1) in which Mr. Kenney responds to the complaint that the purpose of the loan was known to Raymond and Sylvia Krinsky, is not true as we only knew what Mr. Kenney told us in our home. When he requested our help towards his Congressional Campaign; we also realize that we had no control over the funds loaned, once he received the $40,000.00. We knew nothing of Mr. Kenney's Real Estate business, except his statement that he was doing well. We don't know what loan Mr. Kenney is talking about as he had taken out a number of them on various real estate transactions, but the 2nd note and trust deed of 22992 Lovios, Mission Viejo, CA 92691, which was his own personal residence, and was signed by him and his wife and Majestic Escrow Co., in which he held a partnership interest, without my knowledge, which is also a violation of the State of California's Corporations laws, when not disclosed. There was only (1) 1st trust deed holder at 22992 Lovios and the 1st trust deed holder was Downey Savings & Loan Association, 3200 Bristol St., Costa Mesa, CA 92626., and you can verify this information with Mr. Rick Wilson, Loan Service Manager, at the same address.

(3) According to your page (3) paragraph (1) statement that the loan in question $40,000.00, came from Consolidated Home Loans; the following information refutes that statement. According to Mr. Randolph Brusca, President of Consoldiated Home Loans, (copy enclosed) the $58,000 loan was taken out by Mr. & Mrs. Kenney to satisfy a Junior loan on property of 3004 Calle Grande Vista, San Clemente, CA and that the check was made out to Mission Viejo National Bank in the sum of $40,950.28. I am sure you are aware that this sum

Attachment I, p. 1

3404715 39

was transferred in escrow and the only funds then available to Mr. Kenney was the sum of $7,466.17.

This information was made available to me by Mr. Brusca as the property in question was recently in foreclosure by Mr. Brusca and is currently on the market for sale, and I am looking into this property for a possible purchase by a family member.

We believe this matter could have been resolved by now had you let us appear before your commission, when we advised Mr. G.A. Finch that we were available and approximately 100 miles from Washington, D.C. the first few weeks of July, 1983.

Encl (3)
CC: Senator Baker
Cong. Packard

Raymond Krinsky
RAYMOND KRINSKY

Sylvia Krinsky
SYLVIA KRINSKY

23542 Via Benavente
Mission Viejo, CA 92692

State of California
County of Orange ss

Subscribed and sworn to before me on September 13,1983.

Debbie MarRham

OFFICIAL SEAL
DEBBIE MARKHAM
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Feb. 27, 1984

3404047 1540

Attachment I, p. 2

CONSOLIDATED HOME LOANS

17501 Irvine Boulevard, Suite Eight
Tustin, California 92680
714 730-5353 213 566-7600

September 9, 1983

TO WHOM IT MAY CONCERN:

Re: Charles G. Kenney
Mary J. Kenney
3004 Calle Grande Vista
San Clemente, Ca

The following is the disbursement of funds from our escrow which closed on March 18, 1982:

New loan	$58,000.00
Settlement Charges	$ 8,674.54
Pay 1981-1982 Taxes	909.01
Pay Mission Viejo Bank	40,950.28
Proceeds disbursed to Borrower	7,466.17

CONSOLIDATED HOME LOANS

Randolph R. Brusca,
President

Attachment 3, p. 3

3404047154

ccc#984

RECEIVED AT THE FEC
03 OCT 19 A9:38

Charles G. Kenney
P.O. Box 65
El Toro, Ca. 92630

Finch

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

October 12, 1983

RE: MUR 1589

Dear Mr. Gross:

This is in answer to your letter of September 30, 1983 whereby you attached the complaint from Mr. and Mrs. Raymond Krinsky. I will respond by paragraph number so that an identifiable sequence can be established.

83 OCT 19 A11:50

Responding to paragraph (1) of the complaint: At no time did I ever indicate that the Krinskys did not contribute to my campaign. In fact, the amount indicated by them is correct.

Responding to paragraph (2) of the complaint: The statement by the Krinskys is entirely false. As I indicated in my letter to you of June 19, 1983, the negotiations for the loan from them was started well before I decided to run for Congress. At no time did the conversation include any comments about a campaign loan. They were at all times advised of the purpose of the loan and the closing statement furnished you indicates their awareness of the distribution of the proceeds from the loan. The repeating of the information in the aforementioned letter should not be necessary as I am sure you have this on file in your office. However, I would like to reiterate the time lag from the time the negotiations for the loan started, was in excess of six months because of the requirements placed on me from Mr. and Mrs. Krinsky. It is therefore quite obvious that the start of this transaction was long before my intentions to run for Congress.

Further answering Paragraph (2) of the complaint: At no time did I ever say I had another trust deed on Lovios other than Mr. Krinsky's. I held other property which had junior liens, but he is correct that he was the only note at that time on that particular property other than the 1st trust deed to Downey Savings and Loan Association.

Responding to Paragraph (3) of the complaint: The $40,000 loaned to my campaign committee was a consolidation of funds from the following resources:

3404047154 2

Attachment II, p. 4

1.	Proceeds of note payable from Mr. Vasquez	$ 7,466.	2/21/82
2.	Sale of trust deed to Mr. Trapasso	11,200.	2/24/82
3.	Sale of note to Mr. John Street	3,720.	3/11/82
4.	Sale of property (Manzano) 1/3rd interest	7,239	3/14/82
5.	Proceeds from Consolidated Home Loan	7,466	3/18/82
6.	Sale of stock to Mr. Ron Mayes	5,000	3/21/82

All of the above took place subsequent to February 21, 1982 and prior to March 31, 1982. This is all in addition to my personal income from wages and commissions. Upon the repayment from the committee to me this money was used to pay business debts as indicated in my prior correspondence.

Again, I would like to state that none of the $40,000 referred to above, that was loaned to the committee, was ever used for campaign purposes and was repaid to me almost immediately. (Re: my previous letter). I wholeheartedly affirm that no wrongdoing was intended nor do I believe any committed.

The furtherance of this complaint is instituted by Mr. and Mrs. Krinsky as a vendictive jesture as are all the calls and visits he makes to people in our community to degrade me. The continued harrasement by him as placed unnecessary burdens on me, my family, and the Committee.

I sincerely hope the above information, together with that furnished by me previously, will be sufficient to satisfy any doubts the Commission may have.

Very truly yours,

Charles G. Kenney

As stated above and in my previous correspondence, none of Mr. and Mrs. Krinsky's money was ever used for the campaign and I declare under penalty of perjury that the foregoing is true and correct and to the best of my knowledge and belief.

Charles G. Kenney

10/12/83
Date

Subscribed and sworn to before me on

October 12, 1983

Esther M. Goff

Esther M. Goff, Notary Public
State of California, County of Orange

OFFICIAL SEAL
ESTHER M GOFF
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY
My comm. expires MAR 9, 1984

Attachment II, p. 5

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Oct #1005

83 OCT 25 A9:43

Esther Goff, Treasurer
Kenney For Congress Committee
P.O. Box 65
El Toro, Ca. 92630

FINCH
MUR 1589

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

October 13, 1983

RE: MUR 1589

Dear Mr. Gross:

In reply to your inquiry pertaining to a further complaint by Mr. & Mrs. Krinsky, the candidate has advised me he is responding to your request under separate cover.

Attached is the statement of designation of counsel. The attorney will represent the candidate and the Committee should the need arise.

I was not the treasurer at the time the alleged transaction took place; however, a review of all the records do not indicate that any wrong doing ever occurred and Mr. Kenney has provided me with adequate information to satisfy me that Mr. & Mrs. Krinsky's money was never used for the campaign. In addition, I find no reporting violations regarding receipt of monies for the campaign. Please refer to my previous reports submitted to Mr. Roberto Garcia, Reports Analyst, dated July 7, 1983.

In reference to this further complaint, regarding the monies received from proceeds of financing investment property in San Clemente, only a portion of the proceeds was used in conjunction with other monies received by Mr. Kenney for his real estate business and together with his personal funds to comprise an amount of $40,000. Again, I refer to you the rport to Mr. Garcia.

I find this continous harrasement by the Krinskys extremely vendictive in nature and turning into an obsession with them to recapture their loss. They entered into a business transaction with Mr. Kenney and as with all business negotiations (especially with trust deeds) were apprised and knowledgeable of the risks involved as a junior trust deed lien holder.

I do hope that this matter is resolved soon. Please advise if I can be of further assistance to you.

Sincerely,

Esther M. Goff

Esther M. Goff,
Treasurer

Attachment III, p. 6

3404047154

34040471545

Ma 16, 1983

JUN 8 P3:08

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

To Whom It May Concern:

On two separate occasions between October 1, and November 9, 1981, Mr. Charles Kenney visited my home to discuss a loan of $40,000, for a period of one year which he claimed he needed for his Congressional Campaign, as he claimed he intended to run as a Candidate for the 43rd Congressional District race primary.

At both of these meetings he appeared before my wife and myself, alone and when questioned as to what security he could offer for this loan, he stated he could offer a second note and trust deed on his own personal residence of 22992 Lovios, Mission Viejo, CA 92691.

After further questioning as to whether his house, in the event of foreclosure would cover the added loan, he informed us that he would not have to lose the house as he had other holdings and would have no trouble in meeting his committment.

In November 10, 1982 the loan was due and in default and Mr. Kenney claimed he lost all his funds in the campaign. After checking with my attorney, he advised me to go to the County Recorder's office and get copies of the complete campaign report. After receiving said report, I found one entry in the sum of $40,000, which Mr. Kenney stated was his; he deposited this sum on March 31, 1982 and withdrew it on April 4, 1982, four days later. My attorney and accountant termed this action suspicious and a possible laundering of campaign funds, and advised me to report it to the various government agencies concerned therewith. In no way does the campaign report show that the $40,000 was borrowed from my wife and myself.

Thank you for your cooperation and consideration in this matter.

Very truly yours,

Raymond Krinsky
RAYMOND KRINSKY

Sylvia Krinsky
SYLVIA KRINSKY
23542 Via Benavente
Mission Viejo, CA 92692

Encl: (1)
$40,000 Entry & Withdrawal

State of California }
County of Orange } ss

Subscribed and sworn to before me on June 2,1983.

Debbie Markham
Debbie Markham

Raymond Krinsky
Raymond Krinsky

Sylvia Krinsky
Sylvia Kronsky

Attachment IV, p.1

Charles G. Kenney
Kenney For Congress Campaign
P.O. Box 65
El Toro, Ca. 92630

83 JUN 27 P 1:57

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

RE: MUR 1553

Dear Mr. Gross:

I am in receipt of your letter of June 10, 1983 whereby you attached the complaint from Mr. and Mrs. Raymond Krinsky.

In response to this complaint I catagorically deny the allegation that the loan from them was used for the campaign. They indicated that I met with them in October and November 1981, to discuss a loan for my campaign. The negotiations for this loan started in July 1981, long before I ever intended to run for Congress. At all times they were advised that the purpose of the loan was to pay off an existing loan that was coming due and to supplement my real estate business which was suffering from the declining market. At no time did I ever intend to make a loan from the complaintants to be used for campaigning purposes. The intention was conveyed to them on many occasions that this was a business loan. In August, 1981, Mr. Krinsky required that I have a recent appraisal conducted by Downey Savings and Loan Association to assure him that the equity was sufficient to secure his loan. In addition, he required a statement from the savings and loan company that they would not exercise the due-on-sale clause if he were to place a second trust deed on the house. For a long period Downey Savings and Loan did not respond to my request and it was not until November 1981, that the sufficient documentation was received to satisfy the complaintants. An escrow was opened with Majestic Escrow Company to complete the transaction.

Further evidence that the complaintants were aware of the purpose and use of their funds can be found in the attached closing statement from the escrow company indicating the disbursement of the proceeds from the loan. Your attention is invited to the payment of a demand from Southwest Bank for a loan payoff in the amount of $25,362.73. This was paid directly to Southwest Bank from Escrow. Since Mr. and Mrs. Krinsky had been totally informed of the purpose of my loan with them and further since they had a copy of the closing statement it is quite obvious that this complaint is a further harassment by them because of the loss of their investment.

As indicated, my loan was a business venture by them as further evidenced by the usurous interest rate they charged for the loan. (Twenty-eight -28%- percent). Had not the real estate market declined so rapidly they would have recovered their investment and received a tremendous return.

ATTACHMENT I, p. 1.

Attachment V, p 8

3404047154 6

As the appraisal on the house at 22992 Lovios, Mission Viejo, will indicate there was sufficient equity to secure the loan for them. I had every intention to repay the loan from business gains or the sale of the above property. The reason Mr. Krinsky made the loan was to make a greater profit from this venture than he could anywhere else.

In September, 1982, when it became evident that I could not repay the loan because of continued business reversals, I placed the home on the market so that a sale would satisfy the complaintants debt and return a profit to them and all parties. As time passed, continued price reductions were made to expedite the sale. Because of the depressed real estate market the home did not sell and Mr. Krinsky foreclosed on his note and took title to the property.

I deeply regret that they lost money on their investment. I too lost money and my home. No one could have predicted the rapid and severe decline in the real estate market.

It is apparent that because of this loss, the Krinskys became vindictive of me to such a point that they would make these false accusations whereby a look at the closing statement from their loan fully indicated the disposition of the funds.

As referenced above the $25,362.73 was used to payoff a loan to Southwest Bank and the remaining $13,980.97 was placed in the business account of Kenney Real Estate to cover the cost of operating the business. None of the monies received from the Krinskys was used for the campaign as he indicated.

During the course of the campaign I refinanced one of my investment homes for personal, business and campaign purposes.

On March 31, 1982 I loaned the campaign $40,000 for the purpose of making a district wide mail-out. The next day after consulting with my campaign manager and staff it was decided that it would be futile and a waste of money to do this. The campaign therefore repaid the loan to me and did not make the mailer. The amount of money happened to be coincidently the same amount that Mr. Krinsky loaned to me in November and probably therefore resulted in his complaint.

Since the money was not used at all for any means, I do not feel a violation of the Federal Election Campaign Act of 1971 resulted.

Yours truly,

Charles G. Kenney

Charles G. Kenney

June 19, 1983

Enclosures: List attached

ATTACHMENT I, p. 2

Attachment I, p. 9

3 4 0 4 0 4 7 1 5 4 7

ENCLOSURES LIST

Kenney...RE:MUR 1553

1. Closing statement from Majestic Escrow dated November 17, 1981

2. Multiple Listing for sale/publication of Lovios property.

3. Appraisal on Lovios property dated March 9, 1981 for $270,000.

4. Kenney Real Estate Journal Entries:

   a. Deposit of $13,980.97 dated November 18, 1981 in Receipts Journal

   b. Disbursements Journal showing deposit of $13,980.97

5. Southwest Bank Statement: Kenney Real Estate

   a. Deposit of $13,980.97

   b. Deposit receipt

6. Letter from Southwest Bank

   c. Confirmation of $25,362.72 loan repaid direct from closing statement.

7. Statement of Designation of Counsel.

3404047115548

Attachment V, p.10

Majestic Escrow Company

Date: Nov. 17, 1981

Escrow No.: 702

ESCROW STATEMENT OF: CHARLES G. KENNEY AND MARY J. KENNEY

PROP: 22992 Lovico, Mission Viejo, California

ITEMS						RETAIN FOR INCOME TAX PURPOSES DEBITS	CREDITS
Deposit							
Deposit							
Deposit							
Deposit							
CONSIDERATION							40,000 00
New First Deed of Trust Loan							
Purchase Money Deed of Trust							
Outside of Escrow							
Principal Balance of First Deed of Trust of Record							
Principal Balance of Second Deed of Trust of Record							
ADJUSTMENTS							
Taxes	$	per		from	to		
	$	per		from	to		
Personal Property	$	per		from	to		
Insurance	$	per		from	to		
	$	per		from	to		
Impound, Account Held By Lender							
Interest on	$	at	%	from	to		
	$	at	%	from	to		
	$	at	%	from	to		
Homeowners' Association							
	$	per		from	to		
	$	per		from	to		
	$	per		from	to		
	$	per		from	to		
DISBURSEMENTS							
County Tax Collector				from	to		
County Tax Collector				from	to		
New Fire Insurance Policy, Premium Paid to:							
Termite Company Paid:							
Commission Paid to:							
Commission Paid to:							
Payment of Demand to: SOUTHWEST BANK						25,362 73	
Interest on	$	at	%	from	to 11/18	198 70	
Prepayment Bonus and/or late charges							
Forwarding Fee/Recon Fee						25 00	
Impound Credit							
Payment of Demand to:							
Interest on	$	at	%	from	to		
Prepayment Bonus and/or late charges							
Forwarding Fee							
Building Report Fee							
TITLE CHARGES							
Title Policy and/or ATA Policy						185 60	
Documentary Stamps							
Tax Service Contract							
Recording Fees						17 00	
Reconveyance Fee						40 00	
Title Company Sub Disbursement Control Fee						30 00	
ESCROW CHARGES							
Escrow Fee						125 00	
Drawing Documents						25 00	
Insurance Endorsements							
Notary Fee						10 00	
Loan Escrow Processing Fee							
Beneficiary and/or Demand Processing Fee							
LOAN CHARGES							
Loan Fee to							
Drawing Documents							
Tax Impound							
Insurance Impound							
Credit Report							
Vice / Hardsmith						13,980 97	
THIS STATEMENT FOR INCOME TAX PURPOSES					TOTAL	40,000 00	40,00

ATTACHMENT I, p. 4

Attachment V, p. 11

3404047 I 549

Majestic Escrow Company

25200 La Paz Rd. Suite 107
Laguna Hills, Ca 92653 · (714) 586-9222

Nov. 17 19 81

Mr. & Mrs. Charles Kenney
c/o Kenney Real Estate

ESCROW NO. 702

The following is enclosed for your records:

1. Closing statement
2. Our check in the amount of $13,980.97
3. Escrow instructions to be signed and returned
4. Blank Note and Power of Attorney, signed.
5. Copy of fire insurance policy covering the Mullen property
6. Copy of the title policy covering the Mullen property
7. Assignment of the Deed of Trust, Mullen property
8. Request for Notice, Mullen property
9. Original Note and Trust Deed, Mullen property

Very truly yours,

MAJESTIC ESCROW COMPANY

By Jeri Liggitt

3404047150

Attachment V, p. 10

EQUAL HOUSING OPPORTUNITY

Multiple Listing Service

PART I—RESIDENTIAL PUBLICATION INFORMATION

ML #

PRINT OR TYPE

T.G. 25B3D

Listing Date Sept 20 1982 Expiration Date Dec 20 1982 State CA

Address 22992 Lovios Mission Viejo CA
(Number / Street / City / State)

Legal: Lot 9 Tract 9478 Caravan Date 9-23-82 Zone R-1

X-Street Marguerite / Antes Model Name 76.0

Area MV Elem/Area HL

Model Code K BR/Level 3 B

CAREFULLY FILL IN ALL BLANK SPACES

**EXTRAS	ACDEHK	Age (Apx)	4	Pass	DEFJ
**EXTRAS	DUVWX	View (Type)	LAKE	Roof	TILE
*Apx. Sq. Ft	3200	Air (Type)	CENT	Fence (Type)	BW
# Berms	3	Pool/Spa-H	NO	Split F-R-Area	F.R. AUTO
Fam. Room	YES	Frpl 1-2-3	2	*Patio (Type)	COV
Formal DR	YES	Heat G-E	GAS	Tri Acc	NO
Den	NO	Util Room	IN	Assc. Fee $	39.00
Baths	2.75	220V (Dryer)	YES	Lake Fee $	10.00
Carpets	YES	Gar 1-2-3-E	2	Elem School	SAR HILL
Drapes	YES	SWR CNCTD	YES	JRHI School	NICHOLS
Sh-in G-E	ELEC	Bonds	NO	SRHI School	CAPO V
Vacant	OWN	Appliances	DWSTW	X-mas	NO/VA YES
Lot Size	LL-IRREG			Taxes	1,210.00

To Show Ph# 768-4295 Name IN LO

Remarks OUTSTANDING REMODELED 76 EXTENDED FAMILY ROOM. 2ND T.B. TO BE PAID IN ESCROW. HIGHLY UPGRADED INTERIOR. ONE OF THE NICEST LOTS IN M.V. SUPER VIEW. GOLF CRS, LAKE

Price $ 295,000

Terms: (Circle appropriate financing)
CTNCL-OW/CON 2nd-VA-FHA
Assum-Sub.To-Conv-LS/OP-Exch-ATTD

SWP — % 31,000

OWC WRITE Yrs — P/Mos —

1st $	171.00	Type	COV
*Pmts $	2017	Rate	13.5 - 30YR
Held By	DOWNEY S+L		
Loan #	1-48443-9		
2nd $	60,000	Rate	16%
Pmts $	—	Due Date	1-83
3rd $	23,000	Imp. Inc.	NO
AP #	X11-241-27		

Lock Box 6414

UO Mission Viejo Assn Phone: (714) 581-1330 LO# 057

Owner IN OFFICE Phone: (—) — S/O Comp. 3%
(Please Print)

By Agent CHUCK KENNEY Home* Phone: (714) 768-4295 Approved By:
Please Print — First Name — Last Name — Manager/Broker

BROKER'S COPY

*Indicates an "optional" item which may be supplied by Seller. **Computer blocks need not be verified by seller.

PART II—EXCLUSIVE RIGHT LISTING AGREEMENT

For and in consideration of services to be performed by Mission Viejo Assoc hereafter called Broker, I hereby employ said Broker as my sole and exclusive agent to sell the above described property situated in the City of Mission Viejo County of Orange State of California Commonly known as 22992 Lovios Mission Viejo and legally described as Lot 9 Tract 9478

hereby grant said Broker the sole and exclusive right to sell the same for the price of $ 295,000 on the terms set forth above or for such other price and/or terms to which the undersigned consents. This employment and authority shall commence upon execution hereof, and shall be irrevocable until Dec 20 19 82 at 12:00 o'clock midnight. I hereby authorize and request the publication of this listing in any multiple listing service in which Broker participates.

It is understood that Broker is a member of the Saddleback Valley Board of Realtors Multiple Listing Service, Inc. It is agreed that Broker shall refer this listing to the Multiple Listing Service for distribution to the members of the Multiple Listing Service. These members may act as Sub-Brokers in procuring or attempting to procure a purchaser in accordance with this listing. Broker or Sub-Brokers are authorized to accept a deposit. All the terms of this listing shall apply to a sale or exchange made through a Sub-Broker.

NOTICE: The amount or rate of real estate commissions is not fixed by law. They are set by each Broker individually and may be negotiable between the Seller and Broker.

Seller agrees to pay Broker 3 % of the selling price as a commission in the event of a sale or exchange of the real property by the Broker, any other broker, sub-broker, person, firm or the Seller himself while this listing is in force, including any extension of it. Such compensation shall be paid if property is sold, conveyed, or otherwise transferred within 90 days after the termination of this authority or any extension thereof to anyone with whom agent has had negotiations prior to final termination, provided I have received notice in writing, including the names of the prospective purchasers, before or upon termination of this agreement or any extension thereof. However, I shall not be obligated to pay such compensation if a valid listing agreement is entered into during the term of said protection period. It is further understood that if the property is withdrawn from sale or market, transferred or leased by Seller during the term of this listing, Broker's commission will be immediately due and payable.

I hereby grant you permission to represent and collect commissions from all parties to any exchange and to accept an earnest money deposit on any offer to be submitted.

The Broker is not responsible for vandalism, theft or damage of any nature whatsoever to the property. The property is offered without respect to race, color, creed or national origin. Seller agrees to cooperate in making the property available for inspection by prospective buyers or lenders. Seller represents he is fully authorized to execute this listing, and agrees to secure all necessary signatures to convey marketable title to any purchaser ready, willing and able to purchase the property on the terms and conditions set forth, or upon any other terms and conditions acceptable to Seller. In the event of any litigation regarding this listing, or any right or duty arising under it, the prevailing party shall be entitled to a reasonable attorney's fee.

In the event of the sale of the property, Seller agrees to promptly enter into an escrow, sign all necessary documents to effect a sale, including instructions providing that Seller shall pay the customary escrow and revenue stamp tax charges, furnish a standard California Land Title Association policy of title insurance, and prorate rent, interest, taxes and insurance from close of escrow or date of possession, whichever is sooner. Seller agrees to furnish a licensed termite inspection report if requested by Buyer, showing the property to be free of visible termite infestation, dry rot and fungi to the best knowledge and belief of the inspector.

Broker is authorized to withdraw this listing from the Multiple Listing Service by reporting the property as "Sold" upon execution of a deposit receipt or escrow instructions by buyer and seller. Broker is authorized to report the sales price, terms, and financing for the information, publication, dissemination and use of the subscribers and participants of the Multiple Listing Service.

If a deposit is retained because of buyer's unwillingness to perform, 2 of same shall be retained by or paid to agent, and 10 % to the provided however that agent's portion of any such deposit shall not exceed the amount of the aforesaid compensation.

Broker and Sub-Broker are authorized to show the property to prospective customers. Buyers are authorized to advertise and place signs on the property. Seller: ( ) ( ) Brokers are authorized to place lock box on property. Seller: ( ) ( )

IN CONSIDERATION OF GRANTING BROKER THIS EXCLUSIVE RIGHT LISTING AGREEMENT THE UNDERSIGNED BROKER AGREES TO USE DILIGENCE IN PROCURING A PURCHASER, AND WILL DELIVER THE LISTING FOR PUBLICATION WITHIN TWO BUSINESS DAYS FROM NOON THE DAY SECURED.

Dated Sept 20, 1982

I (WE) HEREBY ACKNOWLEDGE RECEIPT OF A COPY OF THIS LISTING. Sole Owner (one signature) - Joint Owners (Both signatures are required)

In consideration of the above employment, the undersigned agent agrees to use diligence in procuring a purchaser.

Phone 768-4295

Broker/Company MVA

By Approved

Address 22992 Lovios M.V. Phone 581-1330

Mary J. Downey

Attachment No. 13 ATTACHMENT I, Page 6

3 4 0 4 0 4 7 1 5 5 1

84040471552

to MISSION VIEJO County ORANGE State CALIF

Date Price $ REAL Date of Sale Loan Term yrs Property Rights Appraised X Fee Leasehold

Actual Real Estate Taxes $ (yr) Loan charges to be paid by seller $ Other sales concessions

Lender/Client DOWNEY SAVINGS & LOAN Address

Appraiser CINDY COOLEY Instructions to Appraiser

Location	Urban	X Suburban	Rural	Employment Stability
Built Up	X Over 75%	25% to 75%	Under 25%	Convenience to Employment
Growth Rate	Fully Dev	X Rapid	Steady	Slow	Convenience to Shopping
Property Values		X Increasing	Stable	Declining	Convenience to Schools
Demand/Supply		X Shortage	In Balance	Over Supply	Adequacy of Public Transportation
Marketing Time		X Under 3 Mos.	4-6 Mos.	Over 6 Mos.	Recreational Facilities
					Adequacy of Utilities
					Property Compatibility
					Protection from Detrimental Conditions
					Police and Fire Protection
					General Appearance of Properties
					Appeal to Market

Present Land Use 100 % 1 Family % 2-4 Family % Apts. % Condo % Commercial % Industrial % Vacant %

Change in Present Land Use X Not Likely Likely (*) Taking Place (*)

(*) From To

Predominant Occupancy X Owner Tenant % Vacant

Single Family Price Range $ 100,000 to $ 311,000 Predominant Value $ 260,000

Single Family Age NEW yrs to 5 yrs Predominant Age 3 yrs

Note: FHLMC/FNMA do not consider race or the racial composition of the neighborhood to be reliable appraisal factors.

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): SUBJECT IS LOCATED NORTH/WEST OF ALICIA AND MARGUERITE APPROX 1 MILE FROM LAKE MISSION VIEJO GOOD LOCATION AND EXCELLENT CUL DE SAC LOT. SCHOOLS, SHOPPING AND PARKS NEAR BY.

Dimensions 42.43 X 24 X 75 X 98 (C) Area 7000± (sq ft) or Acres Corner Lot

Zoning Classification R-1 Present improvements X do do not conform to zoning regulations

Highest and best use X Present use Other (specify)

	Public	Other (Describe)
Electricity	X	
Gas	X	
Water	X	
Sanitary Sewer	X	

OFF SITE IMPROVEMENTS

Street Access: X Public Private

Surface ASPHALT

Maintenance: X Public Private

X Storm Sewer X Curb/Gutter

X Sidewalk X Street Lights

Topo ROLLING HILLS

Size LARGE

Shape IRREGULAR

View GOOD VIEW OF LAKE

Drainage

Is the property located in a HUD Identified Special Flood Hazard Area? No

Comments (favorable or unfavorable, including any apparent adverse easements, encroachments or other adverse conditions): WITH GOOD VIEW OF LAKE. NO ADVERSE CONDITIONS NOTED.

X Under Construction No. Units ___ Type (det., att., etc.) DET SFR Design (Style) CONV.

Year Built Actual 3 Effective 0-3 No. Stories 2 Exterior ___

Roof Surface TILE Gutters & Downspouts X None Window Type ALUM. SLIDING Storm Sash X Screens ___

Manufactured Housing HUD Label No. ___ Basement % Floor Drain Finished Rooms

Foundation Walls CONCRETE Outside Entrance Sump Pump Finished %

Slab X Crawl Space Concrete Floor % Finished Ceiling

Evidence of Dampness Termites Settlement Finished Floor

Comments: HIGHLY UPGRADED EXCELLENT VIEW OF LAKE

Room Count	Foyer	Living	Dining	Kitchen	Den	Family Rm	Rec Rm	Bedrooms	Baths
Basement									
1st Level		X	X	X		X			1
2nd Level								3	2

Finished area above grade contains: 7 Rooms 3 Bedrooms 3 Bath(s) Gross Living Area 2307 Sq. Ft.

Appliances: Refrigerator X Range/Oven X Disposal X Dishwasher X Fan/Hood X Compactor Other

Heating: FAU Fuel GAS Cond. GOOD Air Cond. X Central Other Fireplace(s)

Floors	X Hardwood	X Carpet Over SLAB	
Walls	X Drywall	Plaster	
Trim/Finish	X Good	Average Fair Poor	
Bath Floor	Ceramic	X VINYL	
Bath Wainscot	Ceramic		

Special Features (including energy efficient items):

Security: Yes/No Storm Sash Insulated Screens Fireplace(s)

Amount/Type: U.O.F.I. Heated

Garage/Carport: X Garage X Attached Detached Carport

No. Cars 2 X Adequate Inadequate Condition GOOD

Quality of Construction (Materials & Finish):

Condition of Improvements:

Room Sizes and Layout:

Closets and Storage:

Insulation-adequacy:

Plumbing-adequacy and condition:

Electrical-adequacy and condition:

Kitchen Cabinets-adequacy and condition:

Compatibility to Neighborhood:

Overall Livability:

Appeal and Marketability:

Est. Remaining Economic Life 50 to 55 Est. Remaining Physical Life

Additional features (special energy efficient items, pools, fences, etc. (describe)): FIREPLACE IN LIVING RM & FAMILY RM, LANDSCAPED, PATIOS, TILE, LIGHTING, FOUNTAIN, FENCING, INTERIOR UPGRADES: WOOD, NAIL PADDER, AND UPGRADED CARPET.

Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) observed, or known to appraiser: NONE

FNMA Form 70 Rev. 7/79 ATTACH DESCRIPTIVE PHOTOGRAPHS OF SUBJECT PROPERTY AND STREET SCENE

Attachment X, p. 14 ATTACHMENT I, p. 7

3404047 1553

VALUATION SECTION

Purpose of Appraisal is to estimate Market Value as defined in Certification & Statement of Limiting Conditions (FHLMC Form 439/FNMA Form 1004) attached. If submitted for FHA/VA, the appraiser must attach (1) sketch or map showing location of subject, street names, distance from nearest intersection, and direction and (2) exterior building sketch of improvements showing dimensions.

Measurements	No. Stories	Sq. Ft.
1 25.5 x 25.5	1	650.25
2 27.5 x 25.5	1	701.25
3 37.5 x 25.5	1	956.25
x	x	
x	x	
x	x	
Total Gross Living Area (List on Market Data Analysis below)		2307

Comments on functional and economic obsolescence: NONE

ESTIMATED REPRODUCTION COST – NEW – OF IMPROVEMENTS:
Dwelling 2307 Sq. Ft. @ $ 43.88 = $ 101,2..
Sq. Ft. @ $ =
Extras
Special Energy Efficient Items
Porches, Patios, etc.
Garage/Car Port 510 Sq. Ft. @ $ 6.58 = $ 3..
Site Improvements (driveway, landscaping, etc.)
Total Estimated Cost New = $ 11..
Less: Physical / Functional / Economic
Depreciation $ 516 / $ 0 / $ 0 = $ 5..
Depreciated value of improvements = $ 1..
ESTIMATED LAND VALUE = $ 1..
(If leasehold, show only leasehold value)
INDICATED VALUE BY COST APPROACH $ =

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes adjustments, reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable is superior to, or more favorable than, the subject property, a minus ($) adjustment is made, thus reducing the indicated value of subject; if a significant item in the comparable is inferior to, or less favorable than, the subject property, a plus ($) adjustment is made, thus increasing the indicated value of the subject.

ITEM	Subject Property	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Address	22992 LOVIOS	27741 TORIJA		22982 LOVIO'S		27261 VENTOSA	
Proximity to Subject		ABIKS		NEXT DOOR		BLKS	
Sales Price	$	$224,900		$290,000			
Price/Living area	$	$160.15		$103.57			
Data Source		BROKER		BROKER			
Date of Sale and Time Adjustment	DESCRIPTION	DESCRIPTION	Adjustment	DESCRIPTION	Adjustment	DESCRIPTION	Adjustment
Location	3-31	2-BJ		1-BJ			
Site/View	GOOD	GOOD		GOOD		GOOD	
Design and Appeal	TYP. GOOD	TYP. SLIGHT	+5000	TYP. GOOD	+5000	TYP.	
Quality of Construction	GOOD	GOOD		GOOD		GOOD	
Age	GOOD	GOOD		GOOD		GOOD	
Condition	3 YRS.	3 YRS.		3 YRS.		YRS.	
Living Area Room Count and Total	GOOD+	AVG+	+3000	GOOD		GOOD	
Gross Living Area	Total Rms. Bdrms. Baths: 7 3x 3 7 4 2	Total Rms. Bdrms. Baths:		Total Rms. Bdrms. Baths: 7 4 2		Total Rms. Bdrms. Baths:	
Basement & Bsmt. Finished Rooms	2307 sq.ft.	2307 sq.ft.		2800 sq.ft.	-7500	sq.ft.	
Functional Utility	N/A	N/A		N/A		N/A	
Air Conditioning	GOOD	GOOD		GOOD		GOOD	
Garage/Car Port	CENTRAL	CENTRAL		CENTRAL		CENTRAL	
Porches, Patio, Pools, etc.	2 CAR			1 CAR			
	PATIO EXCEL LANDSC.		+6000	SPA	-3000		
Special Energy Efficient Items	N/A	N/A		N/A		N/A	
Other (e.g. fireplaces, kitchen equip., remodeling)	2 FIREPLACES BUILTINS	SAME		SAME		SAME	
Sales or Financing Concessions							
Net Adj. (Total)		[X] Plus [ ] Minus $26,000		[ ] Plus [X] Minus $ 15,500		[ ] Plus [ ] Minus $	
Indicated Value of Subject		$270,900		$274,500		$	

Comments on Market Data: SUBJECT IS HIGHLY UPGRADED AND HAS AN EXCELLENT VIEW. SUBJECT WAS A 4 BEDRM MODEL AND OWNER CONVERTED FAMILY ROOM/DINING ROOM. COULD EASILY BE CONVERTED BACK. COMP. #2 HAD SUPERIOR LANDSCAPING. COMP #3 VERY SIMILAR IN APPEAL.

Indicated Economic Market Rent $ _____ /Mo. x Gross Rent Multiplier _____ = $ _____

This appraisal is made [X] as is [ ] subject to the repairs, alterations, or conditions listed below [ ] completion per plans and specifications.

Comments and Conditions of Appraisal: _____

Final Reconciliation: MOST EMPHASIS PLACED ON MARKET DATA APPROACH DUE TO THE AMOUNT OF RECENT SALES DATA AVAILABLE.

Construction Warranty [ ] Yes [X] No Name of Warranty Program _____ Yes, Family Coverage

This appraisal is based upon the above requirements, the certification, contingent and limiting conditions, and Market Value definition that are stated in [X] FHLMC Form 439 (Rev. 10/78)/FNMA Form 1004B (Rev. 10/78) filed with client _____ 19__

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF 3-9 19 81 TO BE $

Appraiser(s) _____ Review Appraiser (if applicable) _____

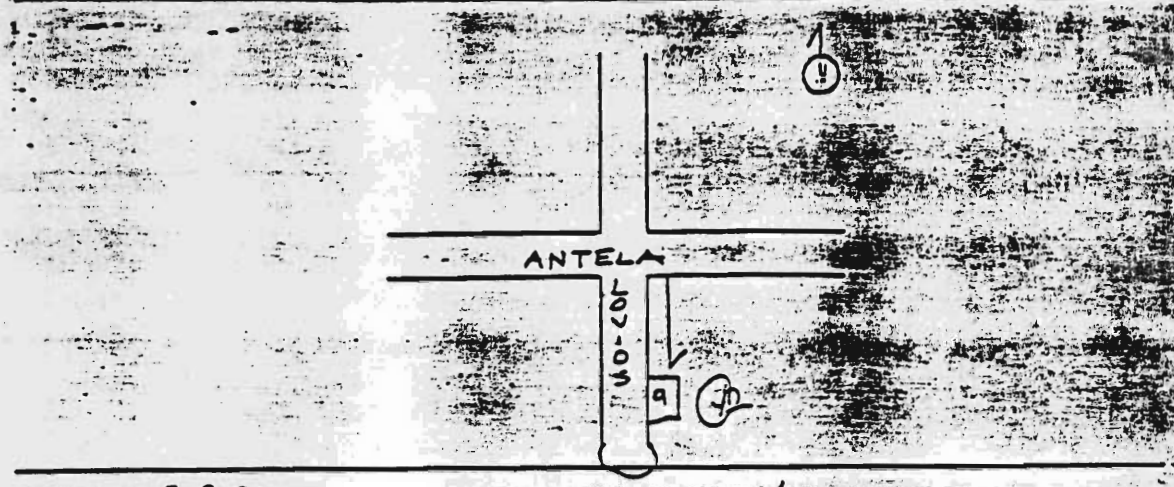
ATTACHMENT V, P. 15

ATTACHMENT 2, p. 8

3404047155 4

DOWNEY SAVINGS AND LOAN ASSOCIATION

LOT LOCATION SKETCH INCLUDING THE PLOTTING OF THE LOCATION OF ANY ADVERSE INFLUENCES. INDICATE NUMBER OF LOTS OR FOOTAGE TO NEAREST CORNER.

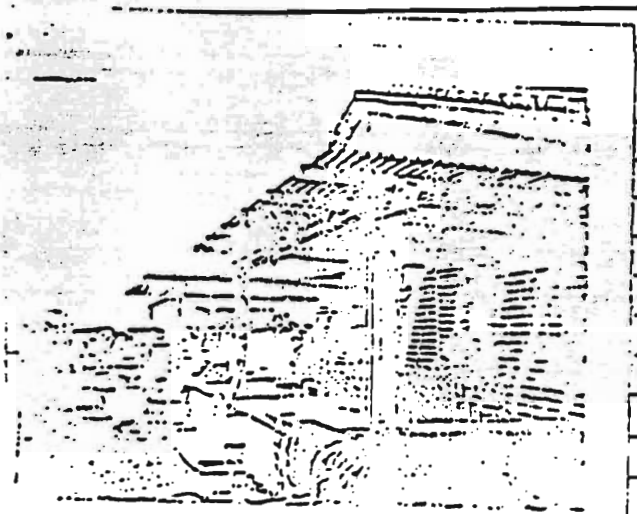


DATE TAKEN 3-9-81 COLOR PHOTOGRAPHS REQUIRED

STAPLE PHOTOS HERE

STAPLE PHOTOS HERE

ADDITIONAL COMMENTS:

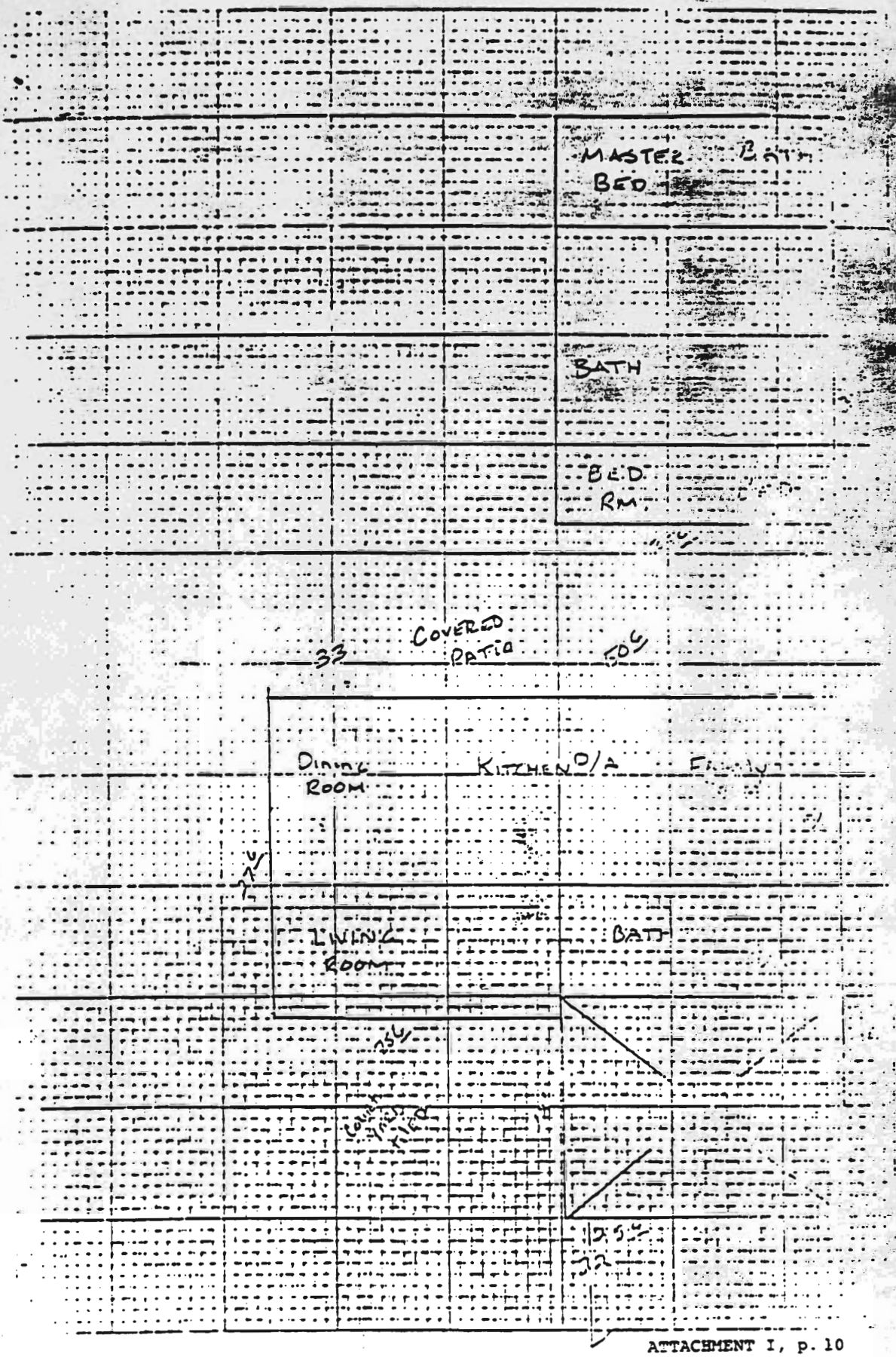


ATTACHMENT I, p. 9

Attachment V, p. 1

3404047155

BUILDING SKETCH
FLOOR PLAN



Attachment IV, p. 17

| | | |

		BALANCE FORWARD												2	243	04									
1		11/13/81	South Coast Shipping Co.						298	31		6087		1	944	73					13510			8
2		11/13/81	Mission Viejo National Bank						201	00		6088		1	931	77	11-13	200	00		13110			8
3		11/13/81	Richard Templeton						40	00		6089		1	894	77					13330			8
4		11/13/81	U.S. Postmaster						100	00		6090		1	794	77					13385			8
5		11/13/81	Standard Supply						300	00		6091		1	644	77	11-13	150	00		41100			7
6		11/13/81	Mission Communications						500			6092		1	852	88	11/16	708	11		13240			1
7		11/16/81	Executive Inn						2000			6093		2	038	38	11/16	1985	50		22200			3
8		11/17/81	Linda Carlson						63	00		6094		3	474	78	11/17	1500	00		43385			01
9			VOIDED						—	—		6095		3	474	78					—			—
10		11/16/81	Pamela Zeltner			24.60		840	84	60		6096		3	390	18					41300			7
11		11/16/81	Alaine Johnson						35	32		6097		3	354	86					1444			1
12		11/19/81	Linda L. Patrick					52.40	56	40		6098		17	279	43	11/19	13980	97		41100			7
13		11/11/81	Unical 76						18	10		6099		17	361	33	11/19	100	00		13330			8
14		11/19/81	Soldier Wash Pickup		Corp				935	00		6100		16	426	33					43570			8
15		11/19/81	Orange County Advertiser						220	00		6101		16	206	33					43510			8
16		11/17/81	Bell Telephone						25	51		6102		16	180	82					13335			
17		11/17/81	TRW Credit Data						31	65		6103		16	149	17					43410			
18		11/19/81	Dow and Bob Inc.						202	78		6104			—						43370			
19		11/17/81	Dow and Bob Inc.						1629	00		6105			—						43310			0
20		11/17/81	Dave - Hyatt						40	11		6106		16	059	06					13410			
21		11/17/81	Mission Viejo National Bank						V 158			6107		15	900	84					—			
22		11/17/81	Coffield Ferguson Insurance						69	78		6108		15	831	05					43305			0
23		11/17/81	Rose Mayes						5	25		6109		15	404	05	11/19	100	00		43537			0
24		11/17/81	Charles Kenney						300	00		6110		12	406	05					22240			
25		11/17/81	Charles Kenney						5	20		6111		11	906	05					22200			
									100	00		6112		10	906	05					22200			

Attachment VI, p. 10

ATTACHMENT I, p. 12

3404047115558

Southwest Bank

MEMBER FDIC

PAGE 1 OF 3

***ASK ABOUT OUR MONEY MARKET CASH ACCOUNT-HIGH RATES & THE FLEXIBILITY TO WRITE CHECKS**

STATEMENT DATE: 11/20/81

ACCOUNT NUMBER: 3 10 161 928

KENNEY REAL ESTATE
25522 JERONIMO
MISSION VIEJO CA 92691
111 1.5E 31 SPCL

TAX ID 262 28 1574 ATM CARD NO

BALANCE LAST STATEMENT	DEPOSITS AND CREDITS NO.	DEPOSITS AND CREDITS TOTAL AMOUNT	CHECKS AND DEBITS NO.	CHECKS AND DEBITS TOTAL AMOUNT	SERVICE CHARGE	BALANCE THIS STATEMENT
22,314.50	17	49546.40	94	53576.08	.00	18,284.82

CHECKING ACCOUNT TRANSACTIONS - CORPORATE ACCOUNT

DATE	DEBITS	CREDITS	DESCRIPTION
11/03		217.00	DEPOSIT
11/03		675.00	DEPOSIT
11/06		99.00	DEPOSIT
11/06		878.73	DEPOSIT
11/06		2,000.00	DEPOSIT
11/09		4,324.28	DEPOSIT
11/13		3,750.00	DEPOSIT
11/13		12,008.51	DEPOSIT
11/16		150.00	DEPOSIT
11/16		200.00	DEPOSIT
11/16		708.11	DEPOSIT
11/17		1,500.00	DEPOSIT
11/17		8,185.50	DEPOSIT
11/19		100.00	DEPOSIT
11/19		100.00	DEPOSIT
11/19		13,980.97	DEPOSIT
11/20		969.30	MISCELLANEOUS CREDIT

CHECKING ACCOUNT CHECKS PAID

CHECK NUMBER	AMOUNT	DATE	CHECK NUMBER	AMOUNT	DATE
***	500.00	11/20	***	59.50	11/19
***	525.00	11/20	***	63.60	11/19
***	12.50	11/20	***	70.00	11/19
***	15.00	11/20	***	85.97	11/19
***	120.00	11/20	***	86.90	11/19
***	200.00	11/20	***	156.64	11/19
***	202.78	11/20	***	209.96	11/19
***	300.00	11/20	***	235.32	11/19
***	1629.00	11/20	***	298.31	11/19
***	3000.00	11/20	***	750.12	11/19
***	5.62	11/19	***	969.30	11/19
***	7.75	11/19	***	200.00	11/18
***	47.50	11/19	***	3.88	11/18
***	47.50	11/19	***	15.00	11/18

* DENOTES GAP IN CHECK NUMBERS

STATEMENT ABBREVIATIONS: AT - AUTOMATIC TRANSFER; ATM - AUTOMATIC TELLER MACHINE; EFT - ELECTRONIC FUNDS TRANSFER; MC - MASTER CHARGE; TDC - TIME CERTIFICATE OF DEPOSIT

ATTACHMENT I, p. 13

Attachment V, p. 20

3 4 0 4 0 4 7 1 5 5 9

DEPOSIT TICKET

KENNEY REAL ESTATE
25622 JERONIMO ROAD
MISSION VIEJO, CA 92691

DATE 11/18 19 81

CHECKS AND OTHER ITEMS ARE RECEIVED FOR DEPOSIT SUBJECT TO THE TERMS AND CONDITIONS OF THE AGREEMENT

CASH		
CHECKS	13910	97
TOTAL FROM OTHER SIDE		
TOTAL	13910	97

PLEASE ITEMIZE ADDITIONAL CHECKS ON REVERSE SIDE

Southwest Bank
24417 Muirfield Blvd.
El Toro, CA 92630

1:122231752: 3101619208 "0001398097"

THIS IS YOUR DEPOSIT RECEIPT

Southwest Bank

Ask About Our Other Services:
Loans of All Types · Escrows · Safe Deposit Boxes and More

3101-6192-8 $13,980.97 CKDP
THANK YOU
11/19/81 SWBANK 31 0008 0008 0036 00014?

ALL ITEMS ARE RECEIVED SUBJECT TO CONDITIONS AND TERMS STATED ON SIGNATURE CARDS CURRENTLY USED. BANK SYMBOL, TRANSACTION NUMBER, DATE AND AMOUNT ARE SHOWN ABOVE.

TEL-245 VP

ATTACHMENT 1, P. 14

3404047156O

PLEASE SEE THAT ALL CHECKS ARE ENDORSED

	TOWN OR TRANSIT NO. OF DRAWEE BANK	DOLLARS	CENTS
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.			
20.			
21.			
22.			
23.			
24.			
25.			
26.			
27.			
28.			
	TOTAL		

PLEASE TRANSFER THIS TOTAL TO REVERSE SIDE

⑈310184962⑆ 10/11/01 SWANK 31 COOR COOR 0% COOR 7% COOR 13/090/97 CKRP THANK YOU

Attachment I, p. 22

Southwest Bank

June 16, 1983

TO WHOM IT MAY CONCERN:

This letter is to verify and confirm that a check in the amount of $25,362.73 dated 11-17-81 to Southwest Bank from Majestic Escrow was used to pay off loan #316203435-14332 in the name of Charles G. and Mary J. Kenney in full.

Chris McCullough
Vice President and Manager

vh

24417 Rockfield Blvd. • P.O. Box 655 • El Toro, CA 92630 • (714) 830-3122

3404047115611

Attachment V p. 33

Esther M. Goff, Treasurer
Kerney For Congress
P.O. Box 65
El Toro, Ca. 92630

Federal Election Commission
Roberto Garcia, Reports Analyst
Reports Analysis Division
Washington, D.C. 20463

FED I.D. # C00146340

Reference: April Quarterly Report (1/1/82-3/31/82)

Dear Mr. Garcia:

The following is an account of the loans made to the campaign committee by the candidate during the above periods and the source of those funds. A copy of this letter has been sent to the Clerk of the House of Representatives as an amendment to our original report.

Date	Amount	Source
February 18, 1982	$ 2,000.00	Personal Funds
March 3, 1982	1,100.00	Personal Funds
March 8, 1982	2,300.00	Personal Funds
March 18, 1982	5,000.00	Proceeds from personal funds from sale of a Trust Deed for $20,000. Trust Deed was held prior to campaign. Trustor: J. Spencer. Sold to Mr. V. Spitelanni on March 8, 1982.
March 21, 1982	100.00	Personal Funds
March 31, 1982	40,000.00	"See below"

The candidate initiated a loan on his investment property in San Clemente, California in February for the amount of $58,000 for the purpose of repaying a business debt. The loan was completed on March 18, 1982. The campaign staff suggested the candidate loan the committee $40,000.00 for a direct mail campaign. On March 31, 1982 the candidate loaned the committee $40,000.00 for that purpose. Subsequently the campaign manager advised the candidate that to make the mail-out would be futile and a waste of money and further suggested that the committee repay the loan to the candidate. On April 4, 1982 the committee repaid the loan to the candidate and he proceeded to repay his business debt as he intended in the beginning.

Since the money was not borrowed for the specific purpose of the campaign, it was not reported as an institutional loan on the quarterly report. Further, the money was not used for any campaign purpose and was repaid immediately. For your information the following is submitted for the amended quarterly report.

3 4 0 4 0 4 7 1 5 6 2

Attachment VI, p. 24

Kenney For Congress
FED I.D. # C00146340

Source of Funds: Consolidated Home Loan
Date Incurred: March 18, 1982
Amount of Loan: $58,000
Date Due: March 18, 1984
Interest Rate: 18%
Security: Residential home at 3004 Calle Grande Vista, San Clemente, Cal.
Endorsers: Charles G. Kenney and Mary J. Kenney
Type of Ownership: Husband and Wife as joint tenants
Percentage of Ownership: 100%
Value of Property: $360,000.00

I hope this answers the questions regarding the source of the funds the candidate used to loan the committee.

Very truly yours,

Esther M. Goff

Esther M. Goff, Treasurer
July 7, 1983

cc: Clerk of the House of Rep.
I.D. # 097225

34047156 3

Attachment VI, p. 75

3404047 1564

RECORDING REQUESTED BY
TITLE INS. & TR. CO.

82-093272

Recorded at the request of
TITLE INSURANCE & TRUST CO.
MAR 1 8 1982
A.M.

AND WHEN RECORDED MAIL TO

CONSOLIDATED HOME LOANS
17501 Irvine Blvd.,
Suite 8
Tustin, Ca 92680

SLOD
C5

SPACE ABOVE THIS LINE FOR RECORDER'S USE

FILE NO.

Deed of Trust and Assignment of Rents

SHORT FORM DEED OF TRUST AND ASSIGNMENT OF RENTS AND CONSENT FOR SPECIAL NOTICE

This DEED OF TRUST made this 9th day of February, 19 82, between the undersigned Trustor and CONSOLIDATED HOME LOANS, a corporation, herein called Beneficiary, and TITLE INSURANCE & TRUST COMPANY, a California corporation, herein called Trustee,

WITNESSETH: That Trustor irrevocably grants and assigns to Trustee in trust, with power of sale, that property in the City of San Clemente, County of Orange, State of California, described as:

12.25% Interest, MACHINE AND REGULATOR REPAIR WORKS, INC., PENSION PLAN, as to an undivided 17.25% interest and LAURA R. RAMIREZ, a widow, as to an undivided 19% interest.

Lot 68 of Tract No. 10014, as shown on a map thereof recorded in Book 450, Pages 44 to 47 inclusive of Miscellaneous Maps, in the office of the County Recorder of said County, Ca.

SUBJECT TO the right, power and authority given and granted to and conferred upon Beneficiary in Paragraph 8 hereof to collect and apply such rents, issues and profits for the purposes therein set forth, and also subject to the right, power and authority hereby given and granted to Beneficiary to enter upon and take possession of said property for the purposes set forth in Paragraph 8 hereof, all for the purpose of securing (1) payment of the sum of $48,000.00 with interest thereon according to the terms of a promissory note or notes of even date herewith made by Trustor, payable to Beneficiary or order and all renewals, modifications and extensions thereof, and (2) the performance of each agreement of Trustor incorporated by reference or contained herein or reciting it is so secured.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Book 7373, Page 705 of Official Records in the office of the County Recorder of Orange County, California, and as amended by Section 2 of Chapter 642 of the Statutes of California of 1961, and all of the provisions set forth in subdivision C of said fictitious deed of trust, are hereby adopted and incorporated herein and made a part hereof as fully and with the same force and effect as if set forth herein at length; that he will observe and perform said provisions; and that the references to property, obligations and parties in said provisions shall be construed to refer to the property, obligations and parties set forth in this Deed of Trust.

The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him at his address hereinbefore set forth.

In accordance with Section 2924b, Civil Code request is hereby made by the undersigned TRUSTOR that a copy of the Notice of Default and a copy of the Notice of Sale under Deed of Trust executed June 22, 1981	
in Book 14097 Page 1441 Official Records of ORANGE County, California,	
recording which were requested, executed by CHARLES C. KENNEY & MARY J. KENNEY	
as Trustor in favor of CAPE FEDERAL SAVINGS & LOAN ASSN	
as Beneficiary and CALIFORNIA LAND TITLE	as Trustee
and recorded in Book Page Official Records of County, California,	
as Instrument No. CONSOLIDATED HOME LOANS	
whose address is 17501 Irvine Blvd. Suite 8, Tustin, California	
(Number and Street) (City) (State)	

Charles C. Kenney
CHARLES C. KENNEY

Mary J. Kenney
MARY J. KENNEY

22992 Lovina
Mission Viejo, Ca 92691

STATE OF CALIFORNIA
COUNTY OF ORANGE

On February 9, 1982 before me, the undersigned, a Notary Public in and for said County, personally appeared Charles C. Kenney and Mary J. Kenney known to me to be the person S whose name S ARE subscribed to the within instrument and acknowledged that THEY executed the same.

WITNESS my hand and official seal.

Randolph R. Bruscia
Notary Public in and for said County and State

My Commission Expires

RANDOLPH R. BRUSCIA
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires June 1, 1985

LOCATOR POSTER

A.P. LOG

Attachment VI, p 26

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

George L. Rogers
Attorney at Law
Law Office of Rogers and Dib
17111 Beach Boulevard
Suite 103
Huntington Beach, California 92647-5999

Re: MUR 1589
Charles Kenney

Dear Mr. Rogers:

The Federal Election Commission notified your client, Charles Kenney, on September 30, 1983, of a complaint alleging that he had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to Mr. Kenney at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your client, the Commission, on , 198 , determined that there is reason to believe that Mr. Kenney has violated 2 U.S.C. § 441a(f) and 11 C.F.R. § 110.9, provisions of the Act and regulations. Specifically, it appears that Charles Kenney, as a candidate, for federal office, knowingly accepting a contribution in the form of a $40,000 loan from Raymond and Sylvia Krinsky in violation of the Act's contribution limitations.

Your client's response to the Commission's initial notification of this complaint did not provide complete information regarding the matter in question. Please have Mr. Kenney submit answers to the enclosed questions within 10 days of receipt of this letter. Statements should be submitted under oath.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information demonstrating that no further action should be taken against your client, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed Commission procedures.

Attachment VII, p.27

3040471565

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 your client wishes the matter to be made public.

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4039.

Sincerely,

Enclosure
Procedures

3404047115666

Attachment VII, p.28

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

George L. Rogers
Attorney at Law
Law Office of Rogers and Dib
17111 Beach Boulevard
Suite 103
Huntington Beach, California 92647-5999

Re: MUR 1589
Kenney for Congress and
Esther M. Goff, Treasurer

Dear Mr. Rogers:

The Federal Election Commission notified your clients, the Kenney for Congress committee and Esther M. Goff, as treasurer, on September 30, 1983, of a complaint alleging that they had violated certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your clients at that time.

Upon further review of the allegations contained in the complaint, and information supplied by your clients, the Commission, on , 198 , determined that there is reason to believe that your clients have violated 2 U.S.C. §§ 441a(f) and 434(b) and 11 C.F.R. § 110.9, provisions of the Act and regulations. Specifically, it appears that the Kenney for Congress committee and its treasurer, Esther M. Goff, may have accepted contributions in excess of the Act's limitations and failed to properly report a $40,000 contribution/loan.

Your clients' response to the Commission's initial notification of this complaint did not provide complete information regarding the matter in question. Please have your clients submit answers to the enclosed questions within 10 days of receipt of this letter. Statements should be submitted under oath.

The Office of General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information which demonstrates that no further action should be taken against your clients, the Office of General Counsel must proceed to the next compliance stage as noted on page 2, paragraph 2, of the enclosed Commission procedures.

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Attachment VII, p.29

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 your client wishes the matter to be made public.

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4039.

Sincerely,

Enclosure
Procedures

34040471568

Attachment VII, p. 30

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Raymond Krinsky
23542 Via Benavente
Mission Viejo, California 92692

Re: MUR 1589
Raymond Krinsky

Dear Mr. Krinsky:

On September 12, 1983, the Commission received your complaint against Charles G. Kenney alleging violations of the Federal Election Campaign laws. We have numbered this matter MUR 1589. Please refer to this number in all future correspondence.

Upon review of all the available information the Commission on , 1983, determined that there is reason to believe that you may have violated 2 U.S.C. § 441a(1)(A) by making an excessive contribution, in the form of a $40,000 loan, to candidate Charles G. Kenney for his congressional campaign.

Your submissions to the Commission do not provide complete information regarding the matter in question. Please submit answers to the enclosed questions within ten days of receipt of this letter. Your statements should be submitted under oath.

The Office of the General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information demonstrating that no further action should be taken against you, the Office of the General Counsel must proceed to the next compliance stage, as noted on page 2, paragraph 2, of the enclosed Commission procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

3404047156 9

Attachment VII, p. 31

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.

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures
Procedures
Designation of Counsel Form

34040471570

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mrs. Sylvia Krinsky
23542 Via Benavente
Mission Viejo, California 92692

Re: MUR 1589
Sylvia Krinsky

Dear Mrs. Krinsky:

On September 12, 1983, the Commission received your complaint against Charles G. Kenney alleging violations of the Federal Election Campaign laws. We have numbered this matter MUR 1589. Please refer to this number in all future correspondence.

Upon review of all the available information the Commission on , 1983, determined that there is reason to believe that you may have violated 2 U.S.C. § 441a(1)(A) by making an excessive contribution, in the form of a $40,000 loan, to candidate Charles G. Kenney for his congressional campaign.

Your submissions to the Commission do not provide complete information regarding the matter in question. Please submit answers to the enclosed questions within ten days of receipt of this letter. Your statements should be submitted under oath.

The Office of the General Counsel would like to settle this matter through conciliation prior to a finding of probable cause. However, in the absence of any information demonstrating that no further action should be taken against you, the Office of the General Counsel must proceed to the next compliance stage, as noted on page 2, paragraph 2, of the enclosed Commission procedures.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

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Attachment VII, p. 33

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.

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4039.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures
Procedures
Designation of Counsel Form

34040471572

Attachment VII, p. 34

INTERROGATORIES AND REQUEST FOR DOCUMENTS

TO: Sylvia Krinsky

With respect to the $40,000 loan you made to Charles Kenney in November 1981:

1) List all the occasions upon which you discussed making the loan with Mr. Kenney prior to the time it was made, including the date and substance of each such discussion.

2) Please state the purpose of the loan as understood between you and Mr. Kenney.

3) Please provide copies of all written agreements evidencing the loan and its terms. If no such documents exist, please state all terms of the loan, including but not limited to:

a) the date the loan was made;
b) the ending date of the repayment period;
c) the repayment schedule;
d) the interest rate on the loan and the method used to calculate such interest;
e) the condition(s) upon which the loan could become due upon demand;
f) all collateral for the loan;
g) the names and addresses of all witnesses to the loan.

4) Please list all source(s) of the funds that constituted your $40,000 loan to Charles Kenney, e.g., personal funds, bank loan, stockbrokerage, insurance firm, etc.

5) If your response to interrogatory number 4 is personal funds, please provide:

a) the name and address of the financial institution in which those funds were held immediately prior to the making of the loan;

3404047157 3

Attachment VIII, p. 35

b) the number(s) for the account(s) from which the funds were withdrawn;
c) the name(s) in which all such accounts were held; and
d) the date upon which the funds were withdrawn and the method of withdrawal, e.g., cash, check, money order.

6) If your response to interrogatory number 4 is a loan, please provide:

a) the name and address of the financial institution or other party that made the loan;
b) the terms of the loan; and
c) the date of the loan.

7) Please state the form in which you disbursed the $40,000 loan to Mr. Charles Kenney, e.g., cash, personal check, money order, etc.

8) If the loan to Mr. Kenney was made by written instrument, please provide a copy of such instrument.

3404047 1574

INTERROGATORIES AND REQUEST FOR DOCUMENTS

TO: Raymond Krinsky

With respect to the $40,000 loan you made to Charles Kenney in November 1981:

1) List all the occasions upon which you discussed making the loan with Mr. Kenney prior to the time it was made, including the date and substance of each such discussion.

2) Please state the purpose of the loan as understood between you and Mr. Kenney.

3) Please provide copies of all written agreements evidencing the loan and its terms. If no such documents exist, please state all terms of the loan, including but not limited to:

- **a) the date the loan was made;**
- **b) the ending date of the repayment period;**
- **c) the repayment schedule;**
- **d) the interest rate on the loan and the method used to calculate such interest;**
- **e) the condition(s) upon which the loan could become due upon demand;**
- **f) all collateral for the loan;**
- **g) the names and addresses of all witnesses to the loan.**

4) Please list all source(s) of the funds that constituted your $40,000 loan to Charles Kenney, e.g., personal funds, bank loan, stockbrokerage, insurance firm, etc.

5) If your response to interrogatory number 4 is personal funds, please provide:

- **a) the name and address of the financial institution in which those funds were held immediately prior to the making of the loan;**

3404715-5

Attachment VIII, p. 37

b) the number(s) for the account(s) from which the funds were withdrawn;
c) the name(s) in which all such accounts were held; and
d) the date upon which the funds were withdrawn and the method of withdrawal, e.g., cash, check, money order.

6) If your response to interrogatory number 4 is a loan, please provide:

a) the name and address of the financial institution or other party that made the loan;
b) the terms of the loan; and
c) the date of the loan.

7) Please state the form in which you disbursed the $40,000 loan to Mr. Charles Kenney, e.g., cash, personal check, money order, etc.

8) If the loan to Mr. Kenney was made by written instrument, please provide a copy of such instrument.

3404047 1576

Interrogatory

TO: Esther Goff

In your July 7, 1983, letter to Mr. Garcia, amending the Kenney for Congress Committee's April Quarterly Report, you listed a $58,000 loan from Consolidated Home Loans as the sole source of the funds constituting Mr. Kenney's March 31, 1982, loan to the Committee. In your October 13, 1983, response to the complaint in MUR 1589, you stated that the funds constituting Mr. Kenney's $40,000 loan to the Committee came from several sources.

Please explain the discrepancy between the information provided in your July 7, 1983 and October 13, 1983, letters to the Commission.

3404047115777

Attachment VIII, p. 39

INTERROGATORIES AND/REQUEST FOR DOCUMENTS

TO: Charles Kenney

With respect to the $40,000 loan made to you by Raymond and Sylvia Krinsky in November 1981:

1) List all occasions upon which you discussed the making of the loan with Mr. and/or Mrs. Krinsky prior to the time it was made, including the date and substance of each such discussion.

2) Please state the purpose of the loan as understood between you and Mr. and Mrs. Krinsky.

3) Please provide the Commission with copies of all written agreements evidencing the loan and its terms. If no such documents exist, please state all terms of the loan, including but not limited to:

a) the date the loan was made;
b) the ending date of the repayment period;
c) the repayment schedule
d) the interest rate on the loan and the method used to calculate such interest;
e) the conditions upon which the loan could become due upon demand;
f) the collateral for the loan;
g) the names and addresses of all witnesses to the loan.

4) Please state the form in which you received the loan, e.g., cash, check, money order, etc.

5) Please describe how and on what date(s) you disbursed the proceeds of the $40,000 loan you received from the Krinskys.

3404047157 8

Attachment VIII, p. 40

With respect to the $40,000 loan you made to the Kenney for Congress Committee on March 31, 1982 and repaid to you on April 4, 1982:

1) Please state the purpose of the loan.

2) Please state the form in which you made the loan to the committee, e.g., cash, check, money order, etc.

3) If a written instrument was used to make the loan, please provide a copy of such instrument.

4) Please describe what you did with the proceeds of the loan after the committee repaid you on April 4, 1982.

34047579

Attachment VIII, p. 41

RECEIVED AT THE FEC
Cat 1358
SEN-LINNS 1982 JAN 5 P1:37

MUR 1589
Finch

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: DAVID A. LINN

ADDRESS: P.O. Box 2328
OAKHURST, CALIF 93644

TELEPHONE: 209-683-5775

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.

12/28/83
Date

Raymond Krinsky
Signature

NAME: RAYMOND KRINSKY

ADDRESS: 23542 Via Benavente
Mission Viejo, Ca 92692

HOME PHONE: 714-770-0972

BUSINESS PHONE: MILITARY RETIRED - 100% SERVICE CONNECTED DISABLED

34040471580

STATEMENT OF DESIGNATION OF COUNSEL

NAME OF COUNSEL: DAVID A. LINN

ADDRESS: P.O. BOX 2328
OAKHURST, CALIF 93644

TELEPHONE: 209-683-5775

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.

12/28/83
Date

Sylvia Krinsky
Signature

NAME: Mrs. Sylvia Krinsky
ADDRESS: 23542 Via Benavente
Mission Viejo, Ca 92692

HOME PHONE: 714-770-0972
BUSINESS PHONE: RETIRED

3404047158 1

Mr. & Mrs. R. Krinsky
23542 Via Donavente
Mission Viejo, CA 92692

CERTIFIED
P 244 311 974
MAIL

840

Attn:
F. C. Tinch

Federal Election Commission
1325 "K" St. N.W.
Washington, D.C. 20463

RETURN RECEIPT
REQUESTED

SENSITIVE

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

FIRST GENERAL COUNSEL'S REPORT

'84 AUG 1 P5:14

DATE AND TIME OF TRANSMITTAL BY OGC TO THE COMMISSION 8/1/83 - 5:10

MUR # 1553
DATE COMPLAINT RECEIVED BY OGC June 8, 1983
DATE OF NOTIFICATION TO RESPONDENT June 10, 1983
STAFF MEMBER G.A. Finch

COMPLAINANTS' NAMES: Raymond Krinsky, Sylvia Krinsky

RESPONDENTS' NAMES: Charles Kenney and Kenney for Congress Committee

RELEVANT STATUTES: 2 U.S.C. §§ 434(b), 441a(a)(1)(A), and 441a(f)
11 C.F.R. § 110.9

INTERNAL REPORTS CHECKED: Report of Kenney for Congress

FEDERAL AGENCIES CHECKED: None

GENERATION OF MATTER

This matter was initiated by an outside complaint on June 8, 1983.

SUMMARY OF ALLEGATIONS

Raymond and Sylvia Krinsky, husband and wife, allege in their complaint that Charles Kenney may have violated the Act by accepting a loan of $40,000 from them for use in his campaign and failing to properly report the loan to the Commission.

FACTUAL AND LEGAL ANALYSIS

According to the complaint, Charles Kenney, a California congressional candidate, borrowed $40,000 from the complainants for his congressional campaign during November 1981 and defaulted on the loan on November 10, 1982. The pre-primary report of

8404071583

the Kenney for Congress Committee ("the Committee"), Charles Kenney's principal campaign committee, shows that the candidate made a $40,000 loan to the Committee on March 31, 1982, and, on April 4, 1982, the Committee disbursed $40,000 to the candidate as a loan repayment. The complainants suggest that the funds for the $40,000 loan and subsequent disbursement in the name of the candidate originated from the loan that they had made to the candidate. */

In his June 27, 1983, response to the complaint, Charles Kenney denied the allegation that the loan was used for his campaign. He states that the business purpose of the loan was known to Raymond and Sylvia Krinsky and that such purpose is corroborated by the fact that the loan was used to pay off an existing loan and to supplement his real estate business. Mr. Kenney attached to his response certain documents purporting to show an escrow transaction involving the loan proceeds. The documents show only that Charles Kenney, his wife Mary Kenney, Southwest Bank, and Majestic Escrow Company were parties to the escrow transaction. Additional documents attached to the response contain real estate information on the candidate's residence at 22992 Lovios, Mission Viejo, California as well as bank and ledger information on a $13,980 deposited into the account of Kenney Real Estate.

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*/ A check of the contributor index in the FEC reports failed to indicate that the complainants have made any contributions to any federal candidate including Charles Kenney.

The evidence in these documents fails to show either that Raymond and Sylvia Krinsky were the source of the funds involved in the escrow transaction or that the proceeds from their loan to Kenney were not the same funds Kenney later loaned his Committee. (See attachment I). It is the opinion of the Office of General Counsel that these documents, alone, do not refute complainants' allegations.

On July 15, 1983, the Reports Analysis Division forwarded documents to the Office of General Counsel that it had received from the Committee's current treasurer who was responding to an informational request. These documents were provided to show the source of the $40,000 loan made to the Committee by the candidate. The documents show that on March 18, 1982, the candidate took out a loan for $58,000 from Consolidated Home Loans for the purpose of repaying a business debt, that the loan was collateralized with a deed of trust on a house owned by the candidate and his wife at 3004 Calle Grande Vista, San Clemente, California, and that part of the proceeds from the $58,000 loan were used by the candidate to make the $40,000 loan to the Committee on March 31, 1982. (See attachment II). It is the opinion of the Office of General Counsel that these corroborate Charles Kenney's contention that the $40,000 loan to his Committee originated from a loan obtained in the ordinary course of business through the refinancing of one of his investment homes and not from the loan obtained from the Krinskys.

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Furthermore, the close proximity of Mr. Kenney's receipt of the Consolidated Home Loan (March 18, 1982) with his loan to the Committee (March 31, 1987) strongly suggests that Kenney's loan to the Committee originated from the Consolidated loan. This information coupled with the fact that the Krinsky loan was made four months prior to Kenney's loan to the Committee, lead to the conclusion that the Krinsky loan was not used for campaign purposes.

The Office of General Counsel, therefore, recommends a finding of no reason to believe that the Act has been violated.

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Recommendations

1. Find no reason to believe that the Candidate violated the Act.
2. Find no reason to believe that Kenney for Congress violated the Act.
3. Find no reason to believe that the complainants violated the Act.
4. Close the file.
5. Approve attached letters.

Charles N. Steele
General Counsel

August 1, 1983
Date

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments

I Charles Kenney's Response
II Treasurer's Response
III Letters

RECEIVED AT THE FEC
83 OCT 25 A9:43

Esther Goff, Treasurer
Kenney For Congress Committee
P.O. Box 65
El Toro, Ca. 92630

FINCH
MUR 1589

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

October 13, 1983

RE: MUR 1589

Dear Mr. Gross:

In reply to your inquiry pertaining to a further complaint by Mr. & Mrs. Krinsky, the candidate has advised me he is responding to your request under separate cover.

Attached is the statement of designation of counsel. The attorney will represent the candidate and the Committee should the need arise.

I was not the treasurer at the time the alleged transaction took place; however, a review of all the records do not indicate that any wrong doing ever occurred and Mr. Kenney has provided me with adequate information to satisfy me that Mr. & Mrs. Krinsky's money was never used for the campaign. In addition, I find no reporting violations regarding receipt of monies for the campaign. Please refer to my previous reports submitted to Mr. Roberto Garcia, Reports Analyst, dated July 7, 1983.

In reference to this further complaint, regarding the monies received from proceeds of financing investment property in San Clemente, only a portion of the proceeds was used in conjunction with other monies received by Mr. Kenney for his real estate business and together with his personal funds to comprise an amount of $40,000. Again, I refer to you the rport to Mr. Garcia.

I find this continous harrasement by the Krinskys extremely vendictive in nature and turning into an obsession with them to recapture their loss. They entered into a business transaction with Mr. Kenney and as with all business negotiations (especially with trust deeds) were apprised and knowledgeable of the risks involved as a junior trust deed lien holder.

I do hope that this matter is resolved soon. Please advise if I can be of further assistance to you.

Sincerely,

Esther M. Goff

Esther M. Goff,
Treasurer

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STATEMENT OF DESIGNATION OF COUNSEL

RE: MUR: 1589

NAME OF COUNSEL: George L. Rogers
Rogers & Dib

ADDRESS: 17111 Beach Blvd., Suite 103
Huntington Beach, Ca. 92647-5999

TELEPHONE: (714) 847-6041

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.

Oct. 13, 1983
Date

Esther M. Goff
Signature
Esther Goff,
Treasurer, Kenney For Congress Committee

NAME: Esther Goff
Treasurer: Kenney for Congress Committee

ADDRESS: PO Box 65
El Toro, Ca. 92630

HOME PHONE: (714) 768-4627

BUSINESS PHONE: (714) 770-0211

3404047158 8

Esther Goff, Treasurer
Kenney For Congress Committee
PO Box 65
El Toro, Ca. 92630

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

15 OCT 1983

83 OCT 25 A9:43

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RECEIVED AT THE FEC

83 OCT 19 A8:38

Finch

Charles G. Kenney
P.O. Box 65
El Toro, Ca. 92630

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

October 12, 1983

RE: MUR 1589

Dear Mr. Gross:

This is in answer to your letter of September 30, 1983 whereby you attached the complaint from Mr. and Mrs. Raymond Krinsky. I will respond by paragraph number so that an identifiable sequence can be established.

Responding to paragraph (1) of the complaint: At no time did I ever indicate that the Krinskys did not contribute to my campaign. In fact, the amount indicated by them is correct.

Responding to paragraph (2) of the complaint: The statement by the Krinskys is entirely false. As I indicated in my letter to you of June 19, 1983, the negotiations for the loan from them was started well before I decided to run for Congress. At no time did the conversation include any comments about a campaign loan. They were at all times advised of the purpose of the loan and the closing statement furnished you indicates their awareness of the distribution of the proceeds from the loan. The repeating of the information in the aforementioned letter should not be necessary as I am sure you have this on file in your office. However, I would like to reiterate the time lag from the time the negotiations for the loan started, was in excess of six months because of the requirements placed on me from Mr. and Mrs. Krinsky. It is therefore quite obvious that the start of this transaction was long before my intentions to run for Congress.

Further answering Paragraph (2) of the complaint: At no time did I ever say I had another trust deed on Lovios other than Mr. Krinsky's. I held other property which had junior liens, but he is correct that he was the only note at that time on that particular property other than the 1st trust deed to Downey Savings and Loan Association.

Responding to Paragraph (3) of the complaint: The $40,000 loaned to my campaign committee was a consolidation of funds from the following resources:

83 OCT 19 A11:50

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1.	Proceeds of note payable from Mr. Vasquez	$ 7,466.	2/21/82
2.	Sale of trust deed to Mr. Trapasso	11,200.	2/24/82
3.	Sale of note to Mr. John Street	3,720.	3/11/82
4.	Sale of property (Manzano) 1/3rd interest	7,239	3/14/82
5.	Proceeds from Consolidated Home Loan	7,466	3/18/82
6.	Sale of stock to Mr. Ron Mayes	5,000	3/21/82

All of the above took place subsequent to February 21, 1982 and prior to March 31, 1982. This is all in addition to my personal income from wages and commissions. Upon the repayment from the committee to me this money was used to pay business debts as indicated in my prior correspondence.

Again, I would like to state that none of the $40,000 referred to above, that was loaned to the committee, was ever used for campaign purposes and was repaid to me almost immediately. (Re: my previous letter). I wholeheartedly affirm that no wrongdoing was intended nor do I believe any committed.

The furtherance of this complaint is instituted by Mr. and Mrs. Krinsky as a vendictive jesture as are all the calls and visits he makes to people in our community to degrade me. The continued harrasement by him as placed unnecessary burdens on me, my family, and the Committee.

I sincerely hope the above information, together with that furnished by me previously, will be sufficient to satisfy any doubts the Commission may have.

Very truly yours,

Charles G. Kenney

As stated above and in my previous correspondence, none of Mr. and Mrs. Krinsky's money was ever used for the campaign and I declare under penalty of perjury that the foregoing is true and correct and to the best of my knowledge and belief.

Charles G. Kenney

10/12/83
Date

Subscribed and sworn to before me on

October 12, 1983

Esther M. Goff

Esther M. Goff, Notary Public
State of California, County of Orange

OFFICIAL SEAL
ESTHER M GOFF
NOTARY PUBLIC - CALIFORNIA
ORANGE COUNTY
My comm. expires MAR 9, 1984

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STATEMENT OF DESIGNATION OF COUNSEL

Re: MUR 1589

NAME OF COUNSEL:

ADDRESS: George L. Rogers
Rogers & Dib
17111 Beach Blvd., Suite 103
Huntington Beach, Ca. 92647-5999

TELEPHONE: (714) 847-6041

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.

10/12/83
Date

Charles G. Kenney
Signature

Charles G. Kenney

NAME: Charles G. Kenney

ADDRESS: PO Box 65
El Toro, Ca. 92630

HOME PHONE (714) 768-6663

BUSINESS PHONE: (714) 841-1800
(714) 770-0211

8404047159 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 30, 1983

Raymond Krinsky
Sylvia Krinsky
23542 Via Benavente
Mission Viejo, CA 92692

Dear Mr. and Mrs. Krinsky:

This letter is to acknowledge receipt of your complaint which we received on September 12, 1983, against Charles G. Kenney, which alleges violations of the Federal Election Campaign laws. Attorney G. A. Finch has been assigned to analyze your allegations. The respondent will be notified of this complaint within five days.

You will be notified as soon as the Commission takes final action on your complaint. Should you have or receive any additional information in this matter, please forward it to this office. We suggest that this information be sworn to in the same manner as your original complaint. For your information again, we have attached a brief description of the Commission's procedure for handling complaints. If you have any questions, please contact Cheryl Thomas at (202) 523-4073.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 30, 1983

Ms. Esther M. Goff
Treasurer
Kenney for Congress Campaign
P.O. Box 65
El Toro, California 92630

Re: MUR 1589

Dear Ms. Goff:

This letter is to notify the Kenney for Congress Campaign ("the Committee") and you, as treasurer, that on September 16, 1983, the Federal Election Commission received a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended, ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1589. Please refer to this number in all future correspondence.

MUR 1589 arises from the same set of facts as did MUR 1553. Following its review of the complaint filed in MUR 1553 and information provided by Mr. Kenney and the Committee, the Commission found there was no reason to believe that Mr. Kenney or the Committee had violated the Act. The complaint filed in MUR 1589, however, alleges additional facts for the Commission's consideration. If you wish to present information, in writing, to demonstrate that no action should be taken in connection with these additional allegations, you must do so within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

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

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4073. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures
1. Complaint
2. Procedures
3. Designation fo Counsel Statement

3404047159 5

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 30, 1983

Mr. Charles G. Kenney
Kenney for Congress Campaign
P.O. Box 65
El Toro, California 92630

Re: MUR 1589

Dear Mr. Kenney:

This letter is to notify you that on September 16, 1983, the Federal Election Commission received a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended, ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 1589. Please refer to this number in all future correspondence.

MUR 1589 arises from the same set of facts as did MUR 1553. Following its review of the complaint filed in MUR 1553 and information provided by you and your committee, the Commission found there was no reason to believe that you or your committee had violated the Act. The complaint filed in MUR 1589, however, alleges additional facts for the Commission's consideration. If you wish to present information, in writing, to demonstrate that no action should be taken in connection with these additional allegations, you must do so within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel,

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

If you have any questions, please contact G.A. Finch, the attorney assigned to this matter, at (202)523-4073. For your information, we have attached a brief description of the Commission's procedure for handling complaints.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosures
1. Complaint
2. Procedures
3. Designation fo Counsel Statement

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RECEIVED AT THE FEC
GCO #808
83 SEP 16 P12: 40

September 12, 1983

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

ATTN: Mr. Charles N. Steele, General Counsel
Mr. Kenneth A. Gross, Associate General Counsel
Mr. G.A. Finch, Staff Member

83 SEP 16 P12: 40

Subject: Response to MUR #1553 and request for additional information.

Dear Mr. Steele:

This letter is in response to the opinions rendered by the Office of General Counsel (page 4 para. 2).

My wife and I are responding to both your cover letter of August 8, 1983 (4th paragraph), and statement made to me by your Staff Member Mr. G.A. Finch on our last telephone call, that is if any additional information comes to our attention to forward it to you.

Please be advised your report is not accurate and is not acceptable to both of us, our reasons are as follows:

(1) According to your page (2) last paragraph in which you state that we have made no political contributions to any Federal Candidate, including Charles Kenney, this is either your error or Mr. Kenney's, as I have enclosed a copy of campaign statement as filed with the Orange County California's County Registrar's Office and the California Sec'y of State, which shows the sum of $625.00.

(2) Your page (2) paragraph (1) in which Mr. Kenney responds to the complaint that the purpose of the loan was known to Raymond and Sylvia Krinsky, is not true as we only knew what Mr. Kenney told us in our Home. When he requested our help towards his Congressional Campaign; we also realize that we had no control over the funds loaned, once he received the $40,000.00. We knew nothing of Mr. Kenney's Real Estate business, except his statement that he was doing well. We don't know what loan Mr. Kenney is talking about as he had taken out a number of them on various real estate transactions, but the 2nd note and trust deed of 22992 Lovios, Mission Viejo, CA 92691, which was his own personal residence, and was signed by him and his wife and Majestic Escrow Co., in which he held a partnership interest, without my knowledge, which is also a violation of the State of California's Corporations laws, when not disclosed. There was only (1) 1st trust deed holder at 22992 Lovios and the 1st trust deed holder was Downey Savings & Loan Association, 3200 Bristol St., Costa Mesa, CA 92626., and you can verify this information with Mr. Rick Wilson, Loan Service Manager, at the same address.

(3) According to your page (3) paragraph (1) statement that the loan in question $40,000.00, came from Consolidated Home Loans; the following information refutes that statement. According to Mr. Randolph Brusca, President of Consoldiated Home Loans, (copy enclosed) the $58,000 loan was taken out by Mr. & Mrs. Kenney to satisfy a Junior loan on property of 3004 Calle Grande Vista, San Clemente, CA and that the check was made out to Mission Viejo National Bank in the sum of $40,950.28. I am sure you are aware that this sum

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was transferred in escrow and the only funds then available to Mr. Kenney was the sum of $7,466.17.

This information was made available to me by Mr. Brusca as the property in question was recently in foreclosure by Mr. Brusca and is currently on the market for sale, and I am looking into this property for a possible purchase by a family member.

We believe this matter could have been resolved by now had you let us appear before your commission, when we advised Mr. G.A. Finch that we were available and approximately 100 miles from Washington, D.C. the first few weeks of July, 1983.

Encl (3)
CC: Senator Baker
Cong. Packard

Raymond Krinsky
RAYMOND KRINSKY

Sylvia Krinsky
SYLVIA KRINSKY

23542 Via Benavente
Mission Viejo, CA 92692

State of California
County of Orange ss

Subscribed and sworn to before me on September 13,1983.

Debbie Markham
Debbie Markham

OFFICIAL SEAL
DEBBIE MARKHAM
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
ORANGE COUNTY
My Commission Expires Feb. 27, 1984

- 8404071599

CONSOLIDATED HOME LOANS

17501 Irvine Boulevard, Suite Eight
Tustin, California 92680
714 730-5353 213 566-7600

September 9, 1983

TO WHOM IT MAY CONCERN:

Re: Charles G. Kenney
Mary J. Kenney
3004 Calle Grande Vista
San Clemente, Ca

The following is the disbursement of funds from our escrow which closed on March 18, 1982:

New loan	$58,000.00
Settlement Charges	$ 8,674.54
Pay 1981-1982 Taxes	909.01
Pay Mission Viejo Bank	40,950.28
Proceeds disbursed to Borrower	7,466.17

CONSOLIDATED HOME LOANS

Randolph R. Brusca,
President

3402042716 00

SCHEDULE A

ITEMIZED RECEIPTS

Page 1 of 1 for Line Number 3.1B

Also complete and attach for each category of the Detailed Summary Page

Any information copied from such Reports or Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.

Name of Committee (in Full)
Kenney For Congress

A. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt this Period
Sylvia Krinsky 23542 Via Benavente Mission Viejo, Ca. 92692	Occupation: Retired	5-20-82	100.00
Receipt For: ☒ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date--$25.00		
B. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date--$		
C. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date--$		
D. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date--$		
E. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date--$		
F. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date--$		
G. Full Name, Mailing Address and ZIP Code	Name of Employer / Occupation	Date (month, day, year)	Amount of Each Receipt This Period
Receipt For: ☐ Primary ☐ General ☐ Other (specify):	Aggregate Year-to-Date--$		
SUBTOTAL of Receipts This Page (optional)			
TOTAL This Period (last page this line number only)			100.00

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 8, 1983

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. & Mrs. Raymond Krinsky
3542 Via Benanente
Mission Viejo, California 92692

Re: MUR 1553

Dear Mr. & Mrs. Krinsky:

The Federal Election Commission has reviewed the allegations of your complaint dated June 3, 1983, and determined that on the basis of the information provided in your complaint and information provided by the Respondent there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended ("the Act"), has been committed.

Accordingly, the Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this section. See 2 U.S.C. § 437g(a)(8).

Enclosed is the closing report of the Commission. The attachments to this report have been omitted pursuant to 5 U.S.C. § 552(b)(7)(C) because they contain personal financial information of Charles Kenney provided to the Commission in the course of its investigation, and its disclosure would constitute an unwarranted invasion of privacy.

Should additional information come to your attention which you believe establishes a violation of the Act, you may file a complaint pursuant to the requirements set forth in 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure

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SENSITIVE

RECEIVED
OFFICE OF THE
COMMISSION SECRETARY

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

'83 AUG 1 P5:14

FIRST GENERAL COUNSEL'S REPORT

DATE AND TIME OF TRANSMITTAL
BY OGC TO THE COMMISSION 8/1/83 - 5:10

MUR # 1553
DATE COMPLAINT RECEIVED
BY OGC June 8, 1983
DATE OF NOTIFICATION TO
RESPONDENT June 10, 1983
STAFF MEMBER G.A. Finch

COMPLAINANTS' NAMES: Raymond Krinsky, Sylvia Krinsky

RESPONDENTS' NAMES: Charles Kenney and Kenney for Congress Committee

RELEVANT STATUTES: 2 U.S.C. §§ 434(b), 441a(a)(1)(A), and 441a(f)
11 C.F.R. § 110.9

INTERNAL REPORTS CHECKED: Report of Kenney for Congress

FEDERAL AGENCIES CHECKED: None

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GENERATION OF MATTER

This matter was initiated by an outside complaint on June 8, 1983.

SUMMARY OF ALLEGATIONS

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FACTUAL AND LEGAL ANALYSIS

According to the complaint, Charles Kenney, a California congressional candidate, borrowed $40,000 from the complainants for his congressional campaign during November 1981 and defaulted on the loan on November 10, 1982. The pre-primary report of

the Kenney for Congress Committee ("the Committee"), Charles Kenney's principal campaign committee, shows that the candidate made a $40,000 loan to the Committee on March 31, 1982, and, on April 4, 1982, the Committee disbursed $40,000 to the candidate as a loan repayment. The complainants suggest that the funds for the $40,000 loan and subsequent disbursement in the name of the candidate originated from the loan that they had made to the candidate. */

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*/ A check of the contributor index in the FEC reports failed to indicate that the complainants have made any contributions to any federal candidate including Charles Kenney.

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The evidence in these documents fails to show either that Raymond and Sylvia Krinsky were the source of the funds involved in the escrow transaction or that the proceeds from their loan to Kenney were not the same funds Kenney later loaned his Committee. (See attachment I). It is the opinion of the Office of General Counsel that these documents, alone, do not refute complainants' allegations.

On July 15, 1983, the Reports Analysis Division forwarded documents to the Office of General Counsel that it had received from the Committee's current treasurer who was responding to an informational request. These documents were provided to show the source of the $40,000 loan made to the Committee by the candidate. The documents show that on March 18, 1982, the candidate took out a loan for $58,000 from Consolidated Home Loans for the purpose of repaying a business debt, that the loan was collateralized with a deed of trust on a house owned by the candidate and his wife at 3004 Calle Grande Vista, San Clemente, California, and that part of the proceeds from the $58,000 loan were used by the candidate to make the $40,000 loan to the Committee on March 31, 1982. (See attachment II). It is the opinion of the Office of General Counsel that these corroborate Charles Kenney's contention that the $40,000 loan to his Committee originated from a loan obtained in the ordinary course of business through the refinancing of one of his investment homes and not from the loan obtained from the Krinskys.

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Furthermore, the close proximity of Mr. Kenney's receipt of the Consolidated Home Loan (March 18, 1982) with his loan to the Committee (March 31, 1982) strongly suggests that Kenney's loan to the Committee originated from the Consolidated loan. This information coupled with the fact that the Krinsky loan was made four months prior to Kenney's loan to the Committee, lead to the conclusion that the Krinsky loan was not used for campaign purposes.

The Office of General Counsel, therefore, recommends a finding of no reason to believe that the Act has been violated.

Recommendations

1. Find no reason to believe that the Candidate violated the Act.

2. Find no reason to believe that Kenney for Congress violated the Act.

3. Find no reason to believe that the complainants violated the Act.

4. Close the file.

5. Approve attached letters.

Charles N. Steele
General Counsel

August 1, 1983
Date

By: Kenneth A. Gross
Kenneth A. Gross
Associate General Counsel

Attachments

I Charles Kenney's Response
II Treasurer's Response
III Letters

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 8, 1983

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. & Mrs. Raymond Krinsky
3542 Via Benanente
Mission Viejo, California 92692

Re: MUR 1553

Dear Mr. & Mrs. Krinsky:

The Federal Election Commission has reviewed the allegations of your complaint dated June 3, 1983, and determined that on the basis of the information provided in your complaint and information provided by the Respondent there is no reason to believe that a violation of the Federal Election Campaign Act of 1971, as amended ("the Act"), has been committed.

Accordingly, the Commission has decided to close the file in this matter. The Federal Election Campaign Act allows a complainant to seek judicial review of the Commission's dismissal of this section. See 2 U.S.C. § 437g(a)(8).

Enclosed is the closing report of the Commission. The attachments to this report have been omitted pursuant to 5 U.S.C. § 552(b)(7)(C) because they contain personal financial information of Charles Kenney provided to the Commission in the course of its investigation, and its disclosure would constitute an unwarranted invasion of privacy.

Should additional information come to your attention which you believe establishes a violation of the Act, you may file a complaint pursuant to the requirements set forth in 2 U.S.C. § 437g(a)(1) and 11 C.F.R. § 111.4.

Sincerely,

Charles N. Steele
General Counsel

By: Kenneth A. Gross
Associate General Counsel

Enclosure

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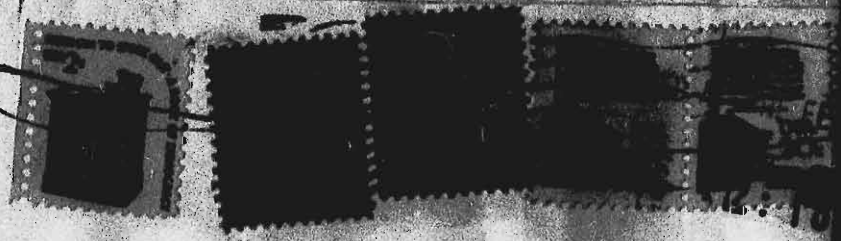
Mr.& Mrs.R. Krinsky
23542 Via Benavente
Mission Viejo,CA 92692



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MAIL

FEDERAL ELECTION COMMISSION
1325 "K" STREET N.W.
WASHINGTON, D.C. 20463

ATTENTION
Mr. CHARLES N. STEELE
GENERAL COUNSEL

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FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 1589

Date Filmed 8/3/84 Camera No. --- 2

Cameraman JRL