FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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MARK GREEN
530 E. 90th STREET
NEW YORK, NEW YORK 10128

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88 JUN 27 AM 9:05

June 15, 1988

Office of General Counsel
Federal Election Commission
Washington, DC 20463

Dear Sir/Madam:

On March 28, 1988, during the racketeering trial of Wedtech officials and public officials, Mario Moreno, a former vice-chairman of the Wedtech Corporation, testified under oath that he had given at least $30,000 under false names to the campaign committee of Senator Alfonse D'Amato (R-NY). Moreno testified that the contributions were given in an attempt to buy favors, that he believed his contribution "had violated the law," and that, in fact, "he [D'Amato] was one of the most important people" getting a Navy contract for Wedtech. (See enclosed articles; for more information on D'Amato's exertions for Wedtech, see the enclosed report I released on October 29, 1986.)

Moreno also testified that he was told that D'Amato had called Representative Mario Biaggi, a defendant in the Wedtech trial, "indicating he had received too many contributions, to give some of these contributions" to another candidate.

If Moreno's sworn testimony is true, and the U.S. government apparently believes it is true since it is relying on his testimony, then a) the federal law prohibiting contributions over $2,000 has been violated; b) the federal law prohibiting contributions under false names has been violated; and c) Senator D'Amato or his campaign staff were likely aware that they had received illegal contributions. Is it plausible that a company buying favors wouldn't make sure that the favored politician knew of its generosity?

This unlawful laundering of campaign funds is apparently not an isolated event when it comes to the D'Amato campaign. According to Brooks Jackson in the Wall Street Journal of September 25, 1986, "Several E.F. Hutton & Co. employees who are recorded as having donated to Sen. Alfonse D'Amato's reelection campaign don't recall having given to the New York Republican." (See enclosed article.)

As you may know, I was Senator D'Amato's opponent in the 1986 election, and consequently am the person that Wedtech spent their $30,000 against. But I write this complaint as any interested citizen can under the F.E.C. Act, [2 U.S.C. Sec. 437g and 11 CFR 111] to trigger an F.E.C. investigation because an apparent violation of your statute has occurred. Given Mr. Moreno's testimony under oath, I would urge that the FEC ask Sen. D'Amato and his campaign staff under oath

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whether they passively knew of the unlawful laundering of $30,000 in unlawful contributions -- or whether anyone associated with the D'Amato campaign actively coordinated these gifts with Moreno. If the answer to either question is yes, the D'Amato campaign should be required to give the money back, and be fined under the FEC Act.

To date, Senator D'Amato has refused to address the questions raised by Moreno's sworn testimony, allowing his press secretary only to dismiss the charges as "ridiculous." What would be "ridiculous," however, is for a U.S. Senator to escape scrutiny for possibly unlawful conduct. I look forward to the F.E.C. fully investigating what Sen. D'Amato and his campaign finance staff knew and did about Wedtech's admittedly illegal gifts to him.

Sincerely,

Mark Green

Mark Green

June 15, 1988

Ms. Retha Dixon
Docket Chief

Dear Ms. Dixon:

Pursuant to your instructions, I hereby state and swear that the contents of my complaint are true and to the best of my knowledge.

Yours truly,

Mark Green

MARK GREEN
June 15, 1988

The statements herein were sworn to and sworn to before me in my presence. Subscribed to this ~~fifteenth~~ 22nd day of June, 1988.

Valerie A. Phillips

VALERIE A. PHILLIPS
Notary Public, State of New York
No. 31-4835327
Qualified in New York County
Commission Expires March 30, 1989

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THE WALL STREET JOURNAL.

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THURSDAY, SEPTEMBER 27, 1990 ... 50 CENTS

Deceptive Picture

If You See Families Staging a Comeback, It's Probably a Mirage

Experts Predict Continuation Of Changes in Life Styles, Departures 75% of Norm

Time Now to Divorce Answers!

By Jonathan Laing
Staff Reporter of The Wall Street Journal

"The picture is deceptive. Young career women see the new shopping mall at the top floor of a converted old mill that dates from the Civil War and think, 'Gee, I'd like to live in a place like that.' Suddenly weddings and delightful marriages are everywhere and the media rush to offer 'pro' labels. What we see are pockets of stable existence in a sea of change. A normal birth rate of the American baby-boom generation of the 1950s and 1960s is somewhat below the replacement level. Until the mid-1980s, the baby boom echo was a baby bust. Now, many more are getting married. And the apologists say that you have to look at the bright side. People respect the institution of marriage again. Despite the fact that the vast majority of young men and women still expect to marry and have children, growing numbers of those young people think they can have a happy and complete life even if they don't.

Farewell to Stereotypes

Robert Reich, a Harvard economist, contends in fashionable stereotypes, Peter Martinez, the director of Rand Corp.'s Population Research Center, recently said a resurgence of conservatism. "They are never specific about who is under how that event because Mary Johnson got born to another kind mothers, and many husband years are spent in collective isolation. I suspect heavily hard and are spent in divorce court half of the husbands would get at least ago. Historians see how in the work have."

Though some of these and other theories change's excited in the mid-1980s and is reversed through the 1990s, the experts contend that the public has not grasped what the events and trends mean. People think they are seeing discriminatory trends in the media, says Mr. Martinez, but disparagers more with 75% of the facts.

Moreover, the experts agree that no matter how bad and long the problems may last, ultimately saving the America as we know it. The Wisconsin don't going to be re-colonized any time soon. James Fraser Fortune-tering, a Democratic of Pennsylvania has written grat. It is hard to imagine certain kinds of living happening a long time to birthday, a get rich or make a from the other hand, a big or disaster or a threatening or the cause of the trends, where stable and Marian weighed supreme.

Facts and Forecasts

Amidst the storm, on individuals and society of just a few facts and predictions.

Half of marriages this year will prove unsuccessful in divorce. The U.S. divorce rate is the [illegible] highest.

Three-fifths of females born this year will spend at least part of their childhood in a single-parent family. Such families, on the whole are headed by a female as [illegible] and all four fifths live with fathers.

One out of every five children born this year will be born to an unmarried mother and this proportion is likely to keep rising.

Presently living about as much for at least the rest of their lives.

The number of [illegible] women with children under 18 has been dropping [illegible].

In fact, the only default among experts is whether the current social and economic upheavals that have beset the American family have begun to ease or whether still further upheaval has ahead.

Behavior 'Anything'

Right now the majority tend to believe that the storm has abated. That began to set in about mid-1989, and the tumult in the real estate and stock markets since a period of relative stability. The long drop in rising, housing and the song that 80 divorces seem to have breezed off. The rate at which divorces have occurred since the labor force is [illegible] to ease.

Recently a few more new reports and [illegible] to begin declining somewhat in the proportion of married that [illegible] one-third. Now, a survey of Atlanta that [illegible] one-half. Here we subtract Atlanta's births of babies. Hispanics [illegible]. They're not included yet, but the [illegible] to the point where we can begin to [illegible] and how to deal with it all. There is no triumph — a shift in some social [illegible] — a leveling that is already western and [illegible] very poorly.

Thus, their air matters to make [illegible] more cells all and give directed money and their [illegible] a greater share of the [illegible] lately an other efforts to provide their day-care facilities. Smaller south now school-sponsored [illegible] and other help in studying numbers, pregnancy to [illegible] have age [illegible] done to [illegible] their business and marriage other some to spend activities and experiments with [illegible] ways to [illegible] and care for hourly eating and [illegible].

We may have reached a [illegible] in the trends which we can stop and look

Please Turn to Page 42, Column 1

1 2

What's News—

* * *

Business and Finance

LUCKY STORES RECEIVED a $4 takeover proposal of $46 a share or $1.76 billion, from New York-based investor Asher Edelman. The supermarket and chain store company was said to be considering possible defensive moves, including a restructuring and sale of major assets. Lucky's stock closed recently, largely on speculation of an Edelman bid.

Story on Page 3

* * *

Fed Chairman Volcker said the dollar needs a decline much further if West Germany and Japan can step up exports. His comments, which broadened the dollar's [illegible] to the U.S. prompted gains from and Tokyo on the same at a two-day meeting.

Story on Page 3

* * *

U.S. car sales rose 1.7% in mid-September from a year earlier, disappointing some analysts but most of the major [illegible] quiet. Discounts by auto makers [illegible] which triggered the [illegible] recent increase in incentive spending last month, just matched its year ago sales.

Story on Page 3

* * *

The House approved a bill to cut the deficit an estimated $75.1 billion and meet Gramm-Rudman targets. The measure authorizes a 5-cent-a-gallon gasoline tax and the sale of billions of dollars in federal [illegible].

Story on Page 3

* * *

BankAmerica dropped plans to buy Oregon's third largest bank, reflecting the banking giant's financial problems. Regulatory approval was said to have been in doubt because of BankAmerica's continued losses.

Story on Page 3

* * *

Fiat's chairman confirmed the Italian auto maker plans a rival bid for Alfa Romeo once Ford renews its expected offer. The Ilva-Saarte Lorraine deal after the announcement that Libya had sold its Fiat holding.

Story on Page 3

* * *

Honeywell is seeking [illegible] with two foreign countries for its smuggled computer business. Analysts said the move, part of a broad restructuring, could help Honeywell regain a solid footing in the [illegible].

Story on Page 6

* * *

U.S. computer chip makers claimed the Japanese already are violating an anti-dumping agreement signed last month. Separately, National Semiconductor signed a long-term agreement to manufacture and sell computer chips in Japan.

Story on Page 6

* * *

Ellis doesn't appear to have been barred control of Lionel and Bertram to Lazard Cie. and its chairman, Lazard Frères. Each, the FCC indicated.

Story on Page 6

* * *

Bear Stearns and Lehman & Co. abandoned 3 months long battle to acquire Anderson Clayton. The food concern now is likely to be put [illegible] by Nahum Portha, who is considering offering [illegible] $750 million.

Story on Page 6

* * *

Allied Stores suggested shareholders reject a $1.74 billion tender offer by Campeau Corp. of Canada. Allied said it is considering various alternatives, including the possible sale of the firm or some of its assets.

Story on Page 3

* * *

Mexico's creditor banks urged the World Bank to guarantee at least part of the $4 billion in new loans the banks are supposed to contribute to a $12 billion bailout for Mexico.

Story on Page 3

* * *

Markets—

Stocks: Volume 156,570,000 shares. Dow Jones Industrials 2662.76 up 1.46. Transportation 767.12, off 2.21. Advances 286 to 1, up 4 to [illegible]. Issues 1,000 [illegible] 1,000 [illegible] 1,000 [illegible]

Financial Friends: Sen. D'Amato Wins Favor, Funds on Wall Street

Continued From First Page

rant long favored by the show business set.

Harry Helmsley, a senior vice president at Drexel, set up the dinner after Sen. D'Amato asked Mr. Rosenfeld, instead of one could get together a fund-raiser. At the time, the senator was preparing to hold hearings on regulation crucial to Drexel. One proposal would have curbed the Drexel-pioneered reliance on junk bonds to finance corporate takeovers and buyouts. The other would have limited junk bond purchases by thrifts on the premise that unlimited investments in areas unsupported by private investors is one reason for government-insured institutions.

There was a lot of eat on the table, recalls Mr. Helmsley, as the table-hopping Sen. D'Amato worked the banquet room at Chasen's. The guest list included 23 Drexel executives, and half a dozen officials of Columbia Savings & Loan Association, one of Drexel's biggest customers. At the time, the Beverly Hills thrift institution owned more than $1 billion in junk bonds, representing about 10% of its assets, and was in the process of increasing such holdings to $2.3 billion, or 20% of assets, nearly triple the proposed limit, as of last June 30.

Campaign records show that the Drexel executives gave $1,000 each. Columbia's chief executive, Thomas Spiegel, gave $2,000 and his father, Abraham, the chairman, gave another $1,000. The total put on the evening, more than $23,000.

A week later, Sen. D'Amato was back in Washington, hearing testimony on the junk bond issue. One blunt witness against restricting junk bonds was Frederick Joseph, Drexel's chief executive.

The following week, Republican Sen. Peter Domenici of New Mexico appeared before Sen. D'Amato's panel to protest for a bill he introduced to limit investments by thrifts in junk bonds. Banks and thrifts are in trouble," he said, adding that the number of shaky, federally insured institutions had risen had a historic high. If we [illegible] not restrict institutional investment in junk bonds, he warned, it is very likely [illegible] the taxpayers will be the ones who get it up the tab in the event the investments fail."

In September 1988, Sen. D'Amato began sounding out Drexel and other manipulators on a draft bill to tighten regulation of corporate takeovers. One provision would have limited thrift institutions' purchases of junk bonds. But when the senator introduced his takeover bill on Dec. 9, 1985, the provision as dictated by Drexel was missing.

Instead, he merely proposed a federal study of junk bonds. Five days later, on Dec. 11, Mr. Joseph and 21 other Drexel executives from New York donated $586 each to Sen. D'Amato's campaign.

Sen. D'Amato calls the timing "absolutely coincidental." The Drexel contributions came "at a major fund-raiser. We had a thousand people there and raised more than $1 million," he says. Asked about the timing of the donations to Sen. D'Amato, a Drexel spokeswoman says: "We support legislators we think understand the concerns of our industry and specifically those of our firm."

The Drexel total has reached $1.7m in cloaking gifts made in connection with President Reagan's reappointment last spring of New York's Mr. Shad. Mabel Rabbitt, Drexel's PAC gave $1,000, and executives of its Los Angeles branch gave $1,000 more.

Other companies giving to Sen. D'Amato also have a big stake in junk bonds. Executives of Integrated Resources Inc., which raises considerable capital with junk bond issues through Drexel, contributed $16,750. The New York firm's chief lobbyist, Richard Rosenbaum, is the Republican national committeeman from New York state. "It's natural for me to raise money for Al here among my friends," Mr. Rosenbaum says.

Lobbying Group Formed

Integrated Resources and Columbia Savings are among more than 30 employers in the Albany-Washington area of lobbyists on the Albany bar Capital Access, a lobby formed to oppose federal curbs on junk bond financings. Sen. D'Amato says he saw "alarms and alarms" of lobbyists while he and his legislative staff were redrafting corporate takeover legislation.

The takeover bill that Sen. D'Amato came up with displays his legislative shrewdness—and a knack for straddling volatile issues while packing up campaign contributions. Among other things, it proposed to curb certain offensive and defensive tactics used in takeover battles and to give directors more time for deliberation in pre-takeover flurries, and more time to weigh tender offers. But the measure wouldn't tip the balance between corporate management and the raiders and their investor backers.

D'Amato's early months coincided with a [illegible] with David Sybrowski, who was a top aide to the senator's House colleague, Democrat Tom Manton, before organizing the Capital Access lobby. As long as the takeover process can go on, Mr. Sybrowski says, "most investments banks can live with the bill."

Early Support for Bill

The Business Roundtable, a group of the chief executives from giant corporations, wanted Congress to "free the market for raiders," and during the frenzy of hostile takeovers in early last year a growing number of lawmakers were eager to do it. Sen. D'Amato promised Senate colleagues that he would have legislation ready for their consideration before the July Fourth recess.

That didn't happen. While Sen. D'Amato's staff was writing and rewriting his bill, Republican staff aides were hostile takeovers was ebbing away. By the time he introduced the bill in December, the politically opportune moment for trying to curb corporate raiders had passed.

"I'm not suggesting bad faith, but he did freeze people by presenting a bill a [illegible] senior staffer says. He was really using his ability to control the legislative process to discourage those who were pressing for them."

Sen. D'Amato denies that push has ever come to shove. He now favors dropping the provision, while chalking his reluctance for a total lack of consensus on Drexel regulation. "They were all demanding we [illegible] other reforms last year, and they're silent on the issue today," he says.

Wall Street lobbyists, however, appear to be the objectives of parts of the bill. "It's not what Sen. D'Amato does that counts," one says. "It's what he doesn't do."

Robert Furman, the chairman of A.F. Hudson & Co., comments, "He had a couple of the constructive bills, as some will always say." Adds Daniel Murphy, a Hudson lobbyist, "We supported D'Amato early and often and with great enthusiasm." Much of the support came to a one-day breakfast of mostly $300 contributions from 26 Hudson executives in February 1987.

One year ago, Sen. D'Amato was also using to look into the stock publication's new [illegible] about overtrading at Hudson. But at a group away party here for a seven-year-old boy, a Democratic bon vivant starts to overheard the senator tell Mr. Murphy, "I've got to build bridges, but I'll go easy on you."

Sen. D'Amato says it never happened. Mr. Murphy hasn't recall such a remark by the senator. "He's got a peculiar sense of humor, but it doesn't ring a bell."

Whatever the case, Sen. D'Amato never did build any bridges.

Donations to Sen. Alfonse D'Amato From Financial Firms and Individuals

(Jan. 1, 1981, to Aug. 28, 1986)

	INDIVIDUAL	PAC	TOTAL
Drexel Burnham Lambert Inc.	$63,750	$ 7,000	$ 70,750
Integrated Resources Inc.	44,750	0	44,750
Morgan Stanley & Co.	29,000	10,000	40,000
Goldman, Sachs & Co.	36,700	0	36,700
Salomon Brothers Inc.	25,750	6,000	31,750
Bear, Stearns & Co.	21,700	9,000	30,700
Shearson Lehman Brothers, Inc.*	18,000	6,500	24,500
E. F. Hutton & Co.	16,750	7,000	23,750
L. F. Rothschild, Unterberg, Towbin Inc.	18,000	3,000	21,000
Prudential-Bache Securities Inc.	11,100	8,200	19,300
Donaldson, Lufkin & Jenrette Inc.	7,000	10,000	17,000
Kidder, Peabody & Co.	16,200	0	16,200
Dillon, Read & Co.	13,500	0	13,500
Paine Webber Inc.	8,875	4,700	13,575
Merrill Lynch & Co.	4,975	2,500	7,475
Smith Barney, Harris Upham & Co.	6,200	0	6,200
First Boston Corp.	2,500	2,500	5,000
Others	48,400	14,250	62,650
TOTAL			$681,500
All banks	$34,450	$43,690	$78,140
All thrifts	39,100	40,860	79,960

Note: Includes donations to "Salute to President Reagan," a joint fund-raising committee of Friends of D'Amato and "Victory '86," a New York State GOP committee aiding Sen. D'Amato and other GOP candidates.

*Includes predecessors

Source: Washington Law Federal Election Commission

Some Hutton People Don't Recall Going To Sen. D'Amato

* * *

By Brooks Jackson And Rhonda Jacobson

Staff Reporters of The Wall Street Journal

Several E.F. Hutton & Co. employees who are recorded as having donated to Sen. Alfonse D'Amato's reelection campaign don't recall having given to the New York Republican.

Federal election records list Frank Magnotta of Pleasantville, N.Y., a manager in Hutton's purchasing department, as giving Sen. D'Amato $1,000 on Jan. 16, 1986, the same day that 19 Hutton executives chipped in a total of $9,250. But Mr. Magnotta insists that he isn't a D'Amato fan. "Just between me and Bullock, doesn't matter, I've got to like him," he says. "You know how political contributions get done," he adds. "Somebody put that in my name."

Federal election law forbids making a contribution in someone else's name. In subsequent telephone interviews, Mr. Magnotta gives varying explanations for the donation. He first says his wife may have made a contribution, "but I don't know for sure," and adds that "people have access to my name and address, especially at Hutton." He then says his wife "made a contribution about three years ago." Daniel Murphy, Hutton's top lobbyist, quotes Mr. Magnotta as saying his wife sent a $1,000 money order in his name, without telling him.

Several Hutton executives also say they can't recall the contributions listed in their names, but concede that they may have given to Sen. D'Amato. "I really don't remember it," says H. Austin Dunn, a vice president in Chicago, of the $500 gift in his name. And W.R. Wrigley Jr., vice chairman emeritus in Dallas, can't recall giving $500, either, but he adds, "If New York lets me, a representative or governor of somebody else has been doing the right things for the securities industry and should be backed, I take their word and believe it."

Some Hutton executives say personal contributions to politicians often are coordinated by Mr. Murphy or by Robert Furman, Hutton's chairman. Mr. Furman says the quality of gifts early last year was prompted by the enthusiasm for D'Amato. He adds, "I passed that enthusiasm on to a bunch of people. I probably sent a note saying, 'Let's support D'Amato.'"

DUNHILLS MOST LUXURIOUS SWEATER EVER.

Of koal (Fly Cashmere. These incredibly soft treasures are inspired by the Scottish Highlands.
Their Fishscale cable design is exclusive with Dunhill. Available in ivory or navy. $575.

Dunhill

What has nuclear energy done for you?

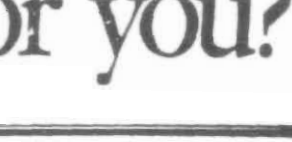
How much about nuclear energy sometimes get bogged down in vague generalities. It helps to reconstruct some of the clear, concrete benefits of this major energy source.

It's helped lower the price of gasoline.

Electricity from nuclear energy is more flexible in its [illegible] and is now enjoying greater [illegible] energy makes coal and lower coal and gasoline prices.

That's because energy from nuclear power plants takes the place of oil. And as oil demand subsides, so does the price.

Even OPEC admits that nuclear power is one of the alternative energy sources that have succeeded in cutting demand for OPEC oil.



It has an excellent safety record here.

U.S. commercial nuclear power stations have been generating electricity for over a quarter of a century. Their multiple backup safety systems are designed to cope with and control all kinds of potential problems—both human and mechanical.

Each plant has a complete spectrum of safety features backed up by other safety features, such as steel, thick steel and concrete protective containment structures built to withstand even severe earthquakes.

This protective containment worked at Three Mile Island. At the same time, crucial lessons were learned there which led to better operator training and stricter safety standards.

For example, the Institute of Nuclear Power Operations was formed to set improved safety standards and monitor the performance of all U.S. plants. Further the National Academy for Nuclear Training now creates the rigorous, continuous

It provides almost all Americans with electricity.

For most people in the continental U.S. some of the [illegible]

"Stock market keeping you awake nights?" You're not alone. Today's market is full of tricky twists and turns. And the average investor just doesn't have the time or the expertise to keep track of them all. That's why so many people trust 3I Germain to manage their portfolios. They're impressed by our outstanding 62 year performance record. Our low costs. And the individual attention we give to each account. But most importantly, they know that whenever the market goes crazy, they won't. Because we'll handle it. And they'll come out ahead. If you have $25,000 or more to invest, and want

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Wedtech Figure Testifies He Hid Aid to D'Amato

By LYDIA CHAVEZ

A former Wedtech Corporation executive testified yesterday that he gave Senator Alfonse M. D'Amato more than $30,000 in illegal campaign contributions while the Senator was helping Wedtech win Government contracts.

But the witness, Mario Moreno, said that although he had hidden the contributions under different names, he did not feel he had bribed the Senator or been extorted by him. Mr. Moreno also testified that he saw nothing wrong in what Mr. D'Amato did for Wedtech.

Mr. D'Amato, a New York Republican, said through a spokesman that the allegations were "ridiculous."

Cooperating With Government

"We have absolutely no knowledge of any secret contributions," the spokesman, Edward Martin, said.

Mr. Moreno, Wedtech's former vice chairman, is cooperating with the Government in exchange for leniency. He testified yesterday under cross-examination by Maurice Nessen, the lawyer for the former Bronx borough President, Stanley Simon.

Seven defendants, including Mr. Simon and Representative Mario Biaggi, Democrat of the Bronx, are on trial on charges of turning Wedtech, a Bronx military contractor, into a racketeering enterprise that paid millions of dollars in bribes to get Government contracts set aside for minority-owned companies.

Mr. D'Amato intervened repeatedly with the Army, the Navy and the Small Business Administration in behalf of Wedtech in its efforts to win Government contracts, but there is no evidence that he received any personal

Continued on Page B4, Column 4

Wedtech Figure Cites Aid to D'Amato

Continued From Page A1

benefit from the company.

Instead, yesterday's testimony suggests how at least one Bronx businessman in need of a Senator's influence believed the political system routinely operated in New York.

It came one week after major real-estate developers provided unusually graphic testimony at a state integrity panel hearing about how they skirted limitations on campaign contributions to state and city candidates by funneling donations through dummy companies and subsidiaries.

In Mr. Moreno's third day of cross-examination in the Wedtech trial yesterday, he testified in State Supreme Court in the Bronx that Mr. D'Amato was "one of the most important" figures in helping Wedtech get a contract from the Navy.

Not Asked for Names

When asked if he had given Mr. D'Amato close to $30,000 in contributions hidden under different names, Mr. Moreno responded, "Yes."

"And you gave to Senator D'Amato contributions and money orders to his campaigns close to $30,000, is that not correct?" Mr. Nessen asked.

"Yes, it might have been more than that," Mr. Moreno responded, adding that he could not recall how much more.

Mr. Moreno was not asked what names he had used.

The limit on contributions by individuals in Federal elections is $2,000 per term: $1,000 for the primary and $1,000 for the general election. Corporations may not contribute.

Mr. Moreno testified that Mr. D'Amato made three staff members available to Wedtech at times and that he met Mr. D'Amato in the Senator's office.

Mr. Nessen also introduced into evidence a letter from the Senator dated April 23, 1984, thanking the executive for his help in a fund-raising event.

Thanks for 'Generous Support'

He also submitted a letter written in April 1986 from the Senator to "Caridad and Mario" referring to Mr. Moreno and his companion, Caridad Vasquez.

The letter says that without "your advice and generous support, my position going into this year's elections would be far different from what it is today."

Mr. Moreno testified that he did not feel that he had bribed the Senator or that he had been the victim of extortion.

But he added, "I felt we had violated the law."

Mr. D'Amato's spokesman, Mr. Martin, said if Mr. Moreno had received a thank-you note from the Senator, it was probably "one of those pro forma thank-you letters we send to everybody who contributes to the campaign."

Campaign Charges

In October 1986, during Mr. D'Amato's re-election campaign, his unsuccessful Democratic opponent, Mark Green, citing campaign filings, said Mr. D'Amato had received $11,000 in campaign contributions from Wedtech officials since 1981.

At the time, Mr. Green accused Mr. D'Amato of a "lack of ethics" and a "pattern of pay-to-play deals with campaign contributors." A spokesman for Mr. D'Amato said then that the Senator was acting to help create jobs in the South Bronx, where unemployment is high.

"What company hasn't gotten help when presenting a legitimate case to the Senator?" the spokesman said.

Mr. D'Amato's associations with Wedtech date to 1981, when an aide called a Small Business Administration official in the company's behalf, according to agency records.

Order for Pontoons

In 1985, Mr. D'Amato lobbied the Navy in behalf of the company's efforts to obtain a $55 million order for pontoons for use as floating docks, and listed the contracts as a highlight of his term.

Army records show that Mr. D'Amato also filed a series of protests and inquires in the company's behalf, an effort that continued until a series of state and Federal investigations of the company became public.

In testimony yesterday, Mr. Moreno said Wedtech gave to political organizations "in exchange for favors we expected to get."

When asked what favors the company expected from the Republican State Committee in New York, Mr. Moreno said, "We expected to have the Republican Party in our pocket."

'A Lot of Checks'

"By giving them a check for $2,500?" Mr. Nessen asked.

"By giving them a lot of checks," Mr. Moreno responded.

The executive director of the New York Republican State Committee, Ed Lure, said the panel's records had been given to the United States Attorney.

Mr. Moreno, he said, gave $2,000 to the committee in 1983 and $3,500 in 1984. He said he was unsure if that was the total amount since the committee no longer had the records.

"I don't know what he said he was buying," Mr. Lure said of Mr. Moreno. "Obviously we're a party that has never been for sale."

Contributions to Koch

The former Wedtech executive, who handled the company's financial matters for more than eight years, also testified that he had given contributions of $1,000 to Mayor Koch after the Mayor "went all out" to help the company get a real-estate lease.

He also gave $1,000 contributions to President Reagan, Vice President Bush and others, he said.

In questioning yesterday, Mr. Simon's lawyer tried to blunt the importance of the former borough president's aid in getting Wedtech a real-estate lease in the Bronx, by having the witness describe the many politicans and officials who helped.

Mr. Simon is charged with asking for $50,000 in cash and charitable contributions in exchange for his help.

Ex-White House Aide Is Sued by Wedtech

By The Associated Press

The new management of the scandal-plagued Wedtech Corporation sued Lyn Nofziger, a former White House aide, for more than $900,000 in Federal bankruptcy court in New York City yesterday.

The lawsuit also named Mr. Nofziger's partner, Mark Bragg, and their Washington-based lobbying-consulting firm as defendants.

Mr. Nofziger was convicted last month in Washington of illegal lobbying on behalf of Wedtech, a South Bronx military contractor now in bankruptcy proceedings. Mr. Bragg was acquitted on similar charges.

The lawsuit seeks $909,000, which Wedtech claims is the value of cash and stock — plus interest — paid Nofziger and Bragg Communications by previous Wedtech officials, most of whom have pleaded guilty to bribery and other charges. The cash and stock was paid for lobbying to get Wedtech a $32 million Army contract to build small engines.

Wedtech's new management has filed a series of lawsuits seeking to recover millions of dollars it asserts were siphoned off by former company officers and others.

930409948884

Alfonse D'Amato and the Wedtech Scandal: Of Campaign Contributions, Favors and Fraud

9304029-9448885

Alfonse D'Amato and the Wedtech Scandal: Of Campaign Contributions, Favors and Fraud

On October 15, 1986, The Daily News exposed the scandal surrounding Wedtech, a Bronx-based military contractor, which grew from a debt-ridden local business to a multimillion-dollar enterprise by allegedly portraying itself fraudently as a minority-owned business. While The Daily News has revealed Wedtech's numerous Washington connections, unmentioned so far in the scandal has been Alfonse D'Amato, who lobbied the Secretary of the Navy to get Wedtech a no-bid, small minority business contract after he received campaign contributions from executives of Wedtech and its law firm.

According to The Daily News, Wedtech, which was founded in the 1960s by Hispanic businessman John Mariotta, "received its first SBA [Small Business Adminsitration] minority designation in 1978, when Mariotta and a partner controlled the business, which consisted of a South Bronx machine shop." In 1980, the law firm of Biaggi and Ehrlich began to represent Wedtech, the News reported, and in 1983 Bernard Ehrlich and Richard Biaggi "were given a total of 225,000 Wedtech shares as the company made its first public stock offering." The News noted:

> Because the company went public, the SBA questioned its minority status.
>
> In December 1983, Ehrlich informed the SBA that he, Richard Biaggi and other officers were transferring enough stock back to Mariotta for him to meet the 51% requirement. Believing that the stock was trasnsferred, the SBA ruled Wedtech was minority controlled.

9304099488 86

Obtaining a minority-controlled designation from the SBA meant a lot for Wedtech, for under the SBA program, companies can get no-bid federal contracts if they are 51 percent owned by a member of a minority. In fact, the News reported that "SBA approval paved the way for Wedtech to win $202 million in no-bid defense contracts to make engines, pontoon boats and other equipment." But, the News investigation maintained, the transfer of stock to Mariotta never took place, so the company was not minority-owned after it went public. Thus, from 1983 until earlier this year, Wedtech won lucrative contracts by misrepresenting itself as a minority-owned business. The SBA, says the News is "beginning an inquiry into whether Wedtech fraudiently won certification for the [no-bid] program." The newspaper also reported that a grand jury is investigating the matter.

While Wedtech was allegedly misrepresenting itself as a minority-owned business to gain federal contracts, D'Amato, who sits on the Senate Small Business Committee, approached Secretary of the Navy John Lehman on the company's behalf. According to a report issued by D'Amato outlining his "legislative successes," on July 25, 1985, D'Amato lobbied Lehman, "regarding the 8A small minority business set-aside for Wedtech." Specifically, D'Amato discussed with Lehman a "$55 million order of artifical harbors" that Wedtech was seeking as a supposedly minority-owned business. D'Amato was apparently successful, for his list of "legislative successes" notes, "The Navy will exercise the option if Wedtech will deliver the orders on time."

D'Amato's work for Wedtech occurred after he had received several large contributions for his 1986 campaign from principals in the scandal and

9304099488 7

Wedtech executives. On November 12, 1981, Ehrlich, a key figure in the scandal, gave D'Amato $1000, and on March 16, 1983, Ehrlich and his wife gave D'Amato another $2000. From 1981 through 1984, executives of Wedtech (and theWelbilt Electronic Die Corporation, as the company was known before it changed its name to Wedtech in 1983), contributed $6000 to D'Amato's 1986 campaign -- with Mariotta contributing $1000. And after D'Amato pressed Wedtech's case to the Navy, three Wedtech officials contributed $1000 each to D'Amato's campaign. All together, D'Amato has received $11,000 from executives of Wedtech and Ehrlich and his wife.

D'Amato's lobbying for Wedtech raises several significant questions about his connection to the current scandal.

- Why did D'Amato try to win a small minority business set-aside for Wedtech during the period that Wedtech was allegedly committing fraud by misrepresenting itself as a minority-owned business?
- If D'Amato claims he was not aware that Wedtech falsely presented itself as a minority-owned business, what does that say about the way he conducts business?
- Isn't it his business to be familiar with the operations of a company for which he seeks federal contracts -- especially when the principals of the company are D'Amato campaign contributors?
- To what lengths will D'Amato go for those who contribute to his campaign?

9304094888

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 11, 1988

Mr. Mark Green
530 E. 90th Street
New York, NY 10128

RE: MUR 2639

Dear Mr. Green:

This letter acknowledges receipt of your complaint, received on June 29, 1988, alleging possible violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), by Senator Alfonse M. D'Amato, D'Amato in '86 and Arthur Jaspan, as treasurer, and Friends of Senator D'Amato and Jack Libert, as treasurer. The respondents will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 2639. Please refer to this number in all future correspondence. For your information, we have attached a brief description of the Commission's procedures for handling complaints. If you have any questions, please contact Retha Dixon, Docket Chief, at (202) 376-3110.

Sincerely,

Lawrence M. Noble
General Counsel

By: Lois G. Lerner
Associate General Counsel

Enclosure
Procedures

9304099489

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 11, 1988

Jack Libert, Treasurer
Friends of Senator D'Amato
143 Willis Avenue
PO Box 288
Mineola, NY 11501

RE: MUR 2639
Friends of Senator
D'Amato and Jack
Libert, as treasurer

Dear Mr. Libert:

The Federal Election Commission received a complaint which alleges that Friends of Senator D'Amato and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2639. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you and Friends of Senator D'Amato in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. 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 Section 437g(a)(4)(B) and Section 437g(a)(12)(A) of Title 2 U.S.C. 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, and authorizing such counsel to receive any notifications and other communications from the Commission.

9304099480

If you have any questions, please contact Deborah Curry, the attorney assigned to this matter, at (202) 376-9200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel

By: Lois G. Lerner
Associate General Counsel

Enclosures
1. Complaint
2. Procedures
3. Designation of Counsel Statement

9304099489 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 11, 1988

Arthur Jaspan, Treasurer
D'Amato in '86
300 Garden City Plaza
Room 516
Garden City, NY 11530

RE: MUR 2639
D'Amato in '86 and
Arthur Jaspan, as
treasurer

Dear Mr. Jaspan:

The Federal Election Commission received a complaint which alleges that D'Amato in '86 and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2639. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you and D'Amato in '86 in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. 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 Section 437g(a)(4)(B) and Section 437g(a)(12)(A) of Title 2 U.S.C. 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, and authorizing such counsel to receive any notifications and other communications from the Commission.

9304099489 2

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

Sincerely,

Lawrence M. Noble
General Counsel

By: Lois G. Lerner
Associate General Counsel

Enclosures
1. Complaint
2. Procedures
3. Designation of Counsel Statement

93040994893

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

July 11, 1988

Senator Alfonse M. D'Amato
14 Southard Drive
Island Park, NY 11558

RE: MUR 2639
Senator Alfonse M.
D'Amato

Dear Senator D'Amato:

The Federal Election Commission received a complaint which alleges that you may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 2639. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. 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 Section 437g(a)(4)(B) and Section 437g(a)(12)(A) of Title 2 U.S.C. 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, and authorizing such counsel to receive any notifications and other communications from the Commission.

9304099489 4

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

Sincerely,

Lawrence M. Noble
General Counsel

By: Lois G. Lerner
Associate General Counsel

Enclosures
1. Complaint
2. Procedures
3. Designation of Counsel Statement

93040994895

GCC#9977

RECEIVED
FEDERAL ELECTION COMMISSION

88 AUG -2 AM 11:03

D'AMATO in 86

P.O. BOX 888
MINEOLA, N.Y. 11501

July 29, 1988

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 AUG -2 AM 11:56

Lawrence Noble, Esq.
General Counsel
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2639

Dear Mr. Noble:

As treasurer of the D'Amato in '86 committee, I am responding to your letter of July 11, 1988 directed to the committee and Friends of Senator D'Amato (collectively, "campaign committees") regarding the above-captioned matter.

The complaint fails to provide any basis, factual or legal, for any reason to believe that the Federal Election Campaign Act, 2 U.S.C. Sec. 431 et seq., or any other provision of the law, has been violated. The campaign committees (and, through them, Senator D'Amato) emphatically deny any knowlege of any such violation, and reject the allegations and innuendo set forth by Mr. Green.

Those allegations apparently relate to a supposed knowing acceptance of excessive or misattributed contributions by the campaign committees. However, the complaint fails to adduce any evidence that, if any such contribitions were made, anyone associated with the campaign committees was aware of them.

Mr. Green asserts that such contributions were made, and, that being so, leaps to the conclusion that some person at the campaign committees must have known, if only passively.

This assertion is expressly premised on a published newspaper account of the testimony of a witness in an unrelated federal criminal action as to the conversations he believes were had by others. Even were one to assume the accuracy and credibility of this undocumented double hearsay, nothing in the account suggests any knowledge of the alleged conduct by anyone associated with the campaign committees.

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For further substantiation, Mr. Green can only include somewhat dated newspaper clippings and self-serving literature from his own failed campaign. That material is predictably conclusory in nature. Such "evidence" can hardly justify the expenditure of Commission resources in pursuing this groundless complaint.

The fact is that over the six-year course of the 1986 election cycle, the campaign committees received and processed contributions from over 35,000 individual contributors. Each contribution was reviewed for legality based on available information, and each contributor identified, in over 100,000 separate accounting transactions. All funds were duly reported, as well as names, addresses and occupations of contributors, as and where required in accordance with 2 U.S.C. Sec. 434(a) et seq., and 11 CFR 104.5. All excess contributions discovered by the committees were promptly returned.

There was no indication that any of the contributions received by the campaign committees were made on behalf of persons not identified and reported as the contributors. In fact, even had the testimony referred to by Mr. Green been available, it is insufficient to have enabled the campaign committees to identify such contributions.

The campaign committees made every effort to identify and return any excess or otherwise illegal contributions, fulfill all reporting requirements, and fully comply with all applicable statutes and regulations. The complaint fails to set forth evidence raising any plausible inference to the contrary.

The Commission should therefore find no reason to believe that the Act has been violated, and promptly dismiss the complaint.

Respectfully submitted,

Arthur W. Jaspan
Treasurer

9304099487

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 19, 1988

Mario Moreno
c/o Arthur Christy
620 5th Avenue
New York, N.Y. 10020

RE: MUR 2639
Mario Moreno

Dear Mr. Moreno:

On August 12 1988, the Federal Election Commission ("Commission") received originals of materials inadvertently sent you. Thank you for your swift response to our request for return of the materials. Again, we apologize for sending the materials to you and remind you that in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A), the information inadvertently sent to you must remain confidential.

Enclosed, however, please find a complaint received by the Commission that alleges that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint filed against you is enclosed. We have numbered this matter MUR 2639. Please refer to this number in all future correspondence.

Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. 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

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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 Deborah Curry, the attorney assigned to this matter at (202) 376-8200. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

Enclosures
1. Complaint
2. Procedures
3. Designation of Counsel Statement

9304099948899

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

FEDERAL ELECTION COMMISSION RECEIVED
88 AUG 24 AM 11:27

FIRST GENERAL COUNSEL'S REPORT

MUR # 2639
DATE COMPLAINT RECEIVED
BY OGC: 6/29/88
DATE OF NOTIFICATION TO
RESPONDENTS: 7-11-88
STAFF MEMBER: Deborah Curry

COMPLAINANT: Mark Green

RESPONDENTS: Senator Alfonse M. D'Amato; D'Amato in '86 and Arthur Jaspan, as treasurer; Friends of Senator D'Amato and Jack Libert, as treasurer; Mario Moreno

RELEVANT STATUTES: 2 U.S.C. § 441a(a)(1)(A)
2 U.S.C. § 441a(f)
2 U.S.C. § 441f

INTERNAL REPORTS CHECKED: None

FEDERAL AGENCIES CHECKED: None

I. GENERATION OF THE MATTER

This matter was generated by a signed and sworn complaint filed by Mark Green against Senator D'Amato and his campaign committees. (Attachment 1). Complainant submits newspaper articles that cite to the trial testimony of Mario Moreno, a former vice-chairman of Wedtech Corporation, that he had contributed at least $30,000 in the names of other persons to the D'Amato campaign. (Attachment 1, page 9).

Complainant alleges, based on Mr. Moreno's testimony, that Senator D'Amato and his campaign have knowingly and willfully violated the Act by accepting excessive contributions, 2 U.S.C. § 441a(f), and by accepting contributions in the name of another. 2 U.S.C. § 441f. On August 2, 1988, the D'Amato Committee submitted a response to the Commission's notification of complaint. (Attachment 2).

SENSITIVE

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Athough the complainant did not name Mario Moreno as a Respondent, it is the opinion of this Office that the allegations cited here address possible violations of the Act by him as well. 2 U.S.C. §§ 441a(a)(1)(A) and 441f. Therefore, this Office has named Mr. Moreno a Respondent in this matter.

Since there was no address listed for Mr. Moreno, this Office has conducted a search for his whereabouts so he could be notified of the complaint. This Office was able finally to contact Mr. Moreno's attorney in the Wedtech criminal investigation and inform him of the Commission's efforts to direct correspondence to Mr. Moreno. Notification of complaint has been sent to Mr. Moreno in the care of his attorney.

Athough the D'Amato campaign has responded to the notification of complaint, Mr. Moreno has not had an opportunity to demonstrate in writing that no action should be taken against him. Since information within Mr. Moreno's knowledge is pivotal to a consideration of the allegations of violations of Act cited in the complaint, a report with recommendations is being deferred pending receipt of his response. Upon receipt of this response, a report making appropriate recommendations will be submitted to the Commission.

9304099490

Lawrence M. Noble
General Counsel

Date 8/23/88

By: Lois G. Lerner
Associate General Counsel

Attachments
1. Complaint
2. D'Amato Response

Staff Member: Deborah Curry

HAND DELIVERED

RECEIVED
FEDERAL ELECTION COMMISSION
MAIL ROOM

88 AUG 31 PM 3:12

CHRISTY & VIENER

620 FIFTH AVENUE
NEW YORK, NEW YORK 10020
(212) 399-9200

CABLE: FELICITER
TELECOPIER
(212) 399-9359

DIRECT DIAL NUMBER
(212) 399-

FRANCIS T. CHRISTY
(1897-1979)

RICHARD A. ANDERMAN
ROBERT S. APPEL
JAMES S. BOYNTON
ARTHUR H. CHRISTY
L. DAVID CLARK, JR.
RICHARD M. ESTES
P. GREGORY HESS
DAVID G. LEVERE
JEROME M. LEWINE
LAURENCE S. MARKOWITZ
JON J. MASTERS
WAYNE C. MATUS
RICHARD SALOMON
DANIEL J. SULLIVAN
FRANKLIN B. VELIE
JOHN D. VIENER

PAUL H. BRIGER
COUNSEL

August 29, 1988

FEDERAL EXPRESS

Ms. Deborah Curry
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2639
Mario Moreno

Dear Ms. Curry:

We are the attorneys for Mr. Mario Moreno. This will confirm our telephone conversation on August 25, 1988 in which I requested, on behalf of Mr. Moreno, an additional 20 days to respond to the complaint bearing the above-referenced number. Such extension would permit Mr. Moreno to submit a response on or before September 27, 1988.

As I mentioned to you, there are several reasons for this request. First and foremost, Mr. Moreno is, as you may know, currently cooperating with the United States Attorney's Office in the Southern District of New York in connection with his testimony for a number of upcoming trials. As a result, Mr. Moreno is obliged to meet with attorneys in the U.S. Attorney's Office virtually on a full-time basis. Second, Mr. Moreno is also involved in a number of civil matters relating to the Wedtech bankruptcy which require him to meet with Wedtech's attorneys. In addition, as I mentioned to you, we have contacted the United States Attorney's Office for the Southern District of New York to request that they advise your office of Mr. Moreno's cooperation as a government witness.

88 SEP -1 PM 1:09
FEDERAL ELECTION COMMISSION
RECEIVED
OFFICE OF GENERAL COUNSEL

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Based on the foregoing, we request that you grant Mr. Moreno's request for an extension to submit a response to the complaint to and including September 27, 1988.

In addition, as you have requested, I am enclosing an executed statement of designation of counsel which has been signed by Mr. Moreno designating my firm as his counsel.

Thank you for your courtesy and cooperation.

Very truly yours,

James Minamoto

James M. Minamoto

JMM:jd
Enc.
cc: Mr. Mario Moreno
Arthur H. Christy, Esq.

9304099490 3

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2639

NAME OF COUNSEL: Arthur H. Christy, Esq.
Christy & Viener

ADDRESS: 620 Fifth Avenue
New York, New York 10020

TELEPHONE: (212) 399-9200

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

August 30, 1988
Date

Signature

RESPONDENT'S NAME: Mario E. Moreno

ADDRESS: c/o Arthur H. Christy, Esq.
Christy & Viener
620 Fifth Avenue
New York, NY 10020

HOME PHONE:

BUSINESS PHONE: (212) 399-9200

9304099494904

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 13, 1988

James M. Minamoto, Esquire
Christy & Viener
620 Fifth Avenue
New York, New York 10020

RE: MUR 2639
Mario Moreno

Dear Mr. Minamoto:

This is in response to your letter dated August 29, 1988, which we received on August 31, requesting an extension until September 27 to respond to the complaint in this matter. After considering the circumstances presented in your letter, I have granted the requested extension. Accordingly, your response is due by the close of business on September 27, 1988.

If you have any questions, please contact Deborah Curry, the attorney handling this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

2304099405

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
88 SEP 26 AM 11:01

U.S. Department of Justice
United States Attorney
Southern District of New York

RECEIVED
FEDERAL ELECTION COMMISSION
88 SEP 21 AM 11:31

OGC
452

MH:jlw
DV-156/1A

One Saint Andrew's Plaza
New York, New York 10007

September 19, 1988

Deborah Curry, Esq.
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2639
Mario Moreno

Dear Ms. Curry:

I have been informed that a complaint has been filed with the Federal Election Commission that you have forwarded to Mr. Mario Moreno for response. As we discussed in our telephone conversation, this Office and other law enforcement offices have entered into a cooperation agreement with Mr. Moreno pursuant to which he has pleaded guilty to federal and state charges. Under the terms of the cooperation agreement, (a copy of which is enclosed), this Office is obligated to bring the nature and extent of Mr. Moreno's cooperation to the attention of other law enforce-ment authorities. Pursuant to request by counsel for Mr. Moreno, I am writing this letter to you to outline the nature and extent of the cooperation rendered by him.

Preliminarily, you should be aware that the various law enforcement offices that signed the cooperation agreement -- this Office, the United States Attorneys' Offices for the Eastern District of New York and the District of Maryland, and the Manhattan and Bronx District Attorneys' offices -- all agreed that the guilty pleas would be in satisfaction of all Wedtech-related crimes. Thus, under the terms of the agreements, none of the signatory offices could prosecute Mr. Moreno for the conduct alleged in the complaint.

You should also be aware that Mr. Moreno also entered into a separate cooperation agreement with the office of Independent Counsel James C. McKay, who was responsible for conducting the investigation into the conduct of Attorney General Edwin Meese III, as well as the investigation and trial of former Assistant to the President for Political Affairs Franklyn Lynn Nofziger and his co-defendant Mark Bragg.

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Mr. Moreno pleaded guilty in United States District Court, Southern District of New York, to three five-year counts, for a maximum federal exposure of 15 years imprisonment and/or $750,000 in fines. He also pleaded guilty to one seven-year count in Bronx County and one seven-year count in New York County. The understandings are, in part, that any term of imprisonment to be imposed in Bronx County will run concurrent with the federal sentence, and he will be permitted to withdraw his guilty plea in New York County if the sentence imposed there exceeds the federal sentence.

Mr. Moreno has cooperated with this and other offices in the Wedtech-related investigations. He testified in Baltimore in the trial of United States v. Michael B. Mitchell and Clarence M. Mitchell III, R-87-0132 (D.Md), which resulted in the convictions of both defendants on charges of having been paid by Wedtech in exchange for their efforts to impede a congressional inquiry into Wedtech being conducted by their uncle, Congressman Parren Mitchell of Maryland. He also testified at the trial of United States v. Franklyn Lynn Nofziger and Mark Bragg, Criminal Case # 87-0309 (D.D.C.), which resulted in the conviction of Nofziger for violation of the Ethics in Government Act. He also testified here in the Southern District of New York for over three weeks in the trial of United States v. Mario Biaggi, et al., which led to the conviction of six defendants, including Congressman Mario Biaggi of the Bronx and Bronx Borough President Stanley Simon on racketeering and related charges.

Aside from his trial testimony, he has been consistently available to all offices for interviews and grand jury appearances, and has actually met with Government representatives on literally hundreds of occasions.

You should also be aware that a number of other defendants in various Wedtech-related cases pleaded guilty once it became known that Mr. Moreno, among others, was cooperating.

If I can be of any further assistance do not hesitate to call.

Very truly yours,

RUDOLPH W. GIULIANI
United States Attorney

By: Michele Hirshman
MICHELE HIRSHMAN
Assistant United States Attorney
Tel.: (212) 791-0037

9304099907

cc: Arthur Christy, Esq.
Christy and Viener
620 Fifth Avenue
New York, New York 10020
(Counsel for Mario Moreno)

Gary Jordan, Esq.
Assistant United States Attorney
District of Maryland
United States Courthouse
101 West Lombard Street
Baltimore, Maryland 21201

John Moscow, Esq.
Deputy Bureau Chief
Investigations Bureau
New York County District Attorney's Office
One Hogan Place
New York, New York 10007

Stephen Bookin, Esq.
Bureau Chief
Investigations Bureau
Bronx County District Attorney's Office
215 East 161st Street
Bronx, New York 01357

Laurence A. Urgenson, Esq.
Chief Assistant United States Attorney
United States Attorney's Office
Eastern District of New York
United States Courthouse
225 Cadman Plaza East
Brooklyn, New York 11201

Carol Bruce, Esq.
Office of Independent Counsel
1111 Eighteenth Street, N.W.
Washington, D.C. 20036

(Without enclosure)

93040994908

HAND DELIVERED

FEDERAL ELECTION COMMISSION

MAIL ROOM

066 4539

CHRISTY & VIENER

88 SEP 29 PM 12:27

620 FIFTH AVENUE

NEW YORK, NEW YORK 10020

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FRANCIS T. CHRISTY
(1897-1979)

RICHARD A. ANDERMAN
ROBERT S. APPEL
JAMES S. BOYNTON
ARTHUR H. CHRISTY
L. DAVID CLARK, JR.
RICHARD M. ESTES
P. GREGORY HESS
DAVID G. LEVERE
JEROME M. LEWINE
LAURENCE S. MARKOWITZ
JON J. MASTERS
WAYNE C. MATUS
RICHARD SALOMON
DANIEL J. SULLIVAN
FRANKLIN B. VELIE
JOHN D. VIENER

PAUL H. BRIGER
COUNSEL

September 26, 1988

88 SEP 29 PM 4:08

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

VIA FEDERAL EXPRESS

Deborah Curry, Esq.
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2639
Mario Moreno

Dear Ms. Curry:

As you know, we are counsel to Mr. Mario E. Moreno in the above-referenced matter. We are writing to you to respond to your letter dated August 19, 1988, as well as the complaint of Mark Green, dated June 15, 1988 (the "Complaint").

We understand from the United States Attorney's Office for the Southern District of New York that they have advised you of the nature and extent of Mr. Moreno's cooperation with their office in connection with Wedtech related prosecutions. Moreover, I have spoken with Michele Hirschman, Esq., an Assistant United States Attorney, who has informed me that she is unable to determine at this juncture whether a Federal Election Commission inquiry of Mr. Moreno would impair the efforts of her office. Should your inquiry proceed, however, she would like to discuss with you the particular matters under investigation by the FEC and reserve the right to make a determination on a case by case basis. We hope that this matter can be resolved in this manner.

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Nevertheless, and in an effort to cooperate with the FEC to the extent possible, we respectfully submit the following for your consideration.

First of all, to the extent that the Complaint alleges that "Senator D'Amato or his campaign staff were likely aware that they had received illegal contributions", no allegation is made here as against Mr. Moreno. Therefore, no response is needed.

Second, as to the remaining allegations, it is difficult for Mr. Moreno to respond to them because they are vague and unspecific. The Complaint merely alleges that: "a) the federal law prohibiting contributions over $2,000 has been violated; [and] b) the federal law prohibiting contributions under false names has been violated". It does not specify who allegedly violated the federal laws in question, when they were violated or even what particular provisions of the law were allegedly violated. As such, it is difficult for Mr. Moreno, at least for the present, to frame a response without greater detail from Mr. Green.

Accordingly, it is respectfully requested that Mr. Green be required to allege: (1) who allegedly violated the election laws; (2) when each alleged violation occurred, including the specific facts constituting the violation; (3) what specific provisions were allegedly violated; and (4) any other specific information which would support his claims, before Mr. Moreno is required to submit a specific response to the Complaint.

Respectfully Submitted,

James Minamoto

James M. Minamoto

cc: Michele Hirschman, Esq.

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FEDERAL ELECTION COMMISSION
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89 JAN 24 PM 4:36

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Senator Alfonse M. D'Amato; D'Amato in '86 and Arthur Jaspan, as treasurer; Friends of Senator D'Amato and Jack Libert, as treasurer; and Mario Moreno	)	MUR 2639

SENSITIVE

GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter was generated by a signed and sworn complaint filed by Mark Green against Senator D'Amato and his campaign committees. Complainant alleges that Senator D'Amato and his campaign have knowingly and willfully violated the Act by accepting excessive contributions, 2 U.S.C. § 441a(f), and by accepting contributions in the name of another. 2 U.S.C. § 441f. On August 2, 1988, Senator D'Amato and his campaign committees submitted a response to the Commission's notification of complaint.

Although the complainant did not specifically name Mario Moreno as a Respondent, it was the opinion of this Office that the complaint raised possible violations of the Act by him as well. 2 U.S.C. §§ 441a(a)(1)(A) and 441f. Therefore, this Office treated Mr. Moreno as Respondent in the matter.

Since there was no address listed for Mr. Moreno, this Office conducted a search for his whereabouts so he could be notified of the complaint. After some initial difficulty, this Office was able to contact Mr. Moreno's attorney in the Wedtech criminal investigation and inform him of the Commission's efforts

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to direct correspondence to Mr. Moreno. Notification of complaint was sent to Mr. Moreno in the care of his attorney.

On August 29, 1988, the Office of the General Counsel received a letter from counsel for Mr. Moreno requesting an extension until September 27, 1988, to respond to the complaint in this matter. Mr. Moreno's request for an extension of time was granted.

On September 21, 1988, the Office of the General Counsel received a letter from the United States Attorney explaining the various cooperation agreements between Mr. Moreno and other law enforcement offices in the U.S. (Attachment 1). According to the documents submitted, Mr. Moreno has pleaded guilty to various federal and state criminal charges. On September 29, 1988, a response was received from Mr. Moreno. (Attachment 2).

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II. ANALYSIS

A. Allegations

Complainant alleges that Senator D'Amato and his campaign committees have knowingly and willfully violated the Act by accepting excessive contributions, in violation of 2 U.S.C. § 44la(f), and by accepting contributions in the name of another, in violation of 2 U.S.C. § 441f. Complainant bases his allegations on a newspaper article that cites to the trial testimony of Mario Moreno, a former Vice-Chairman of Wedtech Corporation, that he had contributed $30,000 under different names to the D'Amato campaign. According to the newspaper article, Mr. Moreno also testified "that Mr. D'Amato was 'one of

figures in helping Wedtech get a contract from the Navy." Additionally, Mr. Moreno testified that Mr. D'Amato made three staff members available to Wedtech, and that he met with Mr. D'Amato in the Senator's office.

B. Response of D'Amato Campaign

The response of Senator D'Amato and his campaign committees (D'Amato in '86 and Friends of D'Amato) flatly denies any allegations of wrongdoing. First, the D'Amato response asserts that the complaint fails to provide any basis, factual or legal, for any violations under the FECA. Second, the D'Amato response contends that even if testimony of Mr. Moreno is accepted as true, there is nothing in his account to suggest that the D'Amato campaign had any knowledge of the allegedly prohibited activity. Third, the D'Amato response states that funds received by the campaign were duly reported in accordance with 2 U.S.C. § 434(a) and 11 C.F.R. § 104.5.

Moreover, the D'Amato response states that there was no indication that contributions made by contributors were made in the name of another. The D'Amato committees assert that the campaign made "every effort to identify and return any excess or otherwise illegal contributions, fulfill all reporting requirements, and fully comply with all applicable statutes and regulations." Based on the foregoing, the D'Amato Respondents request that the Commission find no reason to believe the Act has been violated.

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C. Response of Mario Moreno

The response of Mr. Moreno does not deny that the allegations are true, but instead, contends that the allegations are difficult to answer because they are "vague and unspecific." (Attachment 2, page 11). Mr. Moreno asserts that the complaint does not specify who violated the law, when they violated it and what particular provision of the law was violated. Id.[1/] Thus, Mr. Moreno requests that complainant be required to allege: 1) who violated the law; 2) when the violation occurred; 3) the specific facts constituting the violation; 4) the specific provisions of the Act that was violated; and 5) specific information to support such claims.[2/] (Attachment 2, page 11).

D. Legal Analysis

2 U.S.C. § 441a(a)(1)(A) makes unlawful contributions made by individuals to candidates or political committees that exceed

1/ Mr. Moreno also suggests that the allegations were not against him but against Senator D'Amato or his campaign staff because it was alleged that they were aware that they had received illegal contributions. (Attachment 2, page 11).

2/ Respondent Moreno also asserts that any inquiry of his activities should be discussed with the United States Attorney so that a determination may be made by that Office as to whether a Commission inquiry would impair the efforts of the United States Attorney. The United States Attorney, however, has not requested the Commission to do or refrain from doing anything with regard to this matter. Indeed, it appears that the purpose of the letter from the United States Attorney was to fulfill his obligation, pursuant to the terms of the cooperation agreement with Mr. Moreno, of bringing to the attention of other law enforcement authorities the nature and extent of Mr. Moreno's cooperation.

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$1,000 per election. 2 U.S.C. § 441a(f) makes unlawful the receipt of contributions that exceed the limits of the Act by candidates or political committees. Pursuant to 2 U.S.C. § 441f, no person shall make contributions in the name of another person and no person shall accept contributions in the name of another person.

Respondent Moreno explains that his failure to provide an adequate response is because the complaint was vague and unspecific. In short, Mr. Moreno challenges the sufficiency of the complaint. It is the opinion of this Office, however, that the complaint meets the requirements of the Act and Commission regulations. 2 U.S.C. § 437g(a)(1); 11 C.F.R. § 111.4. The signed and sworn complaint in this matter identified respondents, contained information which gave rise to the complaint, described the violation and was accompanied by documentation in the form of newspaper articles. Thus, the alleged violations of the Act or regulations under the Commission's jurisdiction are sufficiently clear.

The issue here is whether excessive contributions in the name of another person were made by Mr. Moreno and whether such illegal contributions were accepted by the D'Amato campaign. Additionally, a secondary issue is presented as to whether these transactions constitute knowing and willful conduct by the parties.

The complaint was supported by newspaper articles citing the sworn trial testimony of Mr. Moreno, in another matter, that he contributed $30,000 to the D'Amato campaign under different

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names. According to Mr. Moreno's testimony, Senator D'Amato and the D'Amato campaign may have known that these excessive contributions in the name of another were made by Mr. Moreno, since at the time the contributions were made Senator D'Amato was helping Wedtech to win government contracts. Additionally, Mr. Moreno testified that staff members of the Senator were made available to Wedtech and at times Mr. Moreno met with the Senator in his office. Therefore, Senator D'Amato appears to have had a close relationship with Wedtech and may have been knowledgeable about the transactions in question.

The D'Amato Respondents have denied any knowledge of such violations, and Mr. Moreno, while not denying the allegations cited, has submitted an incomplete response. Mr. Moreno's sworn testimony cited in the newspaper article, however, appears sufficient to establish that there is reason to believe violations of the Act may have occurred. Further investigation will be necessary for full consideration of all of the allegations that have been made.

Therefore, the Office of the General Counsel recommends that the Commission find reason to believe that Senator D'Amato and his campaign committees and treasurers violated 2 U.S.C. §§ 441a(f) and 441f. This Office also recommends that the Commission find reason to believe Mario Moreno violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f.[3/] In order to develop the factual

3/ This Office makes no recommendation at this time on the knowing and willful nature of the violation. Upon completion of the Commission's investigation of this matter, appropriate recommendations regarding this issue will be submitted.

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record in this matter, this Office recommends that the Commission approve the attached subpoena to appear for deposition, to produce documents and to answer written questions addressed to Mr. Moreno. Additionally, this Office will request the trial transcripts referenced in the newspaper articles.

III. **RECOMMENDATIONS**

1. Find reason to believe Senator Alfonse M. D'Amato; D'Amato in '86 and Arthur Jaspan, as treasurer; Friends of Senator D'Amato and Jack Libert, as treasurer, violated 2 U.S.C. § 441a(f) and § 441f.

2. Approve the attached General Counsel's Factual and Legal Analysis and Letter to the D'Amato Respondents.

3. Find reason to believe that Mario Moreno violated 2 U.S.C. § 441a(a)(1)(A) and § 441f.

4. Approve the attached General Counsel's Factual and Legal Analysis, Subpoena to Produce Documents, Order to Submit Written Answers, Subpoena to Appear for Deposition, and Letter to Mario Moreno.

1/23/89
Date

Lawrence M. Noble
General Counsel

Attachments
1. Correspondence from United States Attorney
2. Response of Mario Moreno
3. General Counsel's Factual and Legal Analysis and Letter to D'Amato Respondents
4. General Counsel's Factual and Legal Analysis, Letter, and Subpoena and Order to Mario Moreno

Staff Person: Deborah Curry

2304099917

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/CANDACE M. JONES
COMMISSION SECRETARY

DATE: JANUARY 30, 1989

SUBJECT: OBJECTION TO MUR 2639 - General Counsel's Report Signed January 23, 1989.

The above-captioned document was circulated to the Commission on Wednesday, January 25, 1989 at 11:00 A.M.

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

Commissioner Aikens	XX
Commissioner Elliott	XX
Commissioner Josefiak	XX
Commissioner McDonald	XX
Commissioner McGarry	XX
Commissioner Thomas	XX

This matter will be placed on the meeting agenda for Tuesday, January 31, 1989.

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

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Senator Alfonse M. D'Amato;	)	
D'Amato in '86 and Arthur Jaspan,	)	MUR 2639
as treasurer; Friends of Senator	)	
D'Amato and Jack Libert, as	)	
treasurer; and Mario Moreno	)	

CERTIFICATION

I, Hilda Arnold, recording secretary for the Federal Election Commission executive session of January 31, 1989, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in MUR 2639:

1. Find reason to believe that Mario Moreno violated 2 U.S.C. § 441a(a)(1)(A) and § 441f.

2. Approve the General Counsel's Factual and Legal Analysis, Subpoena to Produce Documents, Order to Submit Written Answers, Subpoena to Appear for Deposition, and Letter to Mario Moreno, as recommended in the General Counsel's Report dated January 23, 1989.

3. Take no action, at this time, against Senator Alfonse M. D'Amato; D'Amato in '86 and Arthur Jaspan, as treasurer; Friends of Senator D'Amato and Jack Libert, as treasurer, for violating any provisions of the Act.

(continued)

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Commissioners Aikens, Josefiak, McDonald, McGarry and Thomas voted affirmatively for this decision. Commissioner Elliott was not present.

Attest:

February 1, 1989
Date

Hilda Arnold
Hilda Arnold
Administrative Assistant

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plm

FEDERAL ELECTION COMMISSION
WASHINGTON D C 20463

February 9, 1989

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Arthur H. Christy, Esquire
Christy & Viener
620 Fifth Avenue
New York, NY 10020

RE: MUR 2639
Mario Moreno

Dear Mr. Christy:

On August 19, 1988, the Federal Election Commission notified your client, Mario Moreno, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act") A copy of the complaint was enclosed with that notification.

Upon further review of the allegations contained in the complaint, and information supplied by your client, Mario Moreno, the Commission, on January 31 , 1989, found that there is reason to believe Mario Moreno violated 2 U.S.C. §§ 441a(a)(1)(A) and § 441f, provisions of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

Under the Act, you have an opportunity to demonstrate that no action should be taken against your client. You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Statements should be submitted under oath. All responses to the enclosed Subpoena to Produce Documents and Order to Submit Written Answers must be submitted to the General Counsel's Office within 15 days of your receipt of this letter. Any additional materials or statements you wish to submit should accompany the response to the subpoena and order. Mr. Moreno may consult with you and have you assist him in the preparation of his responses to this order and subpoena. Additionally, the Commission hereby subpoenas Mr. Moreno to appear for deposition with regard to this matter on the date, place and time noted on the enclosed subpoena.

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

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

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

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

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

Sincerely,

Danny L. McDonald

Danny L. McDonald
Chairman

Enclosures
Order and Subpoena
Factual and Legal Analysis

9304099922

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of) MUR 2639

SUBPOENA AND ORDER

TO: Mario Moreno
c/o Arthur H. Christy, Esquire
Christy & Viener
620 Fifth Avenue
New York, NY 10020

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

Such answers must be submitted under oath and must be forwarded to the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, along with the requested documents within 15 days of your receipt of this Order and Subpoena.

Additionally, pursuant to 2 U.S.C. § 437d(a)(3), the Federal Election Commission hereby subpoenas you to appear for deposition with regard to this matter on March 17, 1989, in Room 453C - 4th Floor at the U.S. Attorney's Office, One Saint Andrews Plaza, New York, New York, beginning at 10:00 a.m. and continuing each day thereafter as necessary.

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WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C. on this 8th day of February, 1989.

Danny L. McDonald
Danny L. McDonald, Chairman
Federal Election Commission

ATTEST:

Marjorie W. Emmons
Marjorie W. Emmons
Secretary to the Commission

Attachments
Document Request
Questions

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Mario Moreno

INSTRUCTIONS

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

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

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

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

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

Unless otherwise indicated, the discovery requests shall refer to the time period from 1980 to present.

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

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Mario Moreno

DEFINITIONS

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

"You" shall mean the named respondent in this action to whom these discovery requests are addressed, including all officers, employees, agents or attorneys thereof.

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

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

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

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

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

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Mario Moreno

INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

1. State the dates of employment and positions held in the Wedtech Corporation.

2. According to newspaper articles submitted with the complaint in this matter, you testified under oath in State Supreme Court in the Bronx, that you had given at least $30,000 under different names. With regard to the above transaction(s), please answer the following:

a. How much did you contribute to the D'Amato campaign.

b. Submit the dates and amounts of all contributions made.

c. Were any contributions made under different names?

d. If yes, submit the names used to make these contributions.

e. Were your personal funds used to make these contributions? If not, what funds were used?

f. To whom did you deliver your contributions?

g. Did anyone else have knowledge of the transactions in question. If yes, identify such persons.

h. Produce all documents that relate, refer, or pertain to the making of contributions to the D'Amato Campaign.

3. According to the newspaper articles, submitted with the complaint, you testified under oath that Senator D'Amato made three staff members available to Wedtech. With regard to this information, please answer the following questions.

a. Identify the three individuals cited above.

b. What were the duties and responsibilities of these individuals?

c. Were any other members of the D'Amato Campaign made available to Wedtech? If yes, identify the individuals.

d. For what purpose were these individual staff members made available to Wedtech?

e. Submit any documents that relate, refer, or pertain to the staff members made available to Wedtech.

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4. According to the newspaper articles submitted with the complaint, you also testified that you met with Senator D'Amato in his Senate office. With regard to this information, please answer the following questions.

   a. On what dates did you meet with Senator D'Amato in his Senate office? Submit dates.

   b. Did you meet with Senator D'Amato on other occasions? If yes, submit dates and places.

   c. Identify all other persons present at each meeting submitted in response to Questions 4a and 4b.

   d. Produce all documents that relate, refer, or pertain to meetings and discussions with Senator D'Amato.

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THE FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Mario Moreno MUR: 2639

A. Allegations

Complainant alleges that Senator D'Amato and his campaign committees have knowingly violated the Act by accepting excessive contributions, in violation of 2 U.S.C. § 441a(f), and by accepting contributions in the name of another, in violation of 2 U.S.C. § 441f. Complainant bases his allegations on a newspaper article that cites to the trial testimony of Mario Moreno, a former Vice-Chairman of Wedtech Corporation, that he had contributed $30,000 under different names to the D'Amato campaign. According to the newspaper article, Mr. Moreno also testified "that Mr. D'Amato was 'one of the most important' figures in helping Wedtech get a contract from the Navy." Additionally, Mr. Moreno testified that Mr. D'Amato made three staff members available to Wedtech, and that he met with Mr. D'Amato in the Senator's office.

B. Response of Mario Moreno

The response of Mr. Moreno does not deny that the allegations are true, but instead, contends that the allegations are difficult to answer because they are "vague and unspecific." Mr. Moreno asserts that the complaint does not specify who violated the law, when they violated it and what particular provision of the law was violated.[1/]

1/ Mr. Moreno also suggests that the allegations were not against him but against Senator D'Amato or his campaign staff because it was alleged that they were aware that they had received illegal contributions.

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Thus, Mr. Moreno requests that complainant be required to allege: 1) who violated the law; 2) when the violation occurred; 3) the specific facts constituting the violation; 4) the specific provisions of the Act that was violated; and 5) specific information to support such claims.[2/]

C. Legal Analysis

2 U.S.C. § 441a(a)(1)(A) makes unlawful contributions made by individuals to candidates or political committees that exceed $1,000 per election. 2 U.S.C. § 441a(f) makes unlawful the receipt of contributions that exceed the limits of the Act by candidates or political committees. Pursuant to 2 U.S.C. § 441f, no person shall make contributions in the name of another person and no person shall accept contributions in the name of another person.

Respondent Moreno explains that his failure to provide an adequate response is because the complaint was vague and unspecific. In short, Mr. Moreno challenges the sufficiency of the complaint. It is the opinion of this Office, however, that the complaint meets the requirements of the Act and Commission

2/ Respondent Moreno also asserts that any inquiry of his activities should be discussed with the United States Attorney so that a determination may be made by that Office as to whether a Commission inquiry would impair the efforts of the United States Attorney. The United States Attorney, however, has not requested the Commission to do or refrain from doing anything with regard to this matter. Indeed, it appears that the purpose of the letter from the United States Attorney was to fulfill his obligation, pursuant to the terms of the cooperation agreement with Mr. Moreno, of bringing to the attention of other law enforcement authorities the nature and extent of Mr. Moreno's cooperation.

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regulations. 2 U.S.C. § 437g(a)(1); 11 C.F.R. § 111.4. The signed and sworn complaint, in this matter, identified respondents, contained information which gave rise to the complaint, described the violation and was accompanied by documentation in the form of newspaper articles. Thus, the alleged violations of the Act or regulations under the Commission's jurisdiction are sufficiently clear.

The issue here is whether excessive contributions in the name of another person were made by Mr. Moreno and whether such illegal contributions were accepted by the D'Amato campaign. Additionally, a secondary issue is presented as to whether these transactions constitute knowing and willful conduct by the parties.

The complaint was supported by newspaper articles that cite to the sworn trial testimony of Mr. Moreno, in another matter, that he contributed $30,000 to the D'Amato campaign under different names. Additionally, according to Mr. Moreno's testimony, Mr. D'Amato may have known that these contributions in the name of another were made by Mr. Moreno.

Mr. Moreno, while not denying the allegations cited, has submitted an incomplete response. Mr. Moreno's sworn testimony cited in the newspaper article, however, appears sufficient to establish that there is reason to believe violations of the Act may have occurred. Further investigation will be necessary for

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full consideration of all of the allegations that have been made. Therefore, there is reason to believe Mario Moreno violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f.

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FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION
89 APR -3 AM 11: 11

CHRISTY & VIENER

620 FIFTH AVENUE
NEW YORK, NEW YORK 10020
(212) 632-5500

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JON J. MASTERS
WAYNE C. MATUS
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DANIEL J. SULLIVAN
KENNETH W. TABER
FRANKLIN B. VELIE
JOHN D. VIENER

FRANCIS T. CHRISTY
(1897-1979)

PAUL H. BRIGER
COUNSEL

FACSIMILE
(212) 632-5555

DIRECT DIAL NUMBER
(212) 632-

March 9, 1989

Danny L. McDonald, Esq., Chairman
Federal Election Commission
Washington, D.C. 20463

Re: MUR 2639
Mario Moreno

Dear Mr. McDonald:

I am responding to your letter of February 9, 1989, which reached me on February 16, 1989.

To begin with, I intend to withdraw as counsel to Mario Moreno in this matter.

This is also to advise you that Mr. Moreno is currently incarcerated in the Metropolitan Correction Center in New York. Thus, he will not be able to respond to your subpoena requiring his presence on March 17, 1989, at the United States Attorney's Office in the Southern District of New York.

If you wish to get in touch with Mr. Moreno, you can address any correspondence to him at the Metropolitan Correction Center, 150 Park Row, New York, New York 10007.

Very truly yours,

Arthur H. Christy

89 APR -3 PM 3:25
FEDERAL ELECTION COMMISSION
RECEIVED
MAIL ROOM

9304029949333

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 7, 1989

Jack Libert, Treasurer
Friends of Senator D'Amato
142 Willis Avenue
P.O. Box 888
Mineola, N.Y. 11501

RE: MUR 2639

Dear Mr. Libert:

On August 1, 1988, you requested that the Federal Election Commission permit Friends of Senator D'Amato (Committee") to terminate pursuant to 2 U.S.C. § 433(d) and Section 102.3 of the Commission's Regulations. Because of the ongoing enforcement matter involving your Committee, this request has been denied. Therefore, you are reminded that the Committee must continue to file all the required reports with the Commission until such time as the enforcement matter has been closed as to the Committee.

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

Sincerely,

Lawrence M. Noble
General Counsel

9304099493 4

RECEIVED
FEDERAL ELECTION COMMISSION
89 MAY 11 PM 3:43

BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of	)	
	)	
D'Amato in '86 and Arthur Jaspan, as treasurer; Friends of Senator D'Amato and Jack Libert, as treasurer; and Mario Moreno	)	MUR 2639

COMPREHENSIVE INVESTIGATIVE REPORT #1

I. BACKGROUND

This matter was generated by a signed and sworn complaint filed by Mark Greene against Senator D'Amato and his campaign committees. Although Complainant did not specifically name Mario Moreno as a Respondent, it was the opinion of this Office that the complaint raised possible violations of the Act by him as well. Therefore, this Office named Mr. Moreno as a Respondent in the matter. On January 31, 1989, the Commission found reason to believe that Mario Moreno violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f. Additionally, the Commission approved the sending of the Factual and Legal Analysis, Subpoena to Produce Documents, Order to Submit Written Answers, Subpoena to Appear for Deposition and letter to Mario Moreno. These materials were mailed on February 9, 1989. Also on that date, the Commission determined to take no action at this time against Senator Alfonse M. D'Amato; D'Amato in 86 and Arthur Jaspan, as treasurer; and Friends of Senator D'Amato and Jack Libert, as treasurer, for violating any provisions of the Act.

Mr. Moreno's appearance for deposition was scheduled for March 17, 1989. On February 6, 1989, this Office contacted

2304099435

the junior counsel in the firm who had been assigned to handle the case and was told that due to trials and other matters another attorney was handling the matter. The junior counsel indicated that after checking with the attorney he would get back to us. The junior counsel did not provide further information about the case and messages were left for him by this Office.

On March 8, 1989, this Office contacted the senior counsel representing Mr. Moreno in the firm who appeared not to know what his staff was doing and that he was designated counsel in the matter for Mr. Moreno. The senior counsel explained that he was in the process of drafting a letter explaining the present situation which he would mail to the Commission the next day. The senior counsel indicated during the telephone conversation that Mr. Moreno was in jail and that he would not be able to appear for deposition. The senior counsel also stated that he was in the process of cutting off all connections with Mr. Moreno in this and other matters.

On March 28, 1989, this Office spoke to the senior counsel with regard to the letter he was to send. The senior counsel stated that he had sent it and read from a copy of the letter. The senior counsel indicated that he would send a copy of the letter that he had previously sent to the Commission.

On April 3, 1988, the Office of the General Counsel received a letter, dated March 9, 1989, from the senior counsel stating his intent to withdraw as counsel to Mr. Moreno in this matter.

9304099493 6

The letter also advised that Mr. Moreno is incarcerated in the Metropolitan Correction Center in New York. Additionally, the senior counsel provided an address for Mr. Moreno.

Due to the circumstances of this matter, this Office is in the process of establishing contact with Mr. Moreno and resubmitting the discovery requests previously approved by the Commission. Upon establishment of contact with Mr. Moreno again, and receipt of a response to the discovery requests, arrangements will be made for a new deposition date.

5/11/99
Date

Lawrence M. Noble
General Counsel

Staff Person: Debby Curry

9304099493 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

June 7, 1989

Mario Moreno
Metropolitan Correctional Center
150 Park Row
New York, NY 10007

RE: MUR 2639
Mario Moreno

Dear Mr. Moreno:

On January 31, 1989, the Commission found reason to believe you violated 2 U.S.C. § 441a(a)(1)(A) and § 441f. On that same date, the Commission approved a Factual and Legal Analysis, Subpoena to Produce Documents, Order to Submit Written Answers, Subpoena to Appear for Deposition and a letter. These materials were mailed to your attorney Arthur Christy on February 9, 1989.

Having received no response to the materials sent to Mr. Christy, we made telephone contact with him on March 8, 1989. Mr. Christy explained that you were incarcerated and unable to appear for deposition on March 17, 1989, as scheduled. Mr. Christy also indicated that he was withdrawing as counsel in the matter.

On April 3, 1989, this Office received written confirmation of Mr. Christy's withdrawal as counsel and an address where we could contact you regarding the matter. It is our understanding, from subsequent conversations with Mr. Christy, that you are aware of the Commission's subpoenas and order. Additionally, Mr. Christy indicated that he is in the process of sending all materials pertaining to the matter to you this week.

In the event that such materials have not arrived from Mr. Christy, enclosed please find copies of all the items sent to him. At this juncture, we have not yet scheduled a new date and time for staff of this Office to take your deposition pursuant to the Commission's Subpoena. Nonetheless, as the Commission's Order to Submit Written Answers and Subpoena to Produce Documents are continuing in nature, please respond as to how you plan to meet these obligations within 15 days of receipt of this letter. A designation of counsel form has also been enclosed, should you decide to designate a new attorney for the matter. If you have

9304099493 8

any questions, please contact Deborah Curry, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

LMNoble (FPZ)

Lawrence M. Noble
General Counsel

Enclosures
Letter to Christy
Subpoena and Order
Factual and Legal Analysis
Designation of Counsel Form

23040999439

MARIO E. MORENO (1)

Responses to Interrogatories and Requests for Production of Documents

1- 1976 (JAN) TO 1978 (MAY) NON-PAID CONSULTANT
1978 (JUNE) TO 1981 (AUG) PAID CONSULTANT
1981 (SEPT) TO 1983 (JAN) TREASURER
1983 (JAN) TO 1983 (JUN) VP. OPERATIONS
1983 (JUL) TO 1985 (JUN) EX. VP. E
1985 (JUL) TO 1986 (FEB) DEPUTY VICE CHAIRMAN
1986 (FEB) TO 1987 (JAN) VICE CHAIRMAN
1979 (APR) TO 1987 (JAN) MEMBER BOARD

2. TESTIMONY WAS GIVEN at U.S. SOUTHERN DISTRICT OF NEW YORK NOT AT STATE SUPREME COURT IN THE BRONX.
My statements at the Biaggi trial stated that Wedtech's group (I serving as the intermediary) had given around $30,000 under different names. Several officers of the Corporation participated in these political contributions.

[a.] All the funds that [redacted] we at the Company (Wedtech), relatives of mine and of other officers at the Company and other people outside [redacted] contributed toward the D'AMATO's campaigns were reimbursed by funds from the slush fund (FHI) and other [redacted] monies misappropriated from Wedtech. I can not give an exact amount as to how much was the

3040949

total of the contributions. My best estimate is around $30,000.

b. The U.S. Southern District of New York has all the surviving documentation (checks, copies of checks, copies of bank checks, other documentation) to give you the dates and amounts of all contributions made.

c. Contributions were made under different names. Some were made under Wedtech's officers' names; others by relatives and other people outside the Company.

d. Same as b. above.

e. My personal funds were used for some of these contributions ~~when they~~ at the time that the checks went to D'Amato's organizations. However, ~~I would then~~ I was always reimbursed with funds unappropriated from Wedtech at a later date.

9304049941

5. These contributions were delivered to Bernard Ehrlich and other employees at the firm of Biaggi and Ehrlich.

g. Yes. The following people had full & PARTIAL knowledge of the transactions in question: D'AMATO
Bernard Ehrlich
MARIO BIAGGI
RICHARD BLUSTINE
JOHN MARIOTTA
FRED NEUBERGER
ANTHONY GUARIGLIA
LAWRENCE SHORTEN
MARIO E. MORENO

h. SAME AS b. above.

3. a. JOHN ZICAMI
SEAN SMEALLIE
MICHAEL HATHAWAY
There is an additional employee whose name I do not remember. You can check with the U.S. SOUTHERN DISTRICT OF N.Y.

b. They were staff members in Senator D'AMATO'S Washington offices.

c. NOT THAT I AM AWARE OF.

P3004099412

(d.) These ~~one~~ individuals were made available to Weltech to help in obtaining the following contracts.

1. The 6-horsepower Engines
2. PANTOONS (ORIGINAL)
3. ~~MAINTENANCE~~
3. PANTOONS (OPTIONS)
4. PANTOONS (NEW APPROPIATIONS 1986)
5. MAINTENANCE VEHICLES

e. SAME AS 2.b ABOVE.

4. a. SAME AS 2.b ABOVE

b. YES. I MET WITH Senator D'AMATO AT SEVERAL BANQUETS AND POLITICAL AFFAIRS. FOR DATES AND PLACES, SAME AS 2.b ABOVE.

c. SAME AS 2.b ABOVE.

d. SAME AS 2.b. ABOVE.

6/15/89

930040994943

OGC 3158

MARIO E MORENO

RECEIVED
FEDERAL ELECTION COMMISSION
ADMINISTRATIVE DIVISION

STATEMENT OF DESIGNATION OF COUNSEL

89 JUN 22 AM 11:29

MUR _____

NAME OF COUNSEL: NONE

ADDRESS: _____

_____

_____

TELEPHONE: _____

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
89 JUN 22 PM 1:26

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

6/15/89
Date

Mario E. Moreno
Signature

RESPONDENT'S NAME: MARIO E. MORENO 13729-054

ADDRESS: METROPOLITAN CORRECTIONAL CENTER
150 PARK ROW
NEW YORK, N.Y. 10007

HOME PHONE: NONE

BUSINESS PHONE: NONE

9300409949944

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

89 JUL -6 AM 9:55

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
D'Amato in '86 and Arthur Jaspan, as treasurer; Friends of Senator D'Amato and Jack Libert, as treasurer; and Mario Moreno	)	MUR 2639

SENSITIVE

COMPREHENSIVE INVESTIGATIVE REPORT #2

I. BACKGROUND

This matter was generated by a signed and sworn complaint filed by Mark Greene against Senator D'Amato and his campaign committees. Although Complainant did not specifically name Mario Moreno as a Respondent, it was the opinion of this Office that the complaint raised possible violations of the Act by him as well. Therefore, this Office named Mr. Moreno as a Respondent in the matter. On January 31, 1989, the Commission found reason to believe that Mario Moreno violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f.

As noted in Comprehensive Investigative Report #1, dated May 11, 1989, Mr. Moreno is incarcerated in Metropolitan Correction Center in New York and his attorney has withdrawn as counsel in the matter.

This Office has established contact with Mr. Moreno and received a response to the Commission's discovery request on June 22, 1989. Additionally, an Assistant U.S. Attorney from the Southern District of New York has been in contact with this Office by phone regarding Mr. Moreno's testimony in Wedtech criminal trials. The Assistant U.S. Attorney has agreed to send us copies of documents and materials pertinent to those trials and to our

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investigation. The Assistant U.S. Attorney is involved with the Biaggi appeal in the Wedtech criminal matter at this time but has promised to send the materials shortly.

Upon receipt and analysis of the materials promised by the Assistant U.S. Attorney and analysis of Mr. Moreno's submission, this Office will set up a deposition schedule with Mr. Moreno.

7/5/85
Date

Lawrence M. Noble
General Counsel

Staff Assigned: Debby Curry

23040099446

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

October 13, 1989

Edward J. Little, Esquire
Assistant United States Attorney
Office of the United States Attorney for the
Southern District of New York
One St. Andrews Plaza
New York, New York 10007

Re: MUR 2639
Mario Moreno

Dear Mr. Little:

As you know, the Commission is conducting a confidential investigation involving the alleged reimbursement of certain federal campaign contributions. The investigation in part involves Mario Moreno, a former Wedtech executive who has cooperated with your office.

In discussions earlier this year with Jonathan Bernstein of my staff, you described materials potentially useful to the Commission's investigation which you would be willing to provide us. Specifically, you described contribution checks to several federal candidates, checks written in reimbursement of such contributions, handwritten notes relating to these contributions, and transcripts of Mr. Moreno's trial testimony. I believe these materials would advance the Commission's investigation and ask that you forward them to us at this time. We would of course also appreciate any investigative compilations of these contributions that you are able to provide us.

Thank you for your assistance and cooperation in this matter. If you should have any questions about this request, please contact Mr. Bernstein of my staff, at (202) 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

9304099447

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FEDERAL ELECTION COMMISSION
SECRETARIAT

89 OCT 17 PM 4:09

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	**SENSITIVE**
	)	
Mario Moreno; Senator Alfonse D'Amato; D'Amato in '86 and Arthur Jaspan, as treasurer; Friends of Senator D'Amato and Jack Libert, as treasurer	)	MUR 2639

COMPREHENSIVE INVESTIGATIVE REPORT #3

On January 31, 1989, the Commission found reason to believe that Mario Moreno violated 2 U.S.C. § 441a(a)(1)(A) and 441f in connection with the apparent corporate reimbursement of contributions to the 1986 campaign of Senator Alfonse D'Amato. The Commission decided to take no action at that time against Senator D'Amato and his campaign committees. Also on that date, the Commission approved a subpoena and order to Mr. Moreno to produce certain documents and answer written questions. Mr. Moreno's subpoena also required him to appear for deposition on March 17, 1989. The notification materials and subpoena were mailed to Mr. Moreno's counsel, who had responded to the complaint on his behalf.

In a series of telephone communications with counsel and his associates, we were informed that Mr. Moreno was in prison and could not appear for deposition. We finally received a letter on April 3, 1989 (which had been dated March 9, 1989) in which counsel stated he was withdrawing as counsel to Mr. Moreno. This letter provided Moreno's address at the New York Metropolitan Correction Center. Counsel then agreed to forward

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the Commission's notification package directly to Mr. Moreno.

Before receiving any response from Mr. Moreno, this Office was contacted by Edward Little, the Assistant United States Attorney responsible for the Wedtech related criminal trials, with whom Mr. Moreno was cooperating as a witness. According to the Assistant United States Attorney (AUSA), Mario Moreno, Fred Neuberger, Larry Shorten, Tony Guarigliano, and John Mariotta were all Wedtech executives. They had a special bank account into which business receipts were deposited, but which was in actuality a slush fund out of which illegal payments were made. Specifically, reimbursements were paid for the executives' campaign contributions to federal candidates Biaggi, D'Amato, Addabbo, and Stratten.

The AUSA said that the case depended substantially on the testimony of the individuals involved, but he did describe handwritten notes the executives had made charting the contributions, and said they also had contribution and reimbursement checks. He agreed to provide us with these materials as well as the transcript of Moreno's trial testimony discussing the reimbursement scheme.

Soon afterward, this Office received Mr. Moreno's response to the interrogatories and document requests (Attachment 1). The response confirms in general terms the reimbursement scheme and claims documentation of the specific transactions is in the hands of the U.S. Attorney. In Comprehensive Investigative Report No. 2, this Office advised the Commission of the receipt of Mr. Moreno's response and of the expected receipt of

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materials from the AUSA.

Unfortunately, despite several follow-up telephone calls in the intervening time, we have not yet received the promised materials.[1/] For this reason, this Office wrote to the AUSA (Attachment 2) requesting these documents. Upon receipt of these documents, this Office will arrange to take sworn testimony from Mr. Moreno, and will make further recommendations to the Commission regarding the other Wedtech individuals apparently involved in the reimbursement scheme.

10/17/87
Date

Lawrence M. Noble
General Counsel

Attachments
1. Moreno response
2. Letter to AUSA

Staff assigned: Bernstein/Curry

9304099495O

1/ According to news reports, the Wedtech-related criminal trial of Rep. Robert Garcia began in mid-September in the Southern District of New York. The trial involves charges of bribery and extortion, and the AUSA with whom we have spoken is the principal prosecutor. Furthermore, Mario Moreno is described in the articles as a key witness against Rep. Garcia. That trial is now apparently in its final stages.

OGC9523

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 9, 1990

Honorable Otto Obermaier
United States Attorney for the Southern
District of New York
One St. Andrews Plaza
New York, New York 10007

Re: Wedtech Investigation
Matter Under Review ("MUR") 2639

Dear Mr. Obermaier:

The Federal Election Commission is conducting a confidential civil law enforcement investigation involving the alleged reimbursement of certain federal campaign contributions by Wedtech, Inc. The investigation in part involves Mario Moreno, a former Wedtech executive who has cooperated with your Office. In July 1989 discussions with Jonathan Bernstein of my staff, Assistant United States Attorney Edward J. Little described materials potentially useful to the Commission's investigation which your Office would be willing to provide us. Specifically, Mr. Little described contribution checks to several federal candidates, checks written in reimbursement of such contributions, handwritten notes relating to these contributions, and transcripts of Mr. Moreno's trial testimony.

In October 1989, I wrote to Mr. Little requesting these and any other relevant investigatory materials (copy attached). We received no reply and understand that Mr. Little left your Office in November 1989. Additional telephonic contacts in December 1989 have so far not yielded fruit. Because I believe these materials would advance the Commission's investigation, I now ask your Office's cooperation, and request that you provide the Commission with all available materials from your Office's Wedtech investigation relevant to the reimbursement of federal campaign contributions, subject to restricting law. If you would prefer to have a Commission representative visit your Office to reproduce the materials, please let us know.

Thank you for your assistance and cooperation in this matter. If your Office should have any questions about this

9304099495 1

request, please contact Associate General Counsel Lois G. Lerner, or Assistant General Counsel Jonathan Bernstein, at FTS 376-5690 or 376-8200.

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure

9304099495 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 17, 1990

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
Mario Moreno
c/o Christy & Viener
620 Fifth Avenue
New York, NY 10020

RE: MUR 2639
Mario Moreno

Dear Mr. Moreno:

On January 31, 1989, the Commission found reason to believe you violated 2 U.S.C. § 441a(a)(1)(A) and § 441f. On that date, the Commission approved a Factual and Legal Analysis, Subpoena to Produce Documents, Order to Submit Written Answers, Subpoena to Appear for Deposition and a letter. While we have received your response to the Order to Submit Written Answers, the Subpoena to Produce Documents and Subpoena to Appear for Deposition remain outstanding. Please contact us within 5 days of your receipt of this letter so that we can discuss the details of your obligations in the matter.

Specifically, in order to facilitate the Commission's Subpoena to Appear for Deposition, this office will consider paying your way to Washington so that you can fulfill your obligations in this matter. Additionally, with respect to the outstanding Subpoena to Produce Documents, we are interested in obtaining the documents pertaining to this matter if they are available to you at this time. Please call us within 5 days so that we can confirm a date and a time for a meeting. A designation of counsel form is enclosed, should you decide to designate a new attorney for the matter.

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

Sincerely,

Lawrence M. Noble
General Counsel

Enclosure

9304099495 3

FEC
4/30/90 6537
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FEDERAL ELECTION COMMISSION
MAIL ROOM

90 JUN 12 AM 11:47

DEBORAH CURRY
FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Dear Ms. CURRY:

REF: MUR 2639
MARIO E. MORENO
LETTER 4/17/90

This is in response to your letter dated 4/17/90. I have attempted to communicate with you by phone on several occasions and have been unable to do so. Therefore, I have decided to answer you in writing regarding the outstanding items in the subpoena.

I can not produce any documents relevant to this case because all of them are in the U.S. ATTORNEY'S OFFICE, SOUTHERN DISTRICT, NEW YORK.

I will comply with your request to travel to Washington whenever you need me there. However, I have no funds to travel, and, therefore, I will need an advance to cover any expenses.

MARIO E. MORENO
P.O. BOX 545
NORTH SALEM, N.Y. 10560

9304099954

OGC 6537

STATEMENT OF DESIGNATION OF COUNSEL

MUR _____

NAME OF COUNSEL: No Counsel

ADDRESS: Can not afford

TELEPHONE: _____

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
90 JUN 13 AM 11:32

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

4/30/90
Date

John E. Moreno
Signature

RESPONDENT'S NAME: Mario E. Moreno

ADDRESS: P. O. Box 545
North Salem
New York, N.Y 10560

HOME PHONE: 718 884 4149

BUSINESS PHONE: None

23040099495 5

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT

90 AUG 28 AM 11:30

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Mario Moreno; Senator Alfonse D'Amato; D'Amato in '86 and Arthur Jaspan, as treasurer; Friends of Senator D'Amato and Jack Libert, as treasurer	)	MUR 2639

COMPREHENSIVE INVESTIGATIVE REPORT #4

On January 31, 1989, the Commission found reason to believe Mario Moreno violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f in connection with the apparent corporate reimbursement of contributions to the 1986 campaign of Senator Alfonse D'Amato. The Commission decided to take no action at that time against Senator D'Amato and his campaign committees. Also on that date, the Commission approved a subpoena and order to Mr. Moreno to produce certain documents and answer written questions. The subpoena required Mr. Moreno to appear for deposition.

Mr. Moreno has responded to the Commission's order to answer written questions but has been unable to submit the documents pursuant to the subpoena because this information is in the hands of the U.S. Attorney in the Wedtech criminal prosecution. Comprehensive Investigative Report No. 2 advised the Commission of the receipt of Mr. Moreno's response and the expected receipt of materials promised by the Assistant United States Attorney ("AUSA") responsible for the Wedtech related criminal trials. Comprehensive Investigative Report No. 3 informed the Commission that because we had not yet received the

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promised materials, a letter dated October 13, 1989, had been written by this Office to the AUSA requesting these documents.

Apparently, the AUSA on the case had left the U. S. Attorney's Office in November 1989 without sending any of the requested materials to us. Additional contacts with that office did not yield any of the documents or information in question. Consequently, in February 1990, we sent a letter to Otto Obermaier, the U. S. Attorney for the Southern District of New York requesting the investigatory materials needed to pursue this case. We have received no response to this letter.

Meanwhile, we again encountered difficulties in locating Mr. Moreno who was no longer in jail. We contacted his former counsel in the matter in April to get a current address for Mr. Moreno so that he could fulfill the outstanding requirements of the subpoena (appearance for deposition and production of documents). After numerous attempts to reach the former counsel in the matter we were told that his address was unknown. Since former counsel in the matter indicated that Mr. Moreno sometimes stopped by his office to pick up papers relating to another case, we asked counsel to have Mr. Moreno contact us at our Office. Mr. Moreno made some attempts in May to call but did not leave a call back number.

In June we decided to call the AUSA who had been previously assigned to the Wedtech matter (Michelle Hirschman) for two reasons. First, we sought the AUSA's assistance in making contact with Mr. Moreno by providing us with his telephone number or an address. Second, we wanted to renew our request

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for the investigatory materials previously promised by the AUSA's office. These materials consisted of, among other things, the trial transcript mentioned in Mark Green's complaint, copies of individual checks made out to candidates, copies of reimbursement checks for these contributions, notes on the FHJ Account showing contributions and FBI computer chart of contributions.

The AUSA indicated her willingness to send the trial transcript information as soon as possible. In further discussions with a staff member in this Office she explained the difficulties in finding and sending the information requested, stating that there were mountains of documents and that these documents were in boxes in the basement of the building. The AUSA also explained that the Biaggi trial took several months and that Mr. Moreno's testimony took over 3 or 4 weeks.

The AUSA described a bound digest of the trial testimony, prepared internally by her office, which also lists the trial exhibits. The AUSA indicated that it might be possible to locate the relevant testimony or documents through use of the digest which is several hundred pages long. In looking through the digest on the dates mentioned in Mark Green's complaint, the AUSA was unable to find the testimony we sought for the dates in question. The AUSA found only one reference to testimony on campaign contributions. This brief testimony, however, involved an unrelated transaction. The staff member asked the AUSA for a copy of the digest so that it could be examined carefully by this Office for the relevant testimony.

9304099458

Initially, the AUSA wavered on this request because a Wedtech related verdict was on appeal. Subseqently, in a telephone conversation with a staff member in this Office, the AUSA agreed to send the digest of trial on the condition that the digest was not copied or disseminated by this Office. Furthermore, the AUSA requested that we return the digest to her or shred it when we were finished with it. These conditions were agreed to by this Office, and we received the digest of Moreno's testimony on June 25, 1990.

Additionally, the AUSA indicated that she would try to facilitate contact between Mr. Moreno and our Office by trying to find Mr. Moreno. The AUSA did not offer a telephone number or address but said she would have him call us. Before she had a chance to contact Mr. Moreno, this Office received a letter from him. Mr. Moreno stated that he had tried to contact us and gave us a P.O. Box number in North Salem, N.Y. for future correspondence.

On June 20, 1990, a staff member was called by a IRS agent who explained that he was calling at the request of the AUSA. The IRS agent stated that he had talked to Mr. Moreno and that he should be calling us shortly. Later that morning, Mr. Moreno called this Office. A staff member spoke with Mr. Moreno and confirmed our receipt of his prior correspondence. The staff member explained to Mr. Moreno that this Office was in the process of securing other information relevant to the case and that the Office would be getting in touch with him later to set up a date for him to come to Washington for depositions.

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Mr. Moreno pointed out that he is without money and that he has no permanent address. He appears to be going from place to place staying with relatives and friends. It was explained to Mr. Moreno that once we had a firm date for him to come to Washington, D.C. for depositions we would iron out the details of getting him an advance for his expenses. Mr. Moreno gave the staff member two telephone numbers where messages could be left when we wanted to be in touch with him. Mr. Moreno appeared to be very cooperative in the matter.

Pursuant to the agreement between the AUSA and this Office, we are now in receipt of the digest of the Biaggi trial. Upon further examination and analysis of this document, this Office should be able determine the next stage in the investigatory process.

Date 2/24/90

Lawrence M. Noble
General Counsel

Staff assigned: Debby Curry

23040994960

93040099449961

MARIO MORENO INTERVIEW

JANUARY 10, 1991

Unofficial Transcript

FEDERAL ELECTION COMMISSION
OFFICE OF THE GENERAL COUNSEL

Jonathan Bernstein
Assistant General Counsel

Deborah Curry
Attorney

TAPE 1

Q: WE'RE JUST GOING TO EXPLAIN ABOUT THE TAPE RECORDING SO THAT WE KNOW THAT WE HAVE YOUR PERMISSION.

A: YES

Q: AND YOU FEEL VERY COMFORTABLE

A: YES I DO

Q: THE NEXT THING IS WE NOTICE THAT YOU'RE NOT REPRESENTED BY AN ATTORNEY.

A: YES

Q: BUT YOU'VE BEEN INFORMED THAT YOU COULD HAVE AN ATTORNEY

A: YES AND I HAVE WAIVED MY RIGHTS

Q: VERY GOOD. THE NEXT THING IS THAT YOU WERE NOTIFIED THAT WE HAD FOUND REASON TO BELIEVE IN THE LETTER THAT WE SENT PREVIOUSLY AND THIS IS PART OF THE COMMISSION'S INVESTIGATION IN MUR 2639 AND WE ARE GOING TO GO OVER SOME QUESTIONS JUST SO THAT WE CAN GET A GENERAL IDEA OF WHAT HAPPENED SO THIS IS GOING TO BE VERY INFORMAL. IF YOU FEEL THAT I'M MOVING TOO FAST OR I'M NOT SPEAKING CLEARLY, OR YOU DON'T UNDERSTAND WHAT I'M SAYING, FEEL FREE

A: I WILL LET YOU KNOW

Q: OR IF THERE IS A QUESTION THAT WE'RE NOT ASKING THAT WE SHOULD. FEEL FREE TO STOP US AT ANY POINT. SOMETIMES DURING THE COURSE OF THE DISCUSSION SOME THINGS MAY BE TRIGGERED IN YOUR MIND THAT MAY BE ANSWERS TO PREVIOUS QUESTIONS.

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A: YES

Q: YOU KNOW AS YOU GET FURTHER INTO IT TO FEEL FREE IF YOU WANT US TO GO BACK TO SOMETHING THAT YOU HAVE JUST REMEMBERED THAT MAYBE YOU WEREN'T ABLE TO ANSWER AT THE TIME.

A: O.K.

Q: WE'RE GOING TO START WITH REAL EASY STUFF AND THAT'S YOUR POSITION AT WEDTECH. WE HAVE YOUR RESPONSE THAT YOU MADE TO AND YOU LISTED DATES OF EMPLOYMENT WITH WEDTECH CORPORATION.

A: YES

Q: AND I WANT TO KNOW ARE THESE 1976 TREASURER, THIS IS VICE PRESIDENT OF OPERATIONS FOR 1983 JANUARY TO JUNE, JULY TO JUNE 1983 IS THIS EXECUTIVE VICE PRESIDENT, 1985 JULY TO 1986 FEBRUARY DEPUTY VICE CHAIRMAN OF THE BOARD

A: BY CHAIRMAN OF THE BOARD THEN I WAS AN OFFICER OF THE CORPORATION.

Q: OK NOW, IS THE TREASURER POSITION AN OFFICER POSITION

A: YES THAT WAS AN OFFICER POSITION AND THE VICE CHAIRMAN WAS ALSO AN OFFICER POSITION.

Q: AND FROM APRIL 1979 TO JANUARY 1987 AS AMEMBER OF THE BOARD.

A: YES

Q: O.K. SO YOU CAME ON BOARD AT WEDTECH IN 1976 AS A NON-PAID CONSULTANT

A: CORRECT

Q: THE NEXT THING WE WOULD LIKE TO GO THROUGH IS THE

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WEDTECH CORPORATION, JUST TO EXPLORE THE MAKE-UP OF THE CORPORATION, THE PURPOSE, THE STATUS AND THINGS OF THAT NATURE. I ALSO NOTICED SOMETIMES THEY SAY WELLBUILT AND SOMETIMES THEY SAY WEDTECH. DID IT GO THROUGH A NAME CHANGE?

A: YES IT DID IN 1983 BEFORE THE COMPANY WENT PUBLIC. THEY CHANGED THE NAME FROM WELLBUILT ELECTRONICS DYE CORPORATION TO WEDTECH CORPORATION.

Q: SO UP UNTIL 1970 ... WAS IT FORMED IN 1976

A: THE COMPANY WAS FORMED I BELIEVE IN 1965. THE CORPORATION WELLBUILT ELECTRONICS DYE. IT HAS ANOTHER INDIVIDUAL THAT WAS A SHAREHOLDER ON THE 19.. SOMETIME IN THE 1970s WHEN MR. MARIOTTA BROUGHT THE OTHER PART FROM THE OTHER INDIVIDUAL AND SOLD THE HALF OF THE OTHER INDIVIDUAL TO MR. NEUBERGER.

Q: SO IT WAS FORMED IN 1965 AS WELLBUILT ELECTRONICS DYE CORPORATION AND WHEN DID THE CHANGE OCCUR?

A: IN EARLY 1983.

Q: WAS THE NAME CHANGE IN CONTEMPLATION OF THE COMPANY GOING PUBLIC?

A: YES, BECAUSE THERE WERE OTHER COMPANIES WITH SIMILAR NAMES -- WELLBUILT, A COMPANY THAT BUILDS ALL THIS STUFF, ORIGINATORS, ACTUALLY THEY PUT SOME KIND OF LEGAL TRADEMARK QUESTION

Q: AND WHAT WAS THE PURPOSE OF WEDTECH. BECAUSE IT WAS WELLBUILT WHEN YOU CAME IN.

A: YES

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Q: DID THE PURPOSE CHANGE AT ALL

A: THE PURPOSE WAS FROM THE BEGINNING TO MANUFACTURE METAL PARTS THAT WERE GOING TO BE ASSEMBLIES, SUB-ASSEMBLIES AND OTHER MAYTELL APPARATUS OF ALL KINDS. THEN AS THE COMPANY GREW HE MADE MORE SOPHISTICATED METAL PARTS. AT THE END WE WERE BUILDING ENGINES, MOTORIZED PONTOONS WHICH ARE LIKE SMALL VESSELS.

Q: WHAT IS A PONTOON?

A: THEY USED THAT FOR THE RAPID DEPLOYMENT FORCE WHEN THEIR ARE NO HELMET AND GEARS, THEY WILL UTILIZE THOSE P0NTOONS TO CREATE TEMPORARY PIERS FOR BRIDGES. THEY ARE BOXES THAT ARE LIKE HALF THE SIZE OF THIS TABLE, THEY ARE COMPLETELY AIRTIGHT AND THEY ARE JOINED TOGETHER, AND VEHICLES AND TROOPS AND EVERYBODY CAN CROSS. ACTUALLY ONE TIME WE WERE NEGOTIATING WITH IRAQ AND EGYPT DURING THE CONFLICT WITH IRAN TO SELL THEM LIKE THREE HUNDRED MILLION DOLLARS WORTH OF PONTOONS. THERE WERE NEGOTIATIONS IN LONG NUMBERS.

Q: IN TERMS OF THE OWNERSHIP, WAS THERE ONE PERSON OWNING IT, YOU SAID THAT ORIGINALLY

A: MY UNDERSTANDING IS THERE WAS ONE SINGLE SHAREHOLDER, THAT INDIVIDUAL LATER ON BROUGHT MARIOTTA AND SOLD HALF THE COMPANY SHARES TO HIM. THEN WHEN THAT INDIVIDUAL BECAME SICK OR RETIRED THE HALF OF THE COMPANY THAT WAS SOLD TO MARIOTTA WAS IMMEDIATELY TRANSFERRED TO MR. FRED NEUBERGER. HE WAS ANOTHER ONE AT THE MAIN OFFICERS OF THE COMPANY.

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Q: SO ESSENTIALLY IT WAS OWNED BY THE TWO STOCKHOLDERS - MARIOTTA AND NEUBERGER.

A: YES, NEUBERGER IS THE FELLOW WHERE HIS WIFE DISAPPEARED DURING THE INVESTIGATIONS AND THEY HAVE NOT BEEN ABLE TO KNOW ANYTHING OFFHAND SINCE THAT TIME. HE USED TO BE THE CHAIRMAN OF THE BOARD AT THE TIME WE FILED FOR BANKRUPTCY.

Q: OK NOW DID THIS CHANGE AT SOME POINT IN TIME, THIS WAS IN 1976 WHEN YOU ARRIVED

A: THEN IN 1981 THERE WAS A SECRET AGREEMENT, NO BEFORE THAT IN 1975 IN ORDER TO GET THE BENEFITS OF THE SMALL BUSINESS ADMINISTRATION, NEUBERGER AND MARIOTTA CHANGED THE OWNERSHIP OF THE COMPANY, ONLY ON THE SURFACE. IN REALITY THEY REMAINED 50/50, FOR THE PAPERWORK THEY CHANGED IT TO 2/3 OWNED BY MARIOTTA AND 1/3 BY NEUBERGER, IN ORDER TO TAKE ADVANTAGE OF ALL THE MINORITY PROGRAMS OF THE SMALL BUSINESS ADMINISTRATION.

Q: SO DID THEY FALL WITHIN A CERTAIN, I SAW AN 8A AND THAT'S THE MINORITY ...

A: YES, THE 8A PROGRAM IS A SPECIAL PROGRAM WITHIN THE SMALL BUSINESS ADMINISTRATION THAT FAVORS MINORITIES.

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Q: AND IN ORDER TO QUALIFY, WHAT IS IT YOU HAVE TO BE -- TWO-THIRDS

A: NO, MORE THAN HALF THE COMPANY, 51% OR MORE, AND THE PERSON ON WHOSE QUALIFICATION THE 8A CERTIFICATION IS BASED HAS TO BE A MINORITY PERSON (BLACKS, HISPANICS, ESKIMOS, I DON'T KNOW IF WOMEN QUALIFY NOW. I DON'T THINK SO, BUT THEY PARTICIPATE IN SOME OF THOSE PROGRAMS NOW. AT THE TIME IT WAS THE PEOPLE THAT WERE QUALIFIED AS MINORITIES AND ALSO THE PERSON HAD TO BE SOCIALLY AND ECONOMICALLY DISADVANTAGED. THOSE WERE TWO OF THE OTHER REQUIREMENTS, SO PRIMARILY IT'S THREE THINGS - MINORITY, SOCIALLY AND ECONOMICALLY DISADVANTAGE.

Q: AND THAT'S MARIOTTA.

A: YES, IN REALITY THEY WERE 50% OWNERS BUT IN ORDER TO GET THE BENEFIT FOR THESE PROGRAMS THEY HAD FRAUDULENT PAPERS CHANGED.

Q: AND YOU SAID THAT OCCURRED IN 1975.

A: YES, SO WHEN I CAME IN TO HELP THE COMPANY THEY WERE EXPECTING A VOLUNTEER GROUP ON NYU AND I CAME IN TO HELP THE COMPANY AND I WAS LED TO BELIEVE THAT THE REAL OWNERSHIP WAS TWO THIRD - ONE THIRD UNTIL THE END OF 1979 WHEN I WENT IN AND WAS IMMEDIATELY TOLD THE REALITY OF WHAT HAD TAKEN PLACE.

Q: AND DID IT STAY WITH THE TWO THIRD - ONE THIRD FOR THE PUBLIC AND ONE HALF/ONE HALF UNTIL IT DISSOLVED.

A: NO, IN SUMMER OF 1981 I MADE A SECRET AGREEMENT WITH THEM WHEREBY I BECAME A 9% OWNER. MR. MARIOTTA AND

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MR. NEUBERGER, EACH ONE OF THEM REMAINED WITH 45-1/2% OF THE STOCK. THE REASON THAT IT WAS KEPT SECRET WAS BECAUSE WE WERE TRYING TO GET A MAJOR CONTRACT FROM THE GOVERNMENT AND WE DID NOT WANT THE SMALL BUSINESS ADMINISTRATION OR ANYBODY ELSE TO KNOW THAT WE HAD REQUESTED PERMISSION ON PAPERWORK AND I MIGHT NOT QUALIFY AS A 8A MINORITY AND THEN THE ARMY WOULD REALIZE THAT AND NOT GIVE THE CONTRACT TO US.

Q: WELL WOULD IT HAVE BEEN HARD TO EXPLAIN THAT IF THE SBA THOUGHT THE OWNERSHIP WASN'T 50/50.

A: CORRECT AND THEN THERE WAS ANOTHER PROBLEM

Q: OH WHAT A TANGLED WEB WE WEAVE.

A: YES, THAT'S RIGHT. THEN IN EARLY 1983 THE POLITICIANS AND THE LAWYERS AND A LOT OF OTHER PEOPLE CAME IN AND GOT A STOCK IN THERE. THAT'S WHEN BIAGGI (1982) I HAD A MEETING WITH MARIOTTA AND BIAGGI AT A RESTAURANT IN THE VERSALLE ROOM IN THE BRONX AND WHERE MARIOTTA AND THE CONGRESSMAN REQUESTED THAT WE GIVE HIM, HE MADE OTHER REQUESTS, BUT BASICALLY HE REQUESTED THAT HE AND EHRLICH, HIS PARTNER GET 50% OF THE STOCK AT THE END. I MEAN 5% OF THE STOCK WITH THE COMPANY. LAST, A CERTAIN PERCENTAGE OF ALL THE CONTRACTS THAT HE'LL HELP TO GET FOR THE COMPANY. HE WANTED LIKE 5% OF THE PROFITS. AT ONE POINT HE WANTED 10% OF THE PROFITS, APPARENTLY HE WAS NOT VERY FAMILIAR THAT IN NEGOTIATING CONTRACTS WITH THE GOVERNMENT - THAT IS THE MAXIMUM THAT THEY LIMIT THE PROFITS OF THE COMPANY, THE MAXIMUM BETWEEN 12 & 13%, SO

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I TOLD HIM THAT IS IMPOSSIBLE BECAUSE OTHERWISE THE COMPANY CANNOT SURVIVE SO HE SETTLED FOR THAT BUT I TOLD HIM THAT IN THE SUBCONTRACTS, WHEN THE MAIN COMPANIES GET A MAJOR CONTRACT AND THEN THEY SUBCONTRACT IT TO WEDTECH, THEN WE WOULD GIVE HIM A 5% COMMISSION THEN.

Q: O.K., SPEAKING OF CONTRACTS, WEDTECH, IT APPEARS THAT THEY BID FOR A LOT OF GOVERNMENT CONTRACTS AND I THINK YOU LISTED SOME OF THE CONTRACTS AND I JUST WANTED TO KNOW IF YOU COULD MAYBE GET SOME TIME PERIODS FOR THESE CONTRACTS.

A: THE SIX HORSE POWER ENGINE - WE STARTED WORKING FOR THAT CONTRACT IN 1979, WE FINALLY GOT IT IN SEPTEMBER 1982.

Q: THE PONTOONS

A: THE PONTOONS CONTRACTS WE STARTED WORKING ON THAT ONE IN THE FALL OF 1983 AND WE GOT IN IN APRIL 1984. THE OPTIONS SHOW FOR THE PONTOONS WE GOT THEM IN 1985 AND 1986.

Q: YOU GOT THEM BOTH YEARS

A: PONTOON OPTIONS, YES.

Q: THESE ARE LONG PROCESSES AREN'T THEY? AND WHEN THE REQUEST FIRST COMES OUT FOR PROPOSALS AND THE BIDS...

A: ...IN THE END IT TOOK 3 YEARS

Q: 3 YEARS BEFORE THE CONTRACT WAS AWARDED

A: THE MOST INTERESTING ONE WAS THE BIGGEST CONTRACT THAT WE GOT--THE PONTOONS AND THAT WAS THE SHORTEST TIME BECAUSE IT ONLY TOOK FROM OCTOBER '83 TO APRIL OF '84. THAT WAS A VERY INTERESTING THING BECAUSE ALL OF THE

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SEVERAL MAJOR POLITICIANS WERE INTERESTED FOR THEIR STATES. DICONCINI FOR NEW MEXICO, OTHER PEOPLE FROM CALIFORNIA, SENATOR TOWER FOR TEXAS AND SO FORTH. I DON'T KNOW IF YOU SAW MY OTHER TRANSCRIPTS OVER THERE. VICE PRESIDENT BUSH HAD ALREADY PROMISED IT TO EX GOVERNOR (FERNARD?) FROM PUERTO RICO AND EVERYBODY WAS HERE AFTER THIS AND WE CAME AND PULLED THE CARPET FROM UNDER EVERYBODY AND WE GOT IN AND EVERYBODY WAS SO MAD AS HELL WE DID THAT - HAD SUCH A GOOD TIME AND THEY ARE VERY POWERFUL PEOPLE AND FUN TO BE AROUND.

Q: AND THE PONTOONS OPTION IN 1985 WENT FROM WHAT TIME TO WHAT TIME?

A: WE STARTED AS SOON AS THE CONTRACT WAS GIVEN. IT HAD THAT WE WERE ENTITLED TO THIS OPTIONS BUT IT DIDN'T SPECIFY AN OBLIGATION FROM THE GOVERNMENT'S PART FOR A PRICE SO WE FINALIZED THE '85 OPTIONS IN '85 AND THE '86 OPTIONS IN '86. THEN THERE WAS A PROBLEM BECAUSE WE RAN OUT OF PANTOON CONTRACTS APPROPRIATIONS SO WE WORK OUT WITH THE ARMED SERVICES COMMITTEE AND THE (_____) WORKING THERE AND SENATOR WARNER AND OTHER PEOPLE WE WERE ABLE TO GET AN APPROPRIATION IN LATE 1986 TO PURCHASE MORE PANTOON EVEN THERE WERE NONE EITHER. WE SENT A CONSULTANT HAT WE USE AND SO FORTH. I THINK THAT'S ON THE TRANSCRIPT

Q: WE'VE BEEN ABLE TO REVIEW A PORTION OF THE BIAGGI TRIAL TRANSCRIPTS, WE HAVEN'T BEEN ABLE TO REVIEW ALL OF THEM SO _____

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A: OH YES, IT'S SIX TRIALS, I WOULD SAY TOTAL PAGES IN THE BIAGGI TRIAL THERE WERE 13,000 QUESTIONS THAT I ANSWERED THERE. IN THE OTHER ONES, PERHAPS THE TOTAL IN THE OTHER ONES COULD BE ANOTHER 30,000. SO IN TOTAL THERE COULD BE 45 - 50,000 QUESTIONS WITHOUT INCLUDING THE CIVIL ONES.

Q: WELL, I ASSURE YOU WE'RE NOT GOING TO COME CLOSE TO THAT.

A: NO, WELL THAT'S WHAT I'M SAYING. THERE ARE THINGS YOU MAY NOT KNOW. IT WAS VERY EXTENSIVE. YOU DON'T HAVE THE MANPOWER, THESE PEOPLE OVER THERE HAD PEOPLE ALL OVER THE PLACE.

Q: YES, IT DOES APPEAR THAT WAY.

A: AT ONE POINT, I WAS BEING QUESTIONED BY AROUND 25 ASSISTANT U.S. ATTORNEYS, THAT'S WHEN THEY SPLIT THE CASE INTO SEVERAL GROUPS SO THEY HAD TREMENDOUS MANPOWER. AT ONE POINT THIS BECAME A MAJOR, THE MOST IMPORTANT CASE AROUND.

Q: YES, CERTAINLY

A: SO THAT'S WHY WHEN I REMEMBER THINGS THAT I FEEL THAT ARE REALLY RELEVANT TO THIS CASE, I WILL BRING THEM OUT.

Q: OK, ON NUMBER 4 THE PONTOONS NEW APPROPRIATIONS SAYS 1986 - HOW LONG

A: OH THE NEW APPROPRIATIONS, THAT WAS, IT FINALLY CAME IN THE APPROPRIATIONS BUDGET IN SEPT./OCT. 1986 FOR THE '87 FISCAL, SOMETHING LIKE THAT.

Q: OK, LET ME JUST STEP BACK FOR A SECOND. DO YOU RECALL

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WHEN IN 1985 AND 1986 THE OPTIONS WERE FINALIZED.

A: THE ONE FOR 1985 I BELIEVE WAS AROUND MAY OR JUNE I DON'T RECALL THE EXACT DATE, AND FOR '86 IN APRIL.

Q: AND THE MAINTENANCE VEHICLES

A: THE MAINTENANCE VEHICLES WENT ALL THROUGHOUT '84 AND PART OF '85. THEY FINALLY TOLD US IN '85. AND THERE WAS THE ONE WHERE WE PUT THE MOST AIR POWER AND WE DIDN'T GET THAT BECAUSE WE HAD A PERSONAL FIGHT WITH THE UNDER SECRETARY FOR THE PROCUREMENT OF THE ARMY (DR. SCOLLUM). EVEN WITH ALL THE FIREPOWER THAT WE HAD WE WERE THE LOWEST BIDDER. WE BID $30 MILLION FROM THAT CONTRACT THE LOWEST, THE NEXT LOWEST BIDDER WAS $37 MILLION AND THEY GAVE IT TO THEM, THEY DIDN'T CARE ABOUT THE $7 MILLION.

Q: AND I NOTICED SOMEWHERE THAT THERE WAS SOME KIND OF INVESTIGATION OF WEDTECH DURING '84

A: YES, THAT LOOKS LIKE THE YEAR.

Q: WAS IT THE SMALL BUSINESS ADMINISTRATION OR THE SMALL BUSINESS COMMITTEE OF THE CONGRESS

A: THE SMALL BUSINESS COMMITTEE OF CONGRESS WAS THE ONE THAT INITIATED THAT. THAT WAS WHERE THE MITCHUM BROTHERS CAME INTO THE PICTURE FROM BALTIMORE.

Q: O.K., NOW BECAUSE OF THIS INVESTIGATION WAS WEDTECH ENCOUNTERING SOME DIFFICULTY - IS THAT SOME OF THE REASONS THE CONTRACT...

A: ...NO THERE WAS AN INDIVIDUAL THAT WAS ONE OF THE MAIN CONTENDERS FOR THE PONTOON CONTRACT AND HE HAD

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Q: THE PONTOON OPTIONS OR THE PONTOON ORIGINAL

A: NO, THE PONTOON BASIC CONTRACT. SO WHEN THESE PEOPLE FOUND OUT THAT WITH ALL THE POWER THEY HAD THAT WE WERE ABLE TO GET THE PONTOON CONTRACT TO PULL THE RUG FROM UNDER THEIR FEET. ONE OF THESE INDIVIDUALS WAS VERY CLOSE TO HARVEY MITCHELL AND HE WENT OVER THERE AND HARVEY MITCHELL STARTED THE INVESTIGATION AS TO WHAT WAS REALLY HAPPENING THERE AND THEN THAT INVESTIGATION WAS GOING TO TURN VERY NASTY.

Q: WAS THE BULK IN THE INVESTIGATION WHETHER WEDTECH IN FACT WAS ELIGIBLE FOR THE 8A PROGRAM.

A: YES AND HOW COULD WE HAVE GOTTEN THE CONTRACT, WHY WERE SOME HEAVY POLITICAL PEOPLE IN THE WHITE HOUSE INVOLVED WITH THE COMPANY. QUESTIONS OF THAT SORT. THERE IS A LETTER THAT ASKS LIKE 12 SPECIFIC QUESTIONS AND THAT WAS THE BASIS FOR THE INVESTIGATION. THEN WE WERE ABLE TO CATCH THAT INVESTIGATION BY MAKING PAYMENT OF $50,000 TO THE MITCHELL BROTHERS IN BALTIMORE.

Q: OK, AT SOME POINT AND TIME, I DON'T RECALL WHAT YEAR, WAS WEDTECH GOING THROUGH BANKRUPTCY OR REORGANIZATION?

A: WELL THAT WAS IN 1986 AT THE END. THAT WAS JUST BEFORE WE RESIGNED. IN DECEMBER I BELIEVE IT WAS THE 14 OR 15 OF 1986 WE FILED FOR PROTECTION UNDER CHAPTER 11.

Q: IS WEDTECH DISSOLVED NOW?

A: THEY ARE STILL OPERATING UNDER AN ENTITY THAT IS PRIMARILY CONTROLLED BY THE CREDITORS COMMITTEE.

Q: ARE THEY STILL OPERATING UNDER THE WEDTECH NAME?

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A: NO, THEY' RE OPERATING PHYSICALLY, OPERATING FOR PAPER WORK FOR THE SUITS, THE WAY THAT A BANKRUPTCY CORPORATION - THEY WENT FROM CHAPTER 11 TO CHAPTER 7 AND THEN THEREIN THEY COMPLETED A LIQUIDATION AND SATISFYING ALL THE CREDITORS.

Q: I'D LIKE TO LOOK AT THE OTHER OFFICERS THAT - LET'S LOOK AT THE EMPLOYEE SET-UP, LOOK AT WEDTECH - FIRST OF ALL LET'S LOOK AT THE OFFICERS.

A: OK, LET'S JUST START WITH MARIOTTA

Q: WHAT POSITION DID HE HOLD.

A: HE WAS THE PRESIDENT AND CHAIRMAN OF THE BOARD FOR MOST OF THE YEARS THAT THE COMPANY EXISTED, THAT I WAS INVOLVED WITH THE COMPANY. HE WAS PRESIDENT UNTIL JULY 1985 AND CHAIRMAN/CHIEF EXECUTIVE OFFICER UNTIL FEB. OF '86

Q: FEBRUARY 86.

A: YES. HE --- WHAT ELSE DO YOU WANT TO KNOW. HE IS THE PERSON ON WHOSE QUALIFICATION, THE 8A CERTIFICATION WAS BASED ON THE COMPANY. VERY INTERESTING CHARACTER. HE IS THE PERSON THAT IS VERY VOLATILE, AND HE WAS THE PERSON PRESIDENT REAGAN WAS ENCHANTED WITH TO THE POINT THAT ONE TIME THE PRESIDENT SPOKE ABOUT HIM AT THE WALDORF ASTORIA IN FRONT OF A LOT OF POLITICAL PEOPLE IN NEW YORK AT $1,000 A PLATE AND HE INDICATED THAT HE WAS A HERO FOR THE '80s. HE WAS INVITED CONTINUOUSLY TO THE WHITE HOUSE AND THEN I DON'T KNOW IF YOU SAW THE MOVIE WITH PETER SELLERS, BEING THERE. HE WAS A

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CINEMOTAGRAPHER AND THE ONLY MOVIE THAT MARIOTTA USED TO HAVE IN HIS OFFICE. HE HAD A VIDEO MACHINE AND THAT WAS THE ONLY GOOD THING THAT HE HAD THERE.

Q: OH REALLY, TAKING LESSONS

A: HE CLOSED THE DOORS AND LOOKED AT THAT THING FROM TIME TO TIME. HE SUFFERED FROM WHAT WAS ANALYZED FROM AN AFFECTIVE BIPOLAR DISORDER WHICH IS LIKE MANIC DEPRESSIVE, SO HE COULD BE THE BEST MAN IN THE WORLD, THE MOST CHARITABLE PERSON WHO GAVE MILLIONS TO CHARITY AND AT THE SAME TIME HE COULD BE THE MOST VINDICTIVE PERSON IN THE WORLD AND IF SOMEBODY FELL AND IT HAD BEEN HIS ENEMY - SCRATCH HIM TO THE END. TWO COMPLETELY DIFFERENT PERSONALITIES. I SPENT A LOT OF TIME WITH HIM. I PROBABLY SPENT MORE TIME WITH HIM THAN HE DID WITH HIS WIFE AND I SAW A LOT OF THE CHARITABLE ACTS AND AT THE SAME TIME HE USED TO USE PEOPLE. HE USED TO USE ME A LOT AND I DIDN'T LEAVE THE COMPANY SEVERAL TIMES BECAUSE ALMOST EVERYTHING I HAD WAS TIED UP WITH THE COMPANY, BUT VERY A UNUSUAL PERSONALITY. SO THAT'S A DESCRIPTION OF JOE MARIOTTA.

Q: WHERE IS HE NOW?

A: I THINK HE JUST FINISHED HIS TERM IN ALLENWOOD. HIS SENTENCE WAS REDUCED BECAUSE THE RACKETEERING PART OF THE SENTENCE WAS OVERTURNED, SO ANY ADJUSTMENTS THAT THE JUDGE DID - I THINK ORIGINALLY HE WAS GOING TO SERVE LIKE 8 YEARS, I THINK HIS SENTENCE WAS REDUCED LIKE TO 3 OR 4 YEARS, SOMETHING LIKE THAT. IF HE'S NOT OUT, HE'S

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PROBABLY GOING TO BE OUT PRETTY SOON.

Q: DID HE PLEAD OR DID HE GO TO TRIAL

A: NO, HE WENT TO TRIAL, HE WAS PART OF THE BIAGGI TRIALS, THERE WERE SEVEN PEOPLE THAT WERE PART OF THAT TRIAL. THAT WAS THE FIRST TRIAL, THE BIAGGI TRIAL AND HE WAS ONE OF THE MAIN PROTAGONISTS.

Q: THE NEXT ONE, FRED NEUBERGER

A: HE'S A MORE INTERESTING CHARACTER

Q: WHAT POSITIONS DID HE HOLD?

A: HE WAS VICE PRESIDENT UNTIL EARLY 1983 WHEN HE BECAME PRESIDENT OF THE COMPANY. IN 1983 HE BECAME PRESIDENT OF THE COMPANY AND HE WAS IN THAT POSITION UNTIL JUNE OR JULY 1985 WHEN HE BECAME VICE CHAIRMAN OF THE BOARD AND THEN AN OFFICER. HE WAS VICE CHAIRMAN OF THE BOARD AND THEN AN OFFICER UNTIL FEBRUARY 1986 WHEN HE BECAME CHAIRMAN OF THE COMPANY AND CHIEF EXECUTIVE OFFICER.

Q: SO MARIOTTA ....

A: THE PROBLEM WITH MARIOTTA WAS THAT HE BECAME CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN EARLY 1983. BECAUSE AT THAT TIME HE RELINQUISHED HIS POSITION AS PRESIDENT OF THE COMPANY TO FRED NEUBERGER IN EARLY 1983. AND THEN HE REMAINED CHAIRMAN AND CHIEF EXECUTIVE OFFICER UNTIL ALL OF US RESIGNED GENERALLY IN EARLY 1987. WHEN FRED, TONY, LARRY AND MYSELF RESIGNED.

Q: 19--

A: EARLY, GENERALLY 1987. HE A VERY INTELLIGENT PERSON. I UNDERSTAND THAT HE HAS AN IQ OF OVER 150. HE SPEAKS

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LIKE SIX OR SEVEN LANGUAGES FLUENTLY. HE USED TO BE A WOMANIZER, SOMETIMES 6 OR 7 WOMEN AT THE SAME TIME, HIS SECOND WIFE, HE'S A VERY INTERESTING GUY, COMMITTED SUICIDE

Q: WHICH, JENNY

A: NO, THAT WAS HELEN

Q: OH HELEN FROM THE FHJ

A: YES, SHE COMMITTED SUICIDE. A LOT OF INTERESTING STORIES THAT NOBODY KNOWS EXCEPT OURSELVES, SO I'M TOLD THESE THINGS, AND THEN WHEN THE INVESTIGATION STARTED IN OCTOBER. WHEN HE WAS ALREADY HAVING HIS 3RD WIFE DISAPPEAR. THEY HAD TWO ADOPTIVE CHILDREN. FOR A TIME THE POLICE THOUGHT THAT HE MAY HAVE HAD SOMETHING TO DO WITH IT, BUT THEY HAVE NOT BEEN ABLE TO PROVE ANYTHING.

Q: HAS SHE TAKEN OR RAN AWAY WITH THE KIDS?

A: NO, SHE _____, THEY DON'T KNOW ANYTHING ABOUT HER SINCE THAT TIME. SHE HAS COMPLETELY DISAPPEARED. LET ME SAY, YOU KNOW THERE IS A VERY GOOD BOOK WHERE THEY DESCRIBE AS THE TRIAL BOOK. IT IS VERY COMPLETE ON ALL THAT INFORMATION. IF YOU HAVEN'T READ THAT BOOK - OF ALL THE THREE BOOKS THAT ARE OUT THAT IS THE BEST BOOK WHERE ALL THE THINGS ARE DESCRIBED BETTER THAN IN THE OTHER TWO BOOKS.

Q: WHAT ARE THE NAMES?

A: JAMES TRAUB, BOOK NAME: <u>TOO GOOD TO BE TRUE.</u> THERE ARE TWO BOOKS THAT ARE NOT AS WELL RESEARCHED OR AS ACCURATE AS THIS BOOK. IT IS VERY WELL DONE AND IT READS FAIRLY

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WELL TOO. SO THEY DESCRIBED SOME OF THOSE THINGS THAT I'M TALKING ABOUT. THEY DESCRIBE EACH ONE OF THESE PEOPLE FAIRLY WELL, SO THAT WILL GIVE YOU A BACKGROUND BETTER THAN WHAT I'M GIVING YOU IN GENERAL AND THEN THE PERSON WHO IS TO HAVE THE MOST RELATIONS WITH THE POLITICIANS AND EVERYTHING WAS ME. THE PERSON THAT IS TO HAVE THE MOST RELATIONS WITH THE INVESTMENT HOUSES, THE PUBLIC CONFERENCE AND THE FINANCES OF THE COMPANY IN THE LAST FEW YEARS WAS TONY GUARIGLIA AND JOHN MARIOTTA AND FRED NEUBERGER WAS LIKE PEOPLE THAT HAVE BEEN WITH THE COMPANY FOR THE - BUT THEY IN ESSENCE HAVE VERY LITTLE REAL ACTIVITY IN THE COMPANY. THEN THERE'S TONY GUARIGLIA AFTER FRED NEUBERGER

Q: DO YOU KNOW WHERE FRED IS?

A: FRED FINISHED SERVING TIME AT DANBERRY AROUND A FEW MONTHS AGO. ONCE BY COINCIDENCE I WAS VISITING THE PROBATION OFFICER IN NEW YORK, HIS PROBATION OFFICER IS LOCATED IN THE EASTERN DISTRICT IN BROOKLYN, IN NEW YORK. THE SAME PLACE WHERE I HAD MY PROBATION OFFICER NOW. I DON'T EVEN KNOW WHO (POG?) IS. I COULD SAY HELLO TO HIM BUT I HAVEN'T SEEN OR HEARD FROM HIM SINCE I BY COINCIDENCE MET HIM ONE DAY THERE.

Q: OH HE WAS VISITING HIS PROBATION OFFICER AT THE SAME TIME YOU WERE

A: YES, BY COINCIDENCE I SAW HIM THERE AND I HADN'T SPOKEN TO HIM SINCE THEN

Q: HOW LONG AGO WAS THAT?

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A: PROBABLY AROUND 7 OR 8 MONTHS AGO

Q: WAS GUARIGLIA AN OFFICER?

A: YES, HE CAME AS A MANAGER FOR MAINHERMAN, THAT WAS THE COMPANY THAT AUDITED THE BOOKS FOR THE COMPANY TO GO PUBLIC FOR WEDTECH TO GO PUBLIC IN 1983 AND THEN WE GAVE HIM A JOB WITH THE COMPANY IN MAY OF 1983. HE BECAME CHIEF FINANCIAL OFFICER OF THE COMPANY AND THEN IN JULY OF 1985 HE BECAME PRESIDENT OF THE COMPANY AND CHIEF OPERATING OFFICER AND HE REMAINED IN THAT POSITION UNTIL HE RESIGNED IN EARLY JANUARY OF 1987.

Q: DID HE GO TO TRIAL?

A: HE WAS ONE OF THE ONES BEFORE (THERE WAS FRED, TONY AND MYSELF) THAT CAME IN AN MADE AN AGREEMENT WITH THE GOVERNMENT. SO HE DIDN'T GO TO TRIAL BUT HE'S GOING TO TRIAL IN FEBRUARY BECAUSE HE COMITTED PERJURY AND THERE WAS ONE MAJOR CASE THE GOVERNMENT COULD NOT PROSECUTE BECAUSE OF HIS PERJURY.

Q: WHAT CASE WAS THAT?

A: HE APPARENTLY COMMITTED PERJURY ON THE DEWALLA CASE BUT THEN THERE WAS ANOTHER CASE THAT THE GOVERNMENT WAS GOING TO PROSECUTE A CASE WITH THE SO-CALLED MOB (PART OF THE MAFIA IN NEW YORK) - PAT SIMON. THAT CASE COULD NOT BE PROSECUTED BECAUSE IN THAT CASE HE WAS THE MAIN WITNESS. I WAS LIKE THE SECOND MOST IMPORTANT WITNESS, IN THE OTHER ONE I WAS THE MOB'S IMPORTANT WITNESS BUT IN THAT ONE HE WAS GOING TO BE THE MOST IMPORTANT WITNESS AND BECAUSE OF THE PERJURY THE GOVERNMENT COULD

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NOT GO ON BECAUSE THEY FELT HE WOULD NEVER BE ABLE TO PULL IT THROUGH AND THEN THE GOVERNMENT DECIDED TO GO AGAINST HIM AND THEY ASKED HIM TO PLEAD GUILTY TO THOSE THINGS AND HE REFUSED AND I UNDERSTAND THAT HE'S GOING ON TRIAL, POSSIBLY AROUND FEBRUARY. VERY BAD SITUATION.

Q: WILL YOU HAVE TO TESTIFY AT THAT?

A: NO BECAUSE IT WILL BE CONCENTRATED ON HIS PERJURY AND THE PERJURY WAS NEVER REALLY THE CASE. IT WAS THAT WE HAD A RESTRAINING ORDER WHERE WE COULD NOT SPEND MONEY UNLESS IT WAS FOR CERTAIN PURPOSES AND WE COULD NOT GO AND GAMBLE IN THE CASINOS. APPARENTLY HE WENT AND GAMBLED IN PUERTO RICO. THEY ASKED HIM AT ONE OF THE TRIALS IF HE HAD GAMBLED AGAIN SINCE HE SIGNED THE RESTRAINING ORDER. HE SAID NO AND THEN THEY PULLED THE TICKETS, THE CASINO WITNESSES, AND ANY INDIVIDUALS THAT HAD GONE TO GAMBLE WITH HIM.

Q: SOME UNHAPPY PROSECUTORS

A: YES, WHICH WAS VERY RIDICULOUS. THEY DON'T KNOW HOW HE DID THAT. I REALLY DON'T UNDERSTAND HOW HE DID THAT SO HE HAS PROBLEMS.

Q: HAS HE BEEN SENTENCED AFTER HIS PLEA.

A: YES, HE WAS SENTENCED TO FIVE MONTHS AND HE SERVED FIVE MONTHS IN DANBURY. HE WAS OUT OF THAT AND NOW HE HAS TO GO FOR THIS SECOND SENTENCE. HE HAS TO GO FOR THE TRIAL AND HE'S USING APPARENTLY A VERY GOOD LEGAL AID LAWYER THAT IS GOING TO ASSIST HIM. HE MAY HAVE SOME REASONS, I DON'T KNOW HOW THAT GOING TO WIND-UP. I FEEL SORRY FOR

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HIM BECAUSE HE WAS VERY CLOSE TO ME. I DON'T HAVE ANY COMMUNICATION WITH HIM OR WITH ANY OF THE OTHER PEOPLE. WHAT I KNOW IS BECAUSE OF THE U.S. ATTORNEYS HAVE CALLED ME. SO I DON'T KNOW ANYTHING. I THINK THAT I WAS THE PERSON THAT GOT THE LOWEST AMOUNT OF PROBATION. I ONLY GOT ONE YEAR. SO IN THAT RESPECT I WAS LUCKIER THAN THE OTHER PEOPLE.

Q: AND WHAT ABOUT LAWRENCE SHORTER.

A: HE WAS AS GUILTY AS WE WERE AND HE DIDN'T GET ANY JAIL TERM. VERY INTERESTING CASE. HE WAS AS GUILTY AS ALL OF US WERE AND HE WAS THE ONLY ONE OF THE FIVE PEOPLE THAT DID NOT GET ANY JAIL. HE ONLY GOT PROBATION. WITH THE SAME JUDGE.

Q: WAS HE AN OFFICER

A: YES

Q: WHAT WAS HIS POSITION.

A: HE STARTED AS HE BECAME TREASURER OF THE COMPANY IN JANUARY OF 1983. HE HAD WORKED AS A NON-OFFICER POSITION DURING 1982 WITH THE COMPANY, AND THEN DURING JANUARY OF 1983 HE BECAME TREASURER AND HE REMAINED IN THAT POSITION UNTIL HE BECAME CHIEF FINANCIAL OFFICER OF THE CORPORATION IN JULY 1985. HE REMAINED IN THAT POSITION UNTIL HE RESIGNED IN EARLY JANUARY OF 1987. IN ESSENCE WE ARE THE FIVE PEOPLE WHO REALLY WERE THE CORE OF THE CORPORATION.

Q: O.K I WANTED TO ASK YOU ABOUT CEIL LEWIS OR GRANDWOTTER. IS THAT THE SAME PERSON?

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A: YES, THE SAME PERSON. SHE WAS THE FAT LADY.

Q: DID SHE WORK FOR THE COMPANY

A: YES

Q: WHAT WAS HER POSITION?

A: WHATEVER WE NEEDED HER TO DO SHE WOULD DO IT. SHE WAS LIKE A TROUBLE-SHOOTER. HER TITLE WAS ASSISTANT TREASURER. I THINK SHE REMAINED IN THAT POSITION FROM 1983 ON. BEFORE THAT SHE USED TO BE AN EMPLOYEE. THE MAIN MOST IMPORTANT THING WAS THAT SHE USED TO TAKE CARE OF THE CASH FUND ACCOUNT.

Q: WAS SHE AN OFFICER?

A: YES, AN ASSISTANT TREASURER. SHE WAS AN OFFICER

Q: IS RICHARD BLUESTINE AN - EMPLOYEE?

A: HE USE TO BE AN OFFICER OF THE COMPANY, TOO. RICHARD BLUESTINE CAME FROM - THE AUDITORS THAT DID THE AUDIT FOR THE COMPANY AND HE WAS THE PARTNER IN CHARGE OF THE WEDTECH CORPORATION. WE CONSPIRED WITH HIM SO THAT HE WOULD CERTIFY THE FINANCIAL STATEMENTS OF THE COMPANY IN EXCHANGE FOR THE JOB ON THE _____ . LIKE ALMOST $1 MILLION WORK OF STOCKS.

Q: WHEN WAS THAT?

A: IN 1983 WHEN HE CAME TO WORK FOR THE COMPANY. THE CONSPIRACY TOOK ALL OF THE FIRST HALF OF 1983 AND THEN HE BECAME AN OFFICER OF THE COMPANY IN SEPTEMBER OF 1983. HE BECAME SENIOR VICE PRESIDENT FOR CORPORATE DEVELOPMENT AND HE WORKED IN THAT POSITION UNTIL AROUND MARCH OR APRIL OF 1984. HE ONLY REMAINED AT THE COMPANY

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IN ESSENCE FOR A FEW MONTHS (MAYBE 7 OR 8 MONTHS). THEN WE FIRED HIM.

Q: WHEY DID YOU FIRE HIM.

A: BECAUSE WE HAD GIVEN HIM A LOAN TO PAY FOR THE TAXES DUE ON THE - THAT HE RECEIVED. LIKE WHEN THE COMPANY HAD GUARANTEED A $1 MILLION LOAN AND HE DID NOT PAY THE TAXES. HE USED THE MONEY FOR PERSONAL USE AND HE WAS SPENDING MOST OF THE TIME AT THE GOLF COURSE. HE HAS NOT BEEN PROSECUTED AS OF THIS TIME. I MEAN THE FEDERAL GOVERNMENT MADE IN EXCHANGE AN AGREEMENT WITH THE STATE PROSECUTORS IN NEW YORK AND APPARENTLY THE STATE PROSECUTORS MADE SEVERAL MISTAKES AND AS OF THIS TIME HE IS ONE OF THE MAJOR PARTICIPANTS THAT HAS NOT BEEN PROSECUTED. YOU KNOW THIS CASE WAS VERY COMPLICATED AT THE BEGINNING BECAUSE THE STATE PROSECUTORS WERE FIGHTING WITH THE FEDERAL PROSECUTORS AND EVERYBODY WAS TRYING TO TAKE THE CASE FOR THEMSELVES. IT BECAME A INTER-PROSECUTORIAL WAR.

Q: TURF

A: BY THE TIME WE WERE TOLD BY THE FEDERAL PROSECUTORS TO ESCAPE TO NEW JERSEY UNTIL THE FOLLOWING MONDAY WHEN THEY HAD MANY AGREEMENTS WITH A DIFFERENT STATE PROSECUTOR. THEY TOOK US IN A BLIND VAN TO GO TO THE BASEMENT OF ONE OF THE COURTHOUSES IN THE BRONX SO THAT THE PEOPLE, THE POLICE, FROM THE OTHER STATE PROSECUTOR WHO WAS OUT OF THE ALLIANCE (MORGANTOWN), COULD NOT STOP US FROM GOING TO TESTIFY IN A STATE-LIKE DUTY SO THEY

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COULD NOT PROSECUTE US AND THE CASE WOULD REMAIN. YOU KNOW IN THAT BOOK, IT IS VERY INTERESTING THE WAY THIS GUY HAS DONE THE BOOK.

Q: AND I HAVE ANOTHER PERSON'S NAME WHO FLOATS AROUND - JONAH PAOLERCIO.

A: HE WAS A MINOR FIGURE AND A PERSON WHO CAME UP WITH THE IDEA OF FALSIFYING INVOICES - A PURCHASE TO GET MONEY FASTER FROM THE GOVERNMENT OFFICE.

Q: HE WORKED THERE?

A: YES, HE WORKED I BELIEVE FROM 1980 TO EARLY 1983.

Q: AND HE HELD WHAT POSITION?

A: ASSISTANT TREASURER

Q: WAS THERE MORE THAN ONE ASSISTANT TREASURER OR WAS THAT THE DECISION CEIL LEWIS HAD TO MAKE?

A: MOST OF THE TIME THERE WAS 2 OR 3 OF THEM. LIKE BOTH OF THEM WERE ASSISTANT TREASURERS DURING THE SAME PERIOD OF TIME.

Q: DEBRA SCOTT WAS YOUR SECRETARY?

A: YES

Q: AND GLADYS HERNANDEZ

A: WAS SOMEBODY ELSE'S SECRETARY

Q: DO YOU KNOW THE NAMES OF THE OTHER SECRETARIES?

A: I DON'T RECALL ANY OTHER NAMES

Q: SO WAS CEIL LEWIS EVER PROSECUTED?

A: NO, WE MADE THE ARRANGEMENT WITH THE GOVERNMENT, WE ASKED FOR IMMUNITY FOR HER AND THE GOVERNMENT GAVE IT TO HIM.

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Q: DO YOU RECALL ANY OTHER EMPLOYEES OR OFFICERS THAT MAYBE WE'VE MISSED.

A: THERE ARE THE PEOPLE WHO WERE THE MAIN CORE OF THE CONSPIRACY.

Q: FROM YOUR RESPONSE YOU INDICATED THAT POLITICAL CONTRIBUTIONS WERE MADE AND THAT THESE CONTRIBUTIONS WERE REIMBURSED FROM THE COMPANY THRU THE FHJ ACCOUNT. WHAT I'M GONNA TRY TO DO IN THIS PART IS TO SEE IF WE CAN IDENTIFY INDIVIDUALS THAT MADE CONTRIBUTIONS BECAUSE THERE IS ALSO SOMETHING THAT SAYS MAYBE CONTRIBUTIONS WERE MADE IN DIFFERENT NAMES.

A: YOU SEE, THIS IS ONE OF THE BASIC PROBLEMS. MOST OF THE CONTRIBUTIONS WE USED TO GIVE WERE WITH PERSONAL CHECKS OR MONEY ORDERS AND CONTRIBUTIONS USED TO GO TO EITHER POLITICIANS DIRECTLY OR TO ORGANIZATIONS THAT ATTACHED THEMSELVES TO POLITICIANS WHEN THEY GIVE DINNERS AND ALL THEIR COCKTAIL PARTIES, SO THERE WERE MANY. WE USED TO GO TO SO MANY OF THOSE THINGS, THAT WHAT WE USED TO DO IS TO GO TO SEE LEWIS AND TELL HER TO GO AND BUY MONEY ORDERS AND THEN WE USED TO FILL THEM IN AND GIVE PAYMENT TO THESE THINGS. THAT'S WHY MOST OF THOSE RECORDS WITH THE EXCEPTION OF A FEW COMPLETELY DISAPPEARED BY THE TIME THAT WE WENT TO THE U.S. ATTORNEY'S OFFICE, MOST OF THOSE RECORDS DID NOT EXIST. SO MANY OF THE STATEMENTS ARE ONLY RECOLLECTIONS FROM MEMORY. BECAUSE MOST OF THE CONTRIBUTIONS I WOULD SAY WERE NOT GIVEN DIRECTLY TO THE POLITICIANS THEMSELVES, BUT TO ORGANIZATIONS THAT USED

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TO ATTACH TO THEM, LIKE COMMITTEES FOR THIS AND FOR THAT AND THEY USED TO CALL ON THEM FOR CONVENIENCE.

Q: I'M GONNA GO INTO THE ACTUAL REIMBURSEMENT AND HOW IT OCCURRED. WHAT I'M TRYING TO LOOK FOR NOW IS...

A: MANY WERE NOT REIMBURSEMENT, MANY WERE BOUGHT DIRECTLY WITH MONEY THAT WAS TAKEN FROM THE FHJ ACCOUNT. SO MONEY WOULD BE TAKEN OUT AND THEN THE CASH WOULD BE UTILIZED IMMEDIATELY TO BUY MONEY ORDERS.

Q: THE MONEY ORDERS WITH THE NAME OF AN INDIVIDUAL ON IT.

A: NO, THEY WERE THE ORDERS THE CHECKS WERE LESS THAN $1,000, THAT WENT OUT TO ____ AND YOU DON'T NEED ANY NAMES, YOU CAN GO TO A BANK AND BUY MONEY ORDERS WITH NO NAMES. THEY WOULD BE FILLED IN SOME CASES, THE DUPLICATES WOULD BE KEPT A MONTH AT A TIME AND WOULD BE THROWN AWAY AND THEY USE TO BE GIVEN TO THINGS. THERE WERE WEEKS THAT I REMEMBER THAT I USED TO GO TO THESE DINNERS DAY AFTER DAY AFTER DAY.

Q: WHAT I MEANT WAS THAT THE MONEY ORDERS AT SOME POINT, THE NAME OF SOME INDIVIDUALS WAS PLACED ON THE MONEY ORDER.

A: USUALLY WHAT HE USED TO DO, HIS COMMITTEE TO RE-ELECT

Q: NO, NO THE NAME OF THE CONTRIBUTOR - SOMEONE'S NAME

A: OH YES, THE PART OF THE MONEY ORDER, YES WE'D USE THIS NAME OR THAT NAME OR THE OTHER NAME

Q: AND WHAT I'M TRYING TO DO NOW IS TRYING TO GET TOGETHER A LIST OF NAMES THAT WERE USED ON THE MONEY ORDERS. THE LIST OF NAMES THAT WERE USED AND...

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A: WE USED TO INVENT THE NAMES. A LOT OF TIME WE WOULD INVENT THE NAMES AT THE BOTTOM BECAUSE THEY USED TO GO TO ALL THE PEOPLE THAT WERE CONNECTED. LIKE SEN. D'AMATO, CONGRESSMAN ADDABBO, ALL THESE PEOPLE AND WE JUST WROTE WHATEVER ON THE PERSONAL CHECKS THAT WE GAVE THEN WE USE TO PUT A SOCIAL SECURITY NUMBER AND EVERYTHING. BECAUSE THESE PEOPLE WOULD RECEIVE THE CHECKS, THEY WOULD TAKE CARE OF THE EXPENSES FOR A COCKTAIL PARTY OR A DINNER AND THEN FROM WHAT I UNDERSTAND, THEY WOULD GIVE A CHECK FROM THE ORGANIZATION ITSELF TO THE SENATORS OR CONGRESSMAN OR WHATEVER.

Q: WHAT KIND OF ORGANIZATIONS ARE YOU TALKING ABOUT. ARE YOU TALKING ABOUT POLITICAL PARTIES?

A: NO, HOW DO YOU SAY PEOPLE THAT ARE IMPORTANT IN THE POLITICAL PARTIES THAT HAVE A LOT OF POLITICAL PULL AND THEY HAVE GROUPS THAT CAN ATTRACT CONTRIBUTORS.

Q: THEIR OWN COMMITTEES - IS THAT WHAT YOU MEAN.

A: AH, NO PEOPLE THAT FORM, HOW DO YOU CALL "AFFAIRS" TO COLLECT MONEY FROM -- MOST OF THESE THINGS WERE NOT FORMALIZED. THEY WERE NOT REALLY FORMALIZED. PEOPLE THAT WANTED TO BE INGRATIATED LIKE WITH SENATOR D'AMATO OR CONGRESSMAN ADDABBO. I DON'T KNOW WHAT AGREEMENT THEY MADE WITH THEM, BUT THEY COULD BE THE COLLECTORS FOR THE FUNDS. I THINK THAT THAT IS THE MOST COMMON WAY WHERE ALL THE POLITICIANS GET MONEY UNDER THE TABLE BECAUSE I DON'T KNOW HOW THEY CAN SCRUTINIZE THOSE

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THINGS. A LOT OF PEOPLE CONTRIBUTED IN MANY CASES NOT ONLY BY MONEY ORDER. I REMEMBER CASES WHEN I GAVE CASH TO THOSE OPERATIONS, SO IT WILL BE VERY EASY FOR THEM SAY I ONLY RECEIVED SO MUCH MAIL, PROBABLY THEY HAD CHECKS READY EASY TO CASH WITH FRIENDS OR WHATEVER AND THEY WERE ABLE TO RECORD INCOMPLETE ACCOUNTING OR WHAT TOOK PLACE.

Q: YOU'RE NOT TALKING ABOUT THE CAMPAIGN COMMITTEES.

A: NO, I'M TALKING ABOUT -- THIS IS VERY COMMON IN NEW YORK LIKE PEOPLE THAT HAVE OTHER COMPANIES LIKE I WISH TO HAVE THEM. THEY WOULD CALL ME AND SAY WE ARE HAVING A PARTY FOR SUCH AND SUCH IN SUCH A PLACE AND WE WOULD LIKE YOU TO BUY A TABLE. THE TABLE IS $1,000, AND YOU CAN BRING 10 PEOPLE THERE. SO THEY PAY THE RESTAURANT WHATEVER THE COST IS. FOR INSTANCE, $25 FOR EACH PERSON SO THE $75 REMAINING IS SUPPOSED TO BE GIVEN TO WHATEVER POLITICIAN. IT GOES. GOD KNOWS WHERE THE $75 GOES, IF IT GOES PART IN CASH, IF IT GOES ALL THE WAY OR WHATEVER, THAT DISAPPEARS, THE TRADE IS GONE FOREVER. IT IS NOT ONLY THAT, IN WASHINGTON I UNDERSTAND SOME OF THESE THINGS THROUGH ALL OVER THE PLACE BECAUSE IT IS VERY INFORMAL.

Q: OK, SO YOU HAD A GROUP OF CONTRIBUTIONS THAT WERE MADE FROM PERSONAL CHECKS AND THEN YOU HAD A GROUP OF CONTRIBUTIONS THAT WAS MADE FROM THESE MONEY ORDERS GOING DIRECTLY FROM THE FHJ ACCOUNT

A: CORRECT

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Q: AND IN TERMS OF THOSE CONTRIBUTIONS THAT WERE DRAWN DIRECTLY FROM THE FHJ ACCOUNT,THOSE WERE JUST DIFFERENT NAMES THAT YOU JUST MADE UP OFF THE TOP OF YOUR HEAD AND YOU HAVE NO RECOLLECTION OF ANY OF THE NAMES THAT MIGHT HAVE BEEN USED.

A: WE USED TO TELL CEIL OR OTHER PEOPLE TO INCLUDE WHATEVER NAMES THAT THEY WANTED THERE. IT USE TO BE VERY INFORMAL, I DON'T RECALL ANY OF THE NAMES. WE USED TO DO THAT TO OBVIATE THE REPORTING SYSTEMS.

Q: SO DID YOU EVER USE YOUR OWN NAMES IN INSTANCES WHERE SHE WAS GETTING MONEY ORDERS?

A: WELL, IN A FEW OF THEM, I THINK THE GOVERNMENT HAD TWO OR THREE THERE FOR SENATOR D'AMATO. BUT THERE WERE MANY OF THEM FOR ADDABBO AND OTHER PEOPLE AND I DON'T KNOW WHAT THOSE THINGS ARE. THERE WERE CONVERSATIONS LIKE THE REPUBLICAN CLUB IN BROOKLYN WHERE (MEGALY?) WAS A MEMBER OF. PART OF THE POLITICAL GROUP BUT NOT REALLY FORMALIZED POLITICAL COMMITTEES AND THEY USED GIVE ME CHECKS THAT ARE SUPPOSED TO GO FOR THIS POLITICIAN, AND WE USED TO GIVE THE CHECKS TO THESE ORGANIZATIONS, AND I DON'T KNOW WHAT ACCOUNTING THEY USED TO DO WITH THAT. I THINK THAT IS THE EASIEST WAY FOR A POLITICIAN TO GET CASH UNDER THE TABLE.

Q: OK, WITH THE DIFFERENT NAMES, THE ONES WITH THE MONEY ORDERS FROM THE FHJ ACCOUNT, I NOTICED THAT YOU TEND TO GIVE STATE CANDIDATES A FEDERAL ACCOUNT, DID YOU DO FEDERAL CANDIDATES USING THAT METHOD.

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A: YES

Q: OK, SO IT WAS BOTH - FEDERAL AND STATE

A: GARCIA USED TO HANDLE A LOT OF THOSE AFFAIRS. A LOT OF THOSE AFFAIRS -- D'AMATO HAS A LOT OF THOSE AFFAIRS. BIAGGI HAD AFFAIRS.

Q: WELL, IS THERE ANYTHING THAT CHARACTERIZES IF IT WAS DONE BOTH WAYS, BOTH THROUGH PERSONAL CHECKS AND ALSO THROUGH THESE MONEY ORDERS. WAS THERE A PERIOD OF TIME WHERE ONE METHOD WAS USED RATHER THAN THE OTHER OR WHAT DID IT DEPEND ON?

A: LET ME TELL YOU WHAT IT DEPENDED ON. ON THE PERSONAL CHECKS WE USED TO GO TO THE LEGAL LIMITS BECAUSE WE KNEW HOW SCRUTINIZED IT WAS. ON THE OTHER ONES, WHATEVER EXCESS WAS GIVEN TO THEM WE USED TO GO TO THE OTHER METHODS.

Q: NOW I'M CONFUSED. YOU WOULD PUT NAMES ON THE MONEY ORDERS PURPORTEDLY FROM CONTRIBUTORS, BUT YOU'RE SAYING THE MONEY ORDERS WERE FOR AMOUNTS THAT WOULD BE IN EXCESS OF THE FEDERAL LIMITS.

A: CORRECT

Q: SO THE MONEY ORDERS WERE NOT REALLY EVEN PURPORTED TO BE FROM INDIVIDUAL...

A: THE MONEY ORDERS WERE DIRECTLY TO THESE PEOPLE THAT GAVE THE DINNERS, THE COCKTAIL PARTIES, FOR WHATEVER GOD KNOWS WHAT THEY USED TO DO WITH IT. WE USED TO TALK TO THE SENATOR OR THE CONGRESSMAN OVER THERE AND HE KNEW THAT WE HAD BOUGHT TWO OR THREE TABLES BECAUSE THEY KNEW

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WHAT WAS GOING ON IN THERE. WE USED TO SEE THEM AT ALL THESE PLACES BUT WE WOULD NEVER ASK FOR AN ACCOUNTING. I KNEW THAT IN SOME CASES PEOPLE WERE MORE INTERESTED IN DOING THAT BECAUSE APPARENTLY THEY USED TO BENEFIT THE GOVERNMENT AND I IMAGINE SOME OF THEM HAD AGREEMENTS TO GIVE CERTAIN AMOUNTS IN CASH AND THE REST IN CHECKS OR THE WHOLE THING IN CASH. ONLY GOD KNOWS.

Q: CAN YOU LIST FOR US THE CANDIDATES THAT YOU CAN REMEMBER HAVING RECEPTIONS WHERE MONEY WAS SENT IN IN THAT CONFESSION.

A: GARCIA HAD A LOT THEM, D'AMATO HAD A LOT OF THEM, BIAGGI AS WELL. YOU KNOW TO A LESSER EXTENT BIAGGI AND GARCIA THAN D'AMATO. ADDABBO. WE DID A LOT OF ADDABBO. MY LAST CONVERSATION WITH HIM BEFORE HE DIED I TOLD HIM AT A COCKTAIL, ONE OF THESE COCKTAIL PARTIES IN QUEENS, I TOLD HIM, CONGRESSMAN WE HAVE (ONLY HIM AND I TALK) MADE AN AGREEMENT WITH THE COMPANY THAT WE ARE GOING TO GIVE YOU $50,000 YOU JUST LET US KNOW HOW YOU WANT IT. THEN HE DIED.

Q: SO THAT SAVED YOU $50,000.

A: I IMAGINE HE HAD AGREEMENTS ALL OVER THE PLACE. HE WAS INVOLVED WITH CASTELLANO; YOU KNOW CASTELLANO, THE MAIN LIAISON BETWEEN NEW YORK AND THE ARMED SERVICES, HE USED TO BE ONE OF THE CONSULTANTS THAT WE HAD AT THE COMPANY. HE'S SERVING TIME IN A STATE JAIL.

Q: YOU MENTIONED NEGLIA AND PETER.

A: PETER AND HIS FATHER. HIS FATHER USED TO BE IN CHARGE

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OF I THINK THE MAIN BROOKLYN REPUBLICAN CLUB.

Q: SO THAT'S JOE?

A: JOE NEGLIA, YES.

Q: AND HE'S HEAD OF WHAT?

A: LET ME SAY, ONE OF THESE REPUBLICAN CLUBS IN BROOKLYN. AT ONE TIME THE CLUB WAS THE ONE THAT USED TO CONTROL THE HEAD OF THE STATE REPUBLICAN PARTY, POSSIBLY CLARK. THAT WAS A VERY POWERFUL REPUBLICAN CLUB BECAUSE THEY WERE THE FIRST ONES THAT CAME FOR REAGAN IN 1976 WHEN NOBODY ELSE CAME FOR HIM. SO CLARK BECAME THE CHAIRMAN OF THE REPUBLICAN PARTY FOR THE STATE OF NEW YORK. HE WAS INVOLVED WITH US ON THE PERIPHERY MAINLY THROUGH JOE NEGLIA, THE FATHER OF PETER NEGLIA, AND WE USED TO MAKE CONTRIBUTIONS TO ALL THE SIMILAR TYPES OF AFFAIRS. BUT YOU KNOW THIS IS VERY INTERESTING, THE FUNCTION THAT YOU PEOPLE SERVE FOR THE FUTURE - HOW TO CONTROL _____. HOW TO CONTROL THOSE PARTIES OR THOSE CONTRIBUTIONS THAT DON'T GO THE FORMAL TENANTS BECAUSE ITS A LOT OF THAT. I WOULD SAY THAT MOST OF THE MONEY THAT FLOWS, FLOWS THROUGH THOSE MEANS. HOW TO CONTROL - THAT'S A VERY INTERESTING QUESTION.

Q: ARE YOU SAYING THAT THIS MONEY WAS GOING DIRECTLY IN THE POCKETS OF THESE PEOPLE.

A: I CANNOT SAY BECAUSE I NEVER DID IT AND I NEVER KNEW WHAT THE PROCESS WAS BUT AT ONE TIME I WAS LOOKING THROUGH THE CONTRIBUTIONS LIKE THE D'AMATO RECEIPT FROM EVERYBODY IN NEW YORK AND I NEVER SAW MONEY COMING FROM

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ALL THESE AFFAIRS. I SAW ONLY NAMES OF PEOPLE WHICH IS THE PROPER WAY AND SO FORTH, BUT WITH ALL THIS LIST, WHAT HAPPENED TO ALL THE MONEY?

Q: WELL THERE IS ALSO A LINE ON THE FORMS FOR "UNITEMIZED CONTRIBUTIONS".

A: I DON'T KNOW WHAT THAT IS. MY THINKING IS THAT ITS EVENTUALLY. IF THEY WANTED TO CONTROL THAT THEY WOULD HAVE TO PROHIBIT ALL THOSE KINDS OF FUNCTIONS AND HOW ARE THEY GOING TO PROHIBIT THAT? BUT THAT IS TO ME, WE MADE MOST OF THE CONTRIBUTIONS THAT WAY AND WE NEVER ASKED FOR AN ACCOUNTING AS TO HOW THIS THING WAS SUPPOSED TO BE...BUT IT WAS VERY INTERESTING WHEN I LOOKED AT THOSE LISTINGS BECAUSE I NEVER SAW - I DON'T RECALL THE LINE BUT MOST OF THE MONEY THAT WE GAVE FLEW THAT WAY.

Q: BUT WHEN THE TICKETS WERE SOLICITED OR A SOLICITOR CALLED YOU UP, PEOPLE REQUESTED IT ON BEHALF OF A PARTICULAR PERSON

A: YES

Q: OR SO YOU PRESUMABLY THOUGHT THAT YOU WERE GIVEN - IT WAS GOING TO . . . .

A: WE KNEW THAT IT WAS GOING THERE BECAUSE WE USED TO GO TO ALMOST ALL OF THOSE AFFAIRS AND THE PEOPLE WERE THERE. THE PEOPLE THAT THEY WERE COLLECTING FOR.

Q: SO TELL ME, HOW DID YOU - IF YOU DIDN'T SEEK AN ACCOUNTING FOR THESE AND THEY WERE BASICALLY MONEY ORDERS PAID, DID YOU KNOW HOW THE MONEY GOT TO THE

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POLITICIANS, HOW DID YOU MAKE SURE THAT THE COMPANY GOT CREDIT FOR THEM.

A: BECAUSE THE POLITICIANS USED TO SEE US, USED TO SEE MARIOTTA AND MYSELF THERE AND THE OTHER PEOPLE WHO TOLD THEM THEY BROUGHT ONE OR TWO OR THREE TABLES THERE. AND THAT WAS THE MOST COMMON WAY

Q: SO YOU HAD TO SHOW UP AT ALL OF THESE

A: WE USED TO GO, LET ME TELL YOU, I USED TO LEAVE HOME AT 7:00 EVERY MORNING AND I USE TO GO TO THREE, FOUR OR FIVE AFFAIRS IN A WEEK. ESPECIALLY IN THE ELECTION TIME WHEN THESE THINGS BECOME VERY HAIRY IN APRIL, MAY, JUNE, THEN IN SEPTEMBER, OCTOBER, NOVEMBER - THERE ARE MONTHS THAT ARE MORE HEAVIER THAN THE OTHERS.

Q: WHAT WAS THE MIX BETWEEN RECEPTIONS THAT WERE HELD IN WASHINGTON VS. NEW YORK.

A: OH NO, THE MAJORITY WAS DEFINITELY IN NEW YORK. NEW YORK IS A VERY BIG TOWN

Q: WE KNOW THAT YOU SPEND A FAIR AMOUNT OF TIME IN WASHINGTON, THAT WAS WHY I ASKED

A: TWO OR THREE TIMES - THERE WERE WEEKS THAT I USE TO BE HERE ALMOST EVERY DAY. ON THE AVERAGE I USE TO SPEND TWO DAYS A WEEK HERE, - ONE DAY - 2 DAYS A WEEK. BUT THERE WERE WEEKS THAT I WORKED VERY HEAVY, PEOPLE FROM THE SBA, PEOPLE FROM THE NAVY, PEOPLE FROM THE ARMY, CONGRESSIONAL PEOPLE.

Q: TELL ME, IF WE WANTED TO TRY TO FIGURE OUT INSTANCES WHERE THERE WASN'T APPARENT RECOGNITION OF CONTRIBUTIONS

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ON ANY OF THESE CAMPAIGN REPORTS, D'AMATO FOR EXAMPLE - IS THERE SOME WAY THAT...

A: I RECALL A FEW BUT THERE WAS TO BE AN INDIVIDUAL BY THE NAME OF BELLIS IN THE BRONX WHO WAS A DEMOCRAT AND HE WAS ONE OF ONE'S THAT WAS RESPONSIBLE FOR HAVING D'AMATO ELECTED AT THE BEGINNING AND HE BECAME VERY CLOSE FOR HIM. HE GAVE (I RECALL) A FEW OF THEM, BUT THIS INDIVIDUAL HAS BEEN PROSECUTED ALREADY BY THE FEDERAL GOVERNMENT LIKE THREE OR FOUR TIMES. HE HAS BEEN VINDICATED IN ALL-AND THE GOVERNMENT HAS SPENT SO MUCH MONEY TRYING TO DO SOMETHING TO HIM AND HE IS ONE OF THOSE INDIVIDUALS THAT HE HAS BIG FUNDING FROM THE FEDERAL GOVERNMENT AND FROM THE STATE TO RUN CERTAIN ORGANIZATIONS IN NEW YORK. ALL MINORITY RELATED ORGANIZATIONS AND EVERY TIME HE USED TO CALL FOR THESE PARTIES; WE USED TO GO THERE, AND THERE ARE A LOT OF INDIVIDUALS LIKE HE IS.

Q: BUT HE'S ONE OF THE ONES YOU REMEMBER AS

A: YES

Q: ANYBODY ELSE

A: THERE ARE PEOPLE THAT USE TO OWN COMPANIES SIMILAR TO US A GROUP OF COMPANY IN NEW YORK AND OTHER ORGANIZATIONS.

Q: BELLIS FOR JUST FOR D'AMATO FUNDRAISING OR

A: I RECALL THAT HE BECAME ONE OF THE MAJOR PEOPLE THAT PASS THROUGH D'AMATO.

Q: WHAT ABOUT - WHO IS IT? - WHAT IS ANOTHER NAME -ROBEARO OR SOMETHING

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A: OH RUGGIERO, HE USED TO BE VERY CLOSE TO D'AMATO, HE WAS ONE OF THE MAIN FUNDRAISERS FOR D'AMATO. WE WENT TO A FEW OF THEM. THEY WERE HEAVY, VERY EXPENSIVE ITEMS. IT USED TO BE ONE OF THE MOST EXPENSIVE ITEMS. THERE WAS A LOT OF INDIVIDUALS, SO MANY OF THESE PEOPLE THAT I DON'T...

Q: NOW ARE YOU CERTAIN THAT RUGGIERO WAS..

A: OH NO, I'M CONFUSING RUGGIERO WITH ANOTHER INDIVIDUAL THAT THEY WERE GOING TO - RUGGIERO IS THE LAWYER. WE HAVE A VERY LITTLE RELATIONSHIP - I'M CONFUSING HIM WITH ANOTHER GUY THAT WAS GOING TO BE MADE THE SECRETARY OF SOMETHING. THE GUY THAT USED TO DEVELOP THE FUNDS FOR D'AMATO. AT THE BEGINNING WHEN D'AMATO BECAME SENATOR AND ALSO FOR THE REPUBLICAN PARTY OF NEW YORK, HE WAS THE MAIN GUY, BIG ITALIAN GUY, AN ITALIAN NAME I DON'T RECALL HIS EXACT NAME AT THIS TIME AND HE USED TO BE THE ONE THAT USE TO ORGANIZE A LOT OF (THOSE PARTYS) FOR THE REPUBLICAN PARTY.

Q: TO DOUBLE BACK JUST FOR A SECOND - SO THE ONES THAT CAME OUT OF THE FHJ THAT HAD THE DIFFERENT NAMES, THE PERSON WHO USUALLY TOOK CARE OF THAT RESPONSIBILITY OF FIGURING OUT WHAT NAMES WENT ON THOSE MONEY ORDERS WAS CEIL LEWIS.

A: NOT ALWAYS, SOME OF THEM USED, I USED TO TELL HER WHATEVER NAME YOU WANTED THERE. MANY OF THEM I DID IT MYSELF AND OTHER PEOPLE OF THE COMPANY BUT WE USED TO USE NAMES (I DON'T EVEN RECALL), BECAUSE WE KNEW THAT WE

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WERE ALREADY OVER THE LIMIT IN ALL OF THESE THINGS.

Q: IS IT IN EVERY INSTANCE YOU CAN REMEMBER THAT YOU WERE INVOLVED WHERE A MONEY ORDER WAS ISSUED WHERE THE WEDTECH OFFICERS HAD ALREADY MAXED OUT.

A: YES

Q: SO IF YOU HADN'T MAXED OUT WOULD YOU HAVE WRITTEN YOUR OWN CHECK?

A: NOT NECESSARILY, BECAUSE SOMETIMES WE USED TO STILL GO THE OTHER WAY WHEN PEOPLE DIDN'T HAVE FUNDS IN THE CHECKING ACCOUNT OR WE HAD OVERDRAFTS, INSTEAD OF GOING THROUGH THE CHECKING ACCOUNT WE USED TO GO THROUGH THE OTHER. MOST OF THE MONEY WENT THAT WAY, A LOT OF THEM WITH THE CHECKS ITSELF. LIKE TAKING THE CASE FOR EXAMPLE ON THE ONE POINT, DURING TWO OF HIS ELECTIONS, I RENTED LIKE ABOUT 15 TAXIS AND I SPENT A LOT OF MONEY ON TELEVISION AND RADIO, SPANISH TELEVISION AND SPANISH RADIO, FOR TWO OF THOSE ELECTIONS AND TAXIS TO MOVE PEOPLE AROUND FOR THE ELECTION. THIS WAS FOR FOR CONGRESSMAN ADDABBO.

Q: WHEN WAS THAT?

A: THAT WAS DURING, I BELIEVE '82 AND '84

Q: AND WHERE DID THAT MONEY

A: '85

Q: HOW WERE THOSE PAYMENTS MADE

A: OH I PAID FROM CASH DEALING FROM THE FHJ OR I WAS REFUNDED AND IT MIGHT HAVE COST MOST OF THOSE THINGS WITH THE TV, MAYBE $30,000 - $40,000.

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Q: THE TV, WHAT DO YOU MEAN?

A: OH A SPANISH TV, YOU KNOW I USED TO HAVE THE TAPES MADE AND THE SPOTS PLAYED ON SPANISH TELEVISION

Q: YOU PAID FOR SPOTS THAT WERE ADVOCATING THE ELECTION OF ADDABBO.

Q: SO THE $30,000 - $40,000 WAS THAT OVER THE TWO ELECTIONS

A: YES, OVER THE TWO ELECTIONS WITH THE TAXIS AND SO ON. I DON'T REMEMBER THE EXACT AMOUNTS FOR RADIO, TELEVISION AND THE TAXIS. I WAS NEVER REPORTED FOR MONEY, WHICH WOULD BE THE ONLY PURPOSE IN REPORTING THAT FOR MONEY AND WE NEVER REPORTED IT

Q: AND THAT WAS ALL CASH

A: YES, THAT WAS ALL PAID IN CASH

Q: YOU PAID THE VENDORS DIRECTLY IS WHAT YOU DID

A: YES, BUT IT WAS THE TAXI DRIVERS, WHO WERE PAID CASH AND THE TELEVISION THERE WAS A GUY THAT USED TO DO ADVERTISMENT FOR A DANCING HOLE THAT I HAD AND WE ALSO PAID HIM FOR THE TELEVISION DIRECTLY AND HE PAID THE TV STATION.

Q: I THINK WHAT I WANTED TO ASK WAS BACK TO THE MONEY ORDERS AGAIN - WHAT DETERMINED HOW MUCH THE MONEY ORDERS WOULD BE MADE OUT FOR?

A: WHATEVER, HOW MANY TABLES WE WERE GOING TO GET. THEY WOULD TELL US BUY TWO TABLES SO THEY COULD BUY ONE TABLE, THESE PEOPLE WE ALREADY KNEW. YOU SEE WE WANTED TO BUY TWO TABLES, FOR EXAMPLE THESE PEOPLE ASK TO BUY THREE TABLES, WE CAN ONLY BUY ONE BECAUSE WE HAVE ALL

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THESE OTHER AFFAIRS. ALSO DEPENDING ON WHO THE GUYS ARE. SOMEBODY LIKE GARCIA, IF HE SAYS TWO OR THREE TABLES

Q: SO WOULD THERE BE ONE MONEY ORDER FOR TWO TABLES, OR FOR A WHOLE TABLE OR MORE THAN ONE?

A: IT COULD BE TWO

Q: YOU SEE WHAT I'M GETTING AT I'M TRYING TO SEE WHETHER THE MONEY ORDERS WERE MADE OUT WITH THE INTENT THAT THEY PURPORT TO BE ILLEGAL FEDERAL CONTRIBUTION OR WHETHER THE MONEY ORDERS WERE SIMPLY MADE OUT IN AN UMBRELLA AMOUNT THAT WAS THE TOTAL AMOUNT THAT YOU WERE GIVEN.

A: USUALLY - YOU SEE MONEY ORDERS WHEN YOU BUY THEM OVER $1,000 YOU HAVE TO GIVE THE BANK THE NAME AND ORGANIZATION, SO IF WE WANTED TO BUY LIKE THREE TABLES AND WE DIDN'T WANT ANYBODY TO KNOW WHAT WE WERE DOING, WE WOULD BUY THREE MONEY ORDERS FOR A $1,000 TABLE - THREE $1,000 MONEY ORDERS EACH AND THEN WE WOULDN'T HAVE TO GIVE THE NAME TO THE BANK, SO THAT WOULD BE NO TRACE AT ALL AS TO WHAT THE SITUATION WAS

Q: DOES THAT MEAN THAT THERE WAS NEVER A MONEY ORDER FOR MORE THAN $1,000 FOR ONE OF THESE FEDERAL AFFAIRS

A: IN SOME OF THEM THEY MAY HAVE BEEN, I DON'T RECALL. BUT USUALLY THAT WAS THE WAY WE USE TO DO THEM.

Q: $1,000 OF COURSE IS THE FEDERAL MAXIMUM FOR AN ELECTION.

A: YES

Q: DO YOU SEE WHAT I'M GETTING AT

A: NO, BUT I'M SAYING IF THEIR WAS MONEY ORDERS FOR MORE

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THAN A $1,000 IT WOULD HAVE BEEN FOR THIS ORGANIZATION NOT DIRECTLY TO THE CONGRESSMAN OR THE SENATOR. IT'S VERY DIFFICULT FOR ME TO RECALL HOW MUCH TO EACH ONE OF THEM. BUT I ALWAYS THOUGHT AT THAT TIME I WONDER HOW THESE PEOPLE DISTRIBUTED THE PIE. I ALWAYS THOUGHT IT WOULD BE THE EASIEST WAY FOR A POLITICIAN TO GET CASH.

Q: DO YOU REMEMBER THE NAMES OF ANY OF THE ORGANIZATIONS THAT THE MONEY ORDERS

A: THEY WERE ORGANIZATIONS LIKE THEY WERE FORMED, LIKE YOU CALLED ME TODAY - LET'S SAY WE HAD A GOOD TIME AND YOU SAY A LET'S HAVE A PARTY 2 WEEKS FROM NOW NEXT WEEK FOR CONGRESSMAN GARCIA AND WE ARE SELLING THE TABLES AT $1,000. I WANTED TO BUY TWO OF THEM AND KNOWING THAT WE ARE IN THE MIDDLE OF NEGOTIATIONS WITH THE BANKS AND KNOWING GARCIA HE IS A MEMBER OF THE BANKING COMMITTEE OR KNOWING THAT WE ARE WORKING WITH THE POSTAL OFFICE PEOPLE FOR ANOTHER CONTRACT, THEN WE'LL TELL HIM YES WE WILL BUY TWO TABLES AND THEN THEY WILL SAY MAKE THE CHECKS PAYABLE TO SUCH AND SUCH. YOU KNOW TO THIS ORGANIZATION TO REELECT CONGRESSMAN GARCIA AND THESE PEOPLE HAVE CONNECTIONS AT A BANK OR SEVERAL BANKS AND LIKE ONE OF THE PEOPLE THAT WE'RE GOING TO INVITE WITH PAT SIMON AND THE TWO MAIN OFFICERS OF THE NEW YORK NATIONAL BANK AND THEY WERE HEAVILY INVOLVED IN THESE KINDS OF AFFAIRS AND SO FORTH, SO IT WOULD BE VERY EASY FOR PEOPLE THAT ARE INSIDE THESE BANKS TO CHANGE CHECKS EVEN WHEN CHECKS ARE MADE OUT TO THE CAMPAIGN --

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EXACTLY. YOU WOULD NEVER KNOW ON 1 MILLION YEARS.

Q: SO SOMETIMES THE MONEY ORDERS WERE MADE OUT TO CAMPAIGN COMMITTEES

A: I WOULD SAY SO, BUT WHO KNOWS, BECAUSE WE USE TO CHANGE CHECKS OURSELVES OVER THERE THAT WE DIDN'T WANT TO HAVE _____(?). AND THESE PEOPLE WERE HEAVILY INVOLVED IN THIS POLITICAL ATMOSPHERE IN NEW YORK, WITH BIAGGI, GARCIA, ETC. THIS WAS ONE OF THE CASES THAT THE GOVERNMENT COULD NOT PROSECUTE BECAUSE OF THE PROBLEM WITH TONY GUARIGLIA, THERE WERE GOING TO BE THESE TWO OFFICES SO THE BANK WAS GOING TO BE PROSECUTING TOGETHER WITH SIMON. BUT WITHOUT GUARIGLIA'S TESTIMONY, THERE WOULD BE...

Q: CAN YOU REMEMBER THEIR NAMES

A: ONE OF THEM SERAFIN MARIEL, HE WAS THE CHAIRMAN OF THE NEW YORK NATIONAL BANK

Q: CAN YOU SPELL IT

A: S-E-R-A-F-I-N AND THEN M-A-R-I-E-L, CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF THE NEW YORK NATIONAL BANK, AND THERE WAS THE BANK THAT WAS OWNED MOST OF IT BY THE SON OF PAT SIMON, AND PAT SIMON IS THE INDIVIDUAL THAT WAS INVOLVED WITH THE SO-CALLED MOB IN NEW YORK AND THE OTHER ONE IS IVAN I-R-R-I-E-Z-A-R-R-I

Q: FIRST NAME IVAN

A: YES

Q: HE WAS AN OFFICER OF THE BANK AS WELL

A: YES, SENIOR VICE PRESIDENT. THIS WAS PART OF THE GROUP

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THAT WAS GOING TO BE PROSECUTED IN THAT CASE AND THE GOVERNMENT COULD NOT PROSECUTE.

Q: DO YOU KNOW IF ANY OF THESE PEOPLE THAT YOU HAVE BEEN TALKING ABOUT, MARIEL, IRRIEZARRI, BELLIS, THIS OTHER FELLOW

A: RAMON BELLIS

Q: GARGONA, THE OTHER FELLOW - DID THEY ALL MAKE FEDERAL CONTRIBUTIONS THEMSELVES.

A: I DON'T KNOW, SERAFIN MARIEL, I'M PRETTY SURE THEY DID BUT I CANNOT TALK FOR THEM BECAUSE

Q: I WANTED TO ASK YOU A QUESTION ABOUT THE RECORDS, WE HAVE CERTAIN DATES ABOUT THE CONTRIBUTORS WHO MADE CONTRIBUTIONS TO FEDERAL CANDIDATES AND I JUST WANTED TO KNOW IF, FIRST OF ALL, WITH THIS ONE SHOULD. IS THIS GAGLIANO.

A: ANTHONY GAGLIANO THAT'S THE GUY, HE USE TO BE THE MAIN COLLECTOR FOR THE REPUBLICAN PARTY FOR SOME OF THE AFFAIRS THAT WE ATTENDED

Q: HE'S DIFFERENT FROM GUARIGLIA

A: NO THIS IS DIFFERENT, THIS WAS TO BE A VERY IMPORTANT PERSON

Q: IS THAT HIS NAME "TONY", IS HE A "TONY" TOO?

A: ANTHONY - I REALLY DON'T THINK HIS NAME IS SPELLED CORRECTLY HERE. BY COINCIDENCE, THAT IS THE MAIN RECIPIENT OR THE MAIN ORGANIZER OF THE REPUBLICAN PARTY CONTRIBUTIONS DURING 1982, '83, '84 IN THE STATE OF NEW YORK, WHAT USED TO BE HIS NAME - I THINK IT'S GAGLIANO,

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SOMETHING BECAUSE HE WAS GOING TO BE MADE UNDER SECRETARY OF SOMETHING AND THEN HE DIDN'T GET THE POSITION THAT HE WAS LOOKING FOR AND HE HAD PULLLED OUT OF THE REPUBLICAN PARTY. HE LIKE WAS PUT ASIDE AND LEFT THEM, BUT HE WAS THE ONE THAT USE TO RAISE BIG FUNDS FOR REAGAN AND D'AMATO AND ALL THOSE PEOPLE DURING 1982. IF YOU CHECK WHO WAS IN CHARGE, THE MAIN PEOPLE, THE ONE'S THAT ORGANIZED THOSE BIG AFFAIRS IN THE WALDORF ASTORIA AND THE MAIN HOTELS IN NEW YORK, YOU'LL SEE THERE IS A NAME WITH ALMOST SIMILAR IN SPELLING BUT THIS IS TONY REIGULA

Q: DO YOU REMEMBER HIS FIRST NAME

A: NO

Q: SO THIS IS THE ONE WHO IS AN OFFICER AT WEDTECH.

A: YES, BY COINCIDENCE THE OTHER GUY WHEN YOU DEVELOP HIS NAME, ITS GOING TO LOOK LIKE THIS

Q: NOW, ARE THESE CONTRIBUTIONS THAT WOULD HAVE BEEN REIMBURSED BY THE FHJ.

A: CORRECT, BUT I BELIEVE THIS WAS MADE BY, POSSIBLY, MARA LEE FOR PERSONAL CHECKS AND THEY ARE WITHIN THE LIMITS. TO THE BEST OF MY RECOLLECTIONS, THESE ARE WITHIN THE LIMITS.

Q: BUT THEY WERE PAID PERSONAL CHECKS

A: IT COULD HAVE BEEN SOME OF THEM WERE PAID DIRECTLY WITH MONEY ORDERS, SOME OF THEM WITH CHECKS AND SOME OF THEM WITH MONEY ORDERS. I'M NOT SURE.

Q: OK BUT THEY WERE REIMBURSED BY FHJ. OK NOW, WE HAVE A

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LOUISE - IS LOUISE THE WIFE/DAUGHTER?

A: NO THIS MUST BE PEOPLE RELATED TO HIM OR PEOPLE THAT HE INVENTED NAMES FOR. THE ONLY ONE THAT I'M FAMILIAR WITH IS CYNTHIA, WHO IS HIS WIFE.

Q: SO THE OTHER LIST OF NAMES ARE LOUISE AND NICHOLAS GUARIGLIA.

A: I'M NOT FAMILIAR WITH THOSE PEOPLE. THEY COULD HAVE BEEN INVENTED. TO PAST, HE WAS OVER THE LIMIT. BUT I DON'T KNOW HAVE HE COULD HAVE DONE THAT BECAUSE THEY HAVE TO GIVE SOCIAL SECURITY. I'M NOT FAMILIAR WITH THOSE PEOPLE. I DON'T KNOW WHAT THEY ARE.

Q: WHEN NAMES WERE INVENTED, WOULD YOU HAVE INVENTED RELATIVE SOUNDING NAMES OR IS IT POSSIBLE

A: WHEN WE USED TO GO TO THESE AFFAIRS WE USED TO PULL THOSE THINGS OUT OF THE AIR BECAUSE THESE PEOPLE WOULD NOT REQUEST. I REALLY DON'T KNOW HOW THOSE THINGS ARE ORGANIZED BECAUSE I NEVER ORGANIZED ONE OF THEM. I DON'T KNOW WHAT THE REQUIREMENTS ARE, I DON'T KNOW HOW THE MONEY FLOWS, I DON'T KNOW - THEY NEVER ASKED US FOR SOCIAL SECURITY OR ANY OF THOSE THINGS.

Q: WELL WHAT I CAN TELL YOU THAT IS IN THEORY, AMOUNTS CONTRIBUTED IN EXCESS OF $200 TO A CANDIDATE REQUIRE THE INCLUSION OF NAME, ADDRESS, OCCUPATION, EMPLOYER ON THE FEC REPORTS.

A: EVEN TO THIS DINNERS IS ALL THIS KIND OF STUFF, LET ME TELL YOU - THAT'S NOT DONE. THAT IS NOT DONE.

Q: IN THEORY, THE CAMPAIGN COMMITTEES AND MANY OF THEM DO

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THIS AND THE QUESTIONS IS HOW MANY DON'T, IF THEY TAKE IN A CONTRIBUTION THAT'S IN EXCESS OF $200 THAT ISN'T OCCUPANIED BY THE INFORMATION, THEY SEND OUT A LETTER TRYING TO GET IT.

A: NOW THIS THING

Q: DO YOU EVER REMEMBER GETTING LETTERS FROM

A: YES, BUT ONLY WHEN WE USED TO FORGET TO PUT THE SOCIAL SECURITY AND I'VE ALREADY SENT IN THE CHECKS, LIKE TO GARCIA, THE ONE'S THAT WE'RE REALLY GOING TO COLLECT IN THE BOOKS, BUT IN THE OTHER ONES I NEVER RECALL, I REALLY, I SAID THESE PEOPLE MUST DISTRIBUTE THAT MONEY GOD KNOWS HOW.

Q: OK, SO WE'RE NOT FAMILIAR WITH LOUISE AND...

A: I KNOW THAT IS THE MAIN WAY THAT THE CONTRIBUTIONS HAVE DEVELOPED, LIKE THESE COCKTAIL PARTIES AND TABLES AND DINNERS, THAT IS THE MAIN WAY THE MONEY FLOWS.

Q: BELIEVE IT OR NOT THERE ARE ACTUALLY A LOT OF LEGAL CONTRIBUTIONS RAISED AT COCKTAIL PARTIES. WHAT I CAN TELL YOU IS THAT THE WHOLE ISSUE OF THE REIMBURSEMENT OF CAMPAIGN CONTRIBUTIONS IS ONE THAT IS REALLY COMING TO THE FOREFRONT THESE DAYS. I THINK YOU MAY BE AWARE THAT THERE ARE CRIMINAL PROSECUTIONS OTHER THAN INVOLVING WEDTECH ON THIS ISSUE

A: OH I KNOW THE PROBLEM WITH DICONCINI, CRANSTON AND ALL THESE PEOPLE. LET ME TELL YOU I WAS HERE IN WASHINGTON OPERATING FOR SEVERAL YEARS AND THERE ARE SO MANY THINGS FLOATING AROUND. THE PEOPLE REALLY THAT HAVE THE

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CONTROL OVER A LOT OF THESE CONTRACTS AND FUND ARE THE STOCK PEOPLE. CERTAIN GROUPS ARE MORE ETHICAL AT THE CONTROL AND BECOMING BETTER BUT THE MOST COMMON WAY OUT OF ALL THESE COMPANIES THAT ARE IN THE DEFENSE BUSINESS OR THAT ARE HEAVY VENDORS IN THE PROCUREMENT PROCESS TO THE ENTIRE FEDERAL GOVERNMENT AND THE STATES AND THE WAY THAT ALL THESE THINGS ARE DONE IS THE SAME WAY THAT HE USED TO DO THAT FOR MANY OF THESE COMPANIES ARE BIG MAGNETS OF MONEY FLOATING TO THESE PEOPLE. LOOK FOR EXAMPLE, THE CASE WITH KEATING AND CRANSTON. OVER $1 MILLION FLOAT AROUND THERE.

Q: ARE YOU FAMILIAR WITH THE ILL WIND INVESTIGATION

A: YES

Q: THAT HAS RESULTED IN A NUMBER OF PLEA AGREEMENTS FOR REIMBURSEMENT OF CAMPAIGN CONTRIBUTIONS INVOLVING UNYSIS EXECUTIVES

A: LET ME TELL YOU THE DEFENSE CONTRACTORS MUST BE A MIND FIELD OVER THERE.

Q: LAWRENCE "LARRY" SHORTEN - THESE ARE LISTED CONTRIBUTIONS THAT WE HAVE FOR CERTAIN DATES BETWEEN '83 AND '86. WOULD YOU SAY THAT MOST OF THESE WERE REIMBURSED BY THE FHJ ACCOUNT?

A: I WOULD SAY THAT IN HIGH PROBABILITY ALL OF THEM WERE REIMBURSED.

Q: ARE YOU FAMILIAR WITH MRS. LAWRENCE SHORTEN?

A: THAT IS HIS WIFE

Q: FRED NEUBERGER - WE HAVE A LISTING OF CONTRIBUTIONS FROM

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HIM - WOULD YOU ALSO SAY THAT MOST WERE REIMBURSED BY FHJ - JOHN MARIOTTA

A: THE SAME THING

Q: JENNY MARIOTTA

A: HIS WIFE

Q: WOULD YOU SAY THAT THE CONTRIBUTIONS TO THE WIVES - DO YOU SUSPECT OR HAVE ANY REASON TO BELIEVE THAT THEY MIGHT HAVE BEEN REIMBURSED

A: THEY WERE REIMBURSED

Q: MAYBE IT WOULD BE USEFUL FOR YOU TO TELL US, YOU'VE DESCRIBED AT QUITE A BIT OF LENGTH HOW THE TRANSACTIONS WERE HANDLED WHEN THE MONEY CAME DIRECTLY OUT OF FHJ. HOW WAS IT HANDLED IN THE INSTANCE WHERE PERSONAL CHECKS WERE ISSUED FIRST.

A: LET'S SAY YOU'RE MARIOTTA, YOU GO TO JENNY (HIS WIFE) AND TELL HER TO GIVE YOU A CHECK FOR $1,000 AND BECAUSE JOHN USED TO GIVE HER A LOT OF MONEY SHE NEVER ASKED BUT THEN JOHN WOULD COME TO THE FJH ACCOUNT AND HE SAYS CREDIT ME WITH $1,000 FOR THIS. AT ONE TIME I HAD CUMULATED $15,000 OR $16,000 OR $20,000 IN CAMPAIGN CONTRIBUTIONS TO SEVERAL PEOPLE WHOM I HAD NOT BEEN REFUNDED FOR AND THEY USE TO KEEP TRACK OF THE FHJ ACCOUNT AND THE MOMEMT CAME WHEN I SAW THEM GIVE ME CHECK OR CASH FOR $20,000 AFTER I HAD GIVEN A LOT OF CHECKS OUT TO DIFFERENT PEOPLE. THAT IS THE WAY THAT IT USE TO BE REIMBURSED.

Q: SO PAYMENTS CAME OUT OF THE FHJ ACCOUNT SOMETIMES

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DIRECTLY TO YOU IN REIMBURSEMENT OF CONTRIBUTIONS USED IN ADVANCE.

A: OR SOMETIME I WOULD TELL CEIL LEWIS SEND A CHECK PAYABLE TO AMERICAN EXPRESS. PAY THIS FOR ME - YOU KNOW MY PERSONAL EXPENSES AND SHE USED TO KEEP AN ACCOUNTING. SHE KNEW AS TO HOW EVERYONE STOOD AT ALL TIMES - OUR FUNDING ACCOUNTS PAYABLE, AND ACCOUNTS RECEIVABLE ALL TIMES THAT WAS GOING TO GO OR COME OUT OF THE SLUSH FUNDS.

Q: SO THEY DIDN'T ALWAYS GO DIRECTLY TO YOU IN CASH OR OTHERWISE, SOMETIMES YOU DIRECTED THEM TO...

A: TO PAYMENTS TO VENDORS AND SO FORTH.

Q: HOW OFTEN, THERE WAS CLEARLY A LOT OF CONTRIBUTION ACTIVITY OVER TIME HOW OFTEN WERE WITHDRAWALS MADE FROM FJH TO COMPENSATE PEOPLE FOR

A: SOMETIMES IT COULD BE DAILY, SOMETIMES IT COULD TAKE 2 MONTHS WITHOUT RECEIVING ANY REFUNDS BECAUSE IF THERE WAS NO MONEY, IF WE HADN'T GOTTEN BRIBES OR TRANSFERRED MONEY SOMEHOW TO THE FJH ACCOUNT THEN WE COULD NOT COLLECT IMMEDIATELY AND SOMETIMES IT COULD GO FOR TWO OR THREE MONTHS WITHOUT GETTING ANY REIMBURSEMENTS, BUT SOMETIMES IT COULD BE THREE DAYS IN A ROW SO IT WAS NO SPECIFIC SYSTEM OF TIMING OF WHEN IT WAS GOING TO BE DONE.

Q: SO THERE WAS TIMES THE FJH ACCOUNT DIDN'T HAVE MUCH MONEY IN IT

A: YES - COMPLETELY DRY AT TIMES

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Q: JUST LOOKING AT THE ONES THAT WE KNOW ARE WIVES - JOHN WOULD COME BACK AND LET IT BE KNOWN THAT HE DID ADVANCE THE MONEY - HIS WIFE DID ADVANCE, HE WOULD SAY THAT

A: YES

Q: THESE ARE WHAT WE HAVE FOR '83 TO '86 AND WOULD YOU SAY THAT MOST OF THOSE ARE ALSO REIMBURSED OR ADVANCED

A: REIMBURSED - ALMOST EVERYTHING HERE WAS REIMBURSED UNLESS MAYBE SOMEBODY FORGOT TO ASK FOR SOMETHING

Q: WELL CAN YOU ACTUALLY FROM LOOKING AT THE LIST - CAN YOU RECALL ARE ALL OF THESE PERSONAL CHECKS THAT YOU WROTE OR IS THIS A MIX OF PERSONAL CHECKS AND ALSO MONEY ORDERS

A: SOME OF THESE COULD BE MONEY ORDERS

Q: IS THERE ANY WAY JUST FROM LOOKING AT THE LIST THAT YOU CAN CALCULATE WHAT ONES ARE MORE LIKELY TO HAVE BEEN MONEY ORDERS

A: NO

Q: IS CARIDAD MORENO THE SAME PERSON AS CARIDAD VAZQUEZ?

A: YES, SHE IS THE MOTHER OF MY CHILD

Q: AND ALSO MRS. MARIO MORENO

A: COULD BE THE SAME PERSONS - QUITE A FEW DOLLARS

Q: AND THIS IS ONLY PART OF IT

A: HAVE YOU DETERMINED HOW MUCH WAS THE TOTAL FOR WEDTECH THROUGH ALL THIS PERIOD OF TIME

Q: I'M NOT SURE WE KNOW WHAT THE TOTAL IS YET.

A: NO, BUT I'M SAYING THE FORMALIZED TOTAL BECAUSE THIS IS THE FORMALIZED TOTAL

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Q: NO, THIS IS JUST FOR '83 THROUGH '86

Q: THIS IS JUST '83 THROUGH '86 AND ITS ONLY ABOUT FOUR OR FIVE PEOPLE

A: THE LEGAL CONTRIBUTIONS

Q: YES, WHAT IS THE TOTAL

Q: ABOUT $85,000

A: THESE ARE THE LEGAL ONES

Q: SO DID CARIDAD VASQUEZ, DID SHE HAVE A SEPARATE CHECKING ACCOUNT

A: YES

Q: DID SHE WRITE PERSONAL CHECKS FOR THESE

A: YES

Q: SO HOW WAS THE REIMBURSEMENT FOR THOSE HANDLED

A: THEY USE TO GIVE IT TO ME. I USED TO TELL HER TO GIVE ME A CHECK FOR THIS MUCH BECAUSE I USED TO GIVE HER A LOT OF MONEY. I USED TO COLLECT FROM ME AND WHATEVER IT WAS. I NEVER ASKED HER TO GIVE ME A CHECK AND THAN I WENT AND GAVE HER THE $1,000 THAT WAS NOT DONE THAT WAY. I IMAGINE NEITHER JOHN NOR LARRY USED TO DO THAT. ONCE I ASKED HER TO GIVE ME A CHECK AND THEN I WOULD GIVE HER $1,000.

Q: THERE WAS NO NEED FOR THAT.

Q: AND ON CEIL LEWIS GRANDWOTTER - WOULD YOU SAY THAT THESE CONTRIBUTIONS WERE

A: REIMBURED - YES

Q: I JUST WANT TO HIT THIS - OH WE STILL HAVE RICHARD BLUESTEIN - WE JUST HAVE ONE CONTRIBUTION FOR HIM DURING

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THAT TIME PERIOD - BUT YOU SAID HE WAS ONLY THERE FOR A FEW MONTHS.

A: HE GAVE MORE BUT I DON'T KNOW WHERE THEY ARE, BUT I'M SURE MORE THAN THOSE THINGS FLOATED THROUGH THEIR

Q: AND THOSE WOULD HAVE BEEN REIMBURSED BY FHJ AND ELINOR - THAT'S HIS WIFE

A: YES

Q: AND THE SAME SITUATION

A: YES

Q: ALSO I NOTICED SOME MENTION ABOUT YOUR SISTERS MAKING CONTRIBUTIONS

A: YES I USED TO GO AND ASK THEM OR CHECKS AND THEN I WOULD REIMBURSE THEM. THERE WERE OTHER EMPLOYEES AT THE COMPANY LIKE PINKASOB. I REQUESTED P-I-N-K-H-A-S-O-B ONCE OR TWICE FOR HIM TO GIVE CONTRIBUTIONS LIKE THAT TO WHICH WE REFUNDED AND AT LEAST THREE OR FOUR MORE OFFICERS OF THE COMPANY. THERE WERE MORE OFFICERS THAN WE THOUGHT. THEY REALLY DIDN'T KNOW. WE TOLD THE WOMEN WE NEEDED TO EXCHANGE CHECKS

Q: TO EXCHANGE CHECKS

A: YES, THEY WOULD GIVE LIKE - TO PREPARE A CHECK FOR $1,000 AND WE WOULD GIVE THEM A CHECK FOR WHATEVER OR THE MONEY FOR WHATEVER TO PUT IN HIS ACCOUNT.

Q: SO WHO WOULD THOSE PEOPLE BE

A: TRYING TO RECALL. P-I-N-K-H-A-S-O-B WAS ONE OF THEM.

Q: WHAT POSITION WAS HE?

A: HE WAS A VICE PRESIDENT

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Q: AND WHEN WAS THAT?

A: '83 - '84 -'85 I DON'T RECALL. THE GUY USED TO BE IN CHARGE OF THE FACILITIES (?). THAT'S FOR CONGRESSMAN DAVIS. I THINK HE GAVE CONTRIBUTIONS TO CONGRESSMAN DAVIS. WHAT WAS HIS NAME? IF I WERE TO SEE A ROLL OF NAMES OF EMPLOYEES IN 86 AND I MAY HAVE ASKED HIM TO DO THAT FOR ONE OR TWO PEOPLE IN NEW YORK. I JUST DON'T RECALL HIS NAME. IF YOU WERE TO GIVE ME A LIST OF ALL THE EMPLOYEES - DO YOU HAVE ONE OF THE LAST ANNUAL REPORTS?

Q: WERE ALL THE PEOPLE THAT YOU ASKED INSIDE THE COMPANY. DID YOU ALSO ASK OFFICERS OR DID YOU ALSO ASK EMPLOYEES?

A: MOSTLY OFFICERS. THERE WERE ONLY LIKE THREE OR FOUR OF THEM AND I'M NOT CERTAIN. I THINK THE GUY FROM MICHIGAN FOR SURE, PINKHASOB FOR SURE AND I THINK PERHAPS OTHER TWO OFFICERS. EMPLOYEES I DON'T RECALL

Q: IN ALL THOSE INSTANCES THEY ALL WROTE PERSONAL CHECKS

A: YES WITH SOCIAL SECURITY AND SO FORTH

Q: I WANT TO CHECK ON YOUR SISTER'S NAME DIANNA MANZANO, CECILIA MORENO AND MARTHA BERNEY

A: YES. IT COULD BE CECILIA

Q: DID REYNALDO?

A: HE COULD HAVE, BUT I DON'T RECALL, MY SISTERS YES,

Q: ALWAYS ON THE HUNT FOR LIVE BODIES, NAMES ANYWAY

A: ANYTHING THAT MOVES

Q: WERE THE OTHER OFFICES AWARE OF THE FHJ ACCOUNT? THE ONE'S WHO DIDN'T HAVE AN INTEREST.

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A: NO, THE ONLY PEOPLE THAT WERE WELL AWARE OF THE FHJ ACCOUNT WAS CEIL LEWIS AND OURSELVES

Q: SO IT WAS KEPT HUSH-HUSH.

A: YES - ULTRA SECRET

Q: DO YOU REMEMBER HOW THE REIMBURSEMENTS TO THE OTHER OFFICERS WHO DIDN'T KNOW ABOUT THE FHJ ACCOUNT WERE HANDLED.

A: I THINK THAT WE GAVE THEM CASH TO THE BEST OF MY RECOLLECTION ALL THROUGH THE EXPENSE REIMBURSEMENTS.

Q: HE MAY HAVE HAD THEM TO SUBMIT AN EXPENSE VOUCHER

A: YES, SAME WAY THAT THE BIG BOYS DO IT

Q: THE BIG BOYS DO IT IN A RANGE OF DIFFERENT WAYS

Q: DID THE SECRETARY'S MAKE ANY CONTRIBUTIONS

A: THEY MAY HAVE BUT I DON'T - MAYBE MY SECRETARY MAY HAVE DONE ON OCCASION BUT I DON'T THINK SO. MAYBE THE OTHER SECRETARIES MAY HAVE HAD TO. TONY GUARIGLIA AND MARIOTTA'S SECRETARY MAY HAVE DRAWN CHECKS BUT I DON'T RECALL - YOU EXPECT ME TO REMEMBER TOO MUCH

Q: YOU HAVE A GOOD MEMORY

A: WHO IS RESPONSIBLE FOR THIS ORGANIZATION? WHO IS YOUR BOSS?

Q: WE ARE PART OF THE LAWYER'S OFFICE - BASICALLY THE FEC, THE GENERAL COUNSEL'S OFFICE

A: THE FEDERAL ELECTION COMMISSION - WHO SUPERVISES THE FEDERAL ELECTION COMMISSION

Q: NOBODY

A: I MEAN YOU'RE RESPONSIBLE TO SOMEBODY

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Q: THE FEDERAL COURTS. IN OTHER WORDS IN OUR ENFORCEMENT INVESTIGATIONS ULTIMATELY IF PEOPLE DON'T SETTLE OR RESOLVE, WE BRING A COURT CASE AND THE JUDGE DECIDES BUT THE FEC IS AN INDEPENDENT AGENCY.

A: WHO NAMES THE CHAIRMAN OF THIS ORGANIZATION

Q: THEY'RE PRESIDENTIAL APPOINTEES SO THE PRESIDENT APPOINTS THE COMMISSIONERS FOR 6-YEAR TERMS

A: SO THE PRESIDENT IS THE BOSS

Q: HE IS AND HE ISN'T. THE PRESIDENT HAS A CAMPAIGN COMMITTEE AND THE PRESIDENT'S CAMPAIGN COMMITTEE IS AUDITED BY THE FEC AUDITORS

Q: NOW WERE'RE GOING TO TURN OUR ATTENTION TO THE CANDIDATES THAT WERE SUPPORTED BY THE CONTRIBUTIONS AND TO LOOK AT THE PURPOSE OF THE CONTRIBUTIONS AND THE TIMING OF THE CONTRIBUTIONS LIKE WERE THERE ANY PARTICULAR WAY THAT THEY OCCURRED BECAUSE WE SEE THAT THERE ARE CERTAIN DATES WHERE THERE SEEMS LIKE A LOT OF CONTRIBUTIONS OCCURRED AT THE SAME TIME.

A: YES, THAT I CAN TELL YOU. SOME OF THEM I CAN TELL YOU, SOME OTHERS "NO", SO LET'S LOOK AT THIS DATE AND MONTH

Q: YOU'RE LOOKING AT BACK IN FEBRUARY 1983

A: IS THAT TOO FAR - DO YOU WANT ME TO GO HERE? THAT'S A REGULAR CONTRIBUTION FOR ALL THE SERVICES THAT HE HAD PERFORMED OR HE WAS GOING TO PERFORM.

FEBRUARY 26, 1983 - THIS IS TORISH. THAT'S BECAUSE WE WERE REQUESTED BY "LAMA" THE LATINO AMERICAN MANUFACTURERS ASSOCIATION THIS GUY IS TO BE A FRIEND OF

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BENNINGER. THEY GUY THAT IS TO BE THE PRESIDENT OF "LAMA".

MAY 16 OR 20, 1983 - BIAGGI AND GARCIA. THIS IS GENERAL FOR ALL THE SERVICES THAT THEY HAD DONE FOR THE COMPANY.

NOW THIS ONE IS VERY INTERESTING --

Q: NOW JUST OUT OF CURIOSITY WHY WOULD CEIL HAVE MADE THOSE CONTRIBUTIONS RATHER THAN YOU?

A: BECAUSE WE MIGHT HAVE BEEN AT THE LIMIT OF '83 CONTRIBUTIONS. SOMETIMES WE WERE AT THE LIMIT OR WE WERE NOT GOING TO BE AROUND WE WOULD ASK HER TO DO IT. OK NOW, THIS IS FOR ADDABBO THIS WAS REGULAR FOR ALL THE SERVICES THAT HE HAD DONE AND THIS WAS THE TIME THAT THEY WERE COLLECTING.

Q: DO YOU MEAN THAT YOU DON'T THINK THIS WAS IN CONNECTION WITH THE FUNDRAISER.

A: NO, THIS MIGHT HAVE BEEN BUT THIS IS GENERAL BECAUSE HE WASN'T ON THE MOTION FOR SOME PEOPLE THAT WE HAD ON OUR SIDE. THIS ONE HERE WAS VERY IMPORTANT. THIS WAS AT THE TIME WHEN WE WERE

Q: CAN I JUST ASK YOU ABOUT THESE HERE BECAUSE I KNOW SOMEWHERE A PIECE OF THE TRANSCRIPT AND I'M NOT SURE OF WHAT IT WAS - IT WAS A POLITICAL FUNDRAISER IN 1983 AND I WAS JUST WONDERING KINDA IF THIS COULD HAVE BEEN - DO YOU USUALLY PAY FOR YOUR THINGS BEFORE OR AFTER.

A: SOMETIMES BEFORE AND SOMETIMES AFTER. THERE ARE A FEW CASES AFTER BUT MOST OF THE TIME BEFORE. THIS IS '83

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CARLOS CAMPBELL, THIS IS THE GUY FROM THE ECONOMIC DEVELOPMENT AGENCY, OH YES NOW I REMEMBER

Q: WHAT PAGE IS THE TRANSCRIPT

Q: OH I'M SORRY, PAGE 867

A: THIS IS EARLY 1983. THIS MOSTLY DEALS WITH SUBORDINATION OF THE CONTRIBUTIONS IN EARLY '83 FOR THE SUBORDINATION OF THE LOANS THAT WE HAVE FOR THE ECONOMIC DEVELOPMENT AGENCY SO THAT WE COULD GET A LOAN FROM BANK AND THE GUY THAT WAS SUPPOSE TO ASK WAS CARLOS CAMPBELL AND WE USED PRIMARILY D'AMATO TO TRY TO BANK OVER HIS HEAD OF WHAT HE SAID WHICH HE DID.

Q: SO EPA DIDN'T WANT TO SUBORDINATE THEIR LOANS

A: CORRECT

Q: SINCE THESE CONTRIBUTIONS ARE BY DATE AND SEEMS LIKE SOMETHING IMPORTANT HERE IS THERE A CHANCE THAT MAYBE SOME CONTRIBUTIONS WERE MADE BY OTHER OFFICERS THAT SOMEHOW DIDN'T GET RECORDED OR SOMETHING.

A: IT COULD BE - I DON'T RECALL WE USE TO DO SO MANY OF THEM.

Q: OK COULD YOU LOOK HERE ABOUT A POLITICAL FUNDRAISER THAT OCCURRED IN JUNE 1983

A: YES, BIAGGI BROUGHT D'AMATO THERE TO A POLITICAL FUNDRAISER AND WE BOTH GOT CORNERED OVER THEIR AT THAT BIG HALL AND I EXPLAINED THE SITUATION TO SENTATOR D'AMATO AND HE SAID HE WAS GOING TO BANG OVER CARLOS CAMPBELL'S HEAD.

Q: DO YOU THINK THIS WAS THE SUMMER OF '83

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A: YES, YOU 'LLL BE ABLE TO GET THE EXACT DATE BY THE HOTEL. THIS WAS THE ANNUAL AFFAIR FOR BIAGGI. THIS WAS THE ANNUAL AFFAIR THAT BIAGGI USED TO HAVE THE CHAIRTY EVERY YEAR. I THINK AROUND MAY OR JUNE.

Q: WE HAVE NO CONTRIBUTIONS FOR JUNE, THERE'S ONE FOR MAY FOR BIAGGI.

A: THAT WAS IT. SO HE BROUGHT D'AMATO THERE TO TALK TO US.

Q: THAT'S THE $1,000 BY CEIL

A: THAT WAS TO BUY A TABLE THEIR. BIAGGI AND D'AMATO WERE INVOVED IN

Q: DO YOU THINK HE HAD ONE TAABLE. LIKE ONE TABLE WAS $1,000

A: YES, WE MAY HAVE HAD TWO BUT I DON'T KNOW WHERE THE OTHER ONE IS.

Q: AND THEN EVERYONE JUST SHOWS US AND SITS AT THE TABLE

A: YOU KNOW BIAGGI. WE HAD GIVEN OVER $2 MILLION. YOU KNOW HE WAS THE ONE WE GAVE THE LEAST FOR THIS POLITICAL

Q: THE LEAST CAMPAIGN THE MOST PERSONAL

A: YES, EXACTLY.

Q: SO YOU DON'T THINK THESE WOULD BE RELATED TO THEM.

A: NO, IN THE ADDABBO SITUATION WE ALREADY HAD COMPILED IT, ONE OR TWO DAYS BEFORE THIS AND ADDABBO HAD BEEN VERY INSTRUMENTAL FOR US AND HE WOULD BE VERY INSTRUMENTAL SO WE...

Q: SO IN SEPTEMBER YOU WENT PUBLIC

A: YES, AT THE END OF AUGUST. IN SEPTEMBER WE WERE READY TO GO PUBLIC.

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Q: AND ADDABBO WAS INSTRUMENTAL

A: EXACTLY

Q: OK WHILE WE'RE HERE SINCE THESE WERE SO MANY CONTRIBUTIONS WAS THAT A CASE WHERE EVERYBODY GAVE YOU A CHECK.

A: NO, IN THIS CASE I WAS SICK THIS TIME THAT'S WHY I DON'T HAVE AENOUGH HERE OR THERE. I HAD BECOME VERY SICK AGAIN - JULY AND ALL THROUGH AUGUST. SO THEY DEALT WITH THIS MONEY ALL BY THEMSELVES WITHOUT MY ASSISTANCE.

Q: SO YOU DON'T KNOW HOW IT GOT TO WHEREEVER IT GOT TO

A: THIS WAS PROBABLY GIVEN TO EHRLICH

Q: AND YOU THINK IT WAS PROBABLY GIVEN IN A BUNDLE

A: YES

Q: NOW IF YOU WERE SICK WHO WOULD HAVE PROBABLY BEEN THE ONE THAT IT WOULD BE GIVEN TO

A: MARIOTTA OR TONY. THIS ONE IS VERY INTERESTING HERE. THIS DEFINITELY WAS D'AMATO.

Q: IN DECEMBER OF 1983

A: YES, WE WERE AT THE HEIGHT OF THE FIGHT FOR THE PONTOONS FOR THE BASIC CONTRACT ON THE PONTOONS

Q: WAS THIS IN CONNECTION WITH THE FUNDRAISING EVENT

A: D'AMATO. IT MIGHT HAVE BEEN BUT WE WERE VERY HEAVY ON THAT THING AND IT MAY HAVE BEEN AN EVENT AROUND THAT TIME AT ONE OF THE MAIN HOTELS OVER THERE

Q: DO YOU REMEMBER IF THERE WAS ANY SORT OF PATTERN OF WHEN THESE CONTRIBUTIONS WENT TO THE CANDIDATES. IN OTHER WORDS WOULD YOU FOR EXAMPLE IF THERE WAS SOMETHING

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STRENUOUS THAT YOU WERE ABOUT TO ASK THEM TO DO ON YOUR BEHALF WOULD YOU CONTRIBUTE THEN OR WOULD YOU CONTRIBUTE AFTER THEY HAD WRITTEN THE LETTER YOU WANTED THEM TO WRITE

A: WE CONTRIBUTE BOTH - BEFORE, AT AND AFTER

Q: WHEN YOU SAY "AT" WHAT DO YOU MEAN BY THAT.

A: AT BIRTH. JUST KIDDING. FOR EXAMPLE IF WE WERE INVOLVED IN A MAJOR THING THAT WE NEEDED LIKE ONE TIME GARCIA, WE TOOK CHECKS TO HIM

Q: THIS IS '80, THAT'S STILL IN '83

Q: WHAT WE'RE LOOKING IS THAT'S DATED OCTOBER '83 AND THEIR CONTRIBUTIONS THAT WE'RE NOW TALKING ABOUT WERE DECEMBER '83 AND I GUESS WE'RE JUST INTERESTED

A: HE WAS DOING A LOT OF THINGS FOR US SO WHENEVER HE CAME FORTH WE NEVER REFUSED TO GIVE MONEY TO HIM. WHENEVER THEY REQUESTED TO GO OUT TO AN AFFAIR, WHENEVER THEY REQUESTED TO WIPE TABLES, WHENEVER THEY REQUESTED TO SEND CHECKS TO HIM, WE NEVER REFUSED BECAUSE WHATEVER WE WANTED TO ASK HIM JUST CALL THEIR. MOSTLY WE WENT TO HIM THROUGH BIAGGI BECAUSE THEY WERE PART OF OUR IT USED TO BE CALLED "THE ITALIAN GROUP" WHICH WAS ADDABBO, BIAGGI, D'AMATO. THEIR WAS ANOTHER ITALIAN CONGRESSMAN THAT WE WERE

Q: GARCIA WOULDN'T COUNT I GATHER

A: NO GARCIA IS SPANISH. THERE WAS ANOTHER ONE I DON'T RECALL WHO HE WAS.

Q: IS HE FROM NEW YORK.

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A: AH YES, HE'S FROM NEW YORK - THE STATEN ISLAND AND HIS DAUGHTER IS NOT A CONGRESSWOMAN

Q: M-O-L-I-N-A-R-I

A: THAT'S THE GUY, YES. THAT WAS A GROUP OF VERY INTERESTING CHARACTERS. THIS ONE WE WERE REQUESTED TO BUY TWO TABLES. THIS WAS AT THE HEIGHT OF THE PONTOON CONTRACT. JUST ONE MONTH BEFORE GETTING IT.

Q: THIS WAS FEBRUARY '84

A: NO, I'M TALKING ABOUT MARCH'84.

Q: THAT BRINGS ME TO THAT APRIL GROUP. IS THAT NEXT?

A: ALL THESE THINGS ARE PONTOON INCLUDING THIS ONE HERE

Q: SO BY THE TIME YOU GOT THE CONTRACT IN APRIL '84

A: CORRECT

Q: NOW WHEN YOU SAY ALL THESE ARE PATOONS WHICH ONES ARE YOU TALKING ABOUT.

A: I'M TALKING ABOUT EVERYTHING THAT WAS GIVEN AND HERE IN APRIL, MAY, FOR ALL THESE POLITICIANS, FOR WILSON, FOR WILSON, FOR ADDABBO, FOR D'AMATO - ALL THAT HAVE TO DO WITH THE PATOON SITUATION

Q: IS THIS PETE WILSON?

A: YES

Q: WHAT DID HE HAVE TO DO WITH PONTOON BUSINESS.

A: HE USE TO BE OUR CONNECTION IN CALIFORNIA THROUGH NOFZIGER & BRAGG AND WALLACH. BUT PRIMARILY NOFZIGER & BRAGG. OH WAIT A MINUTE - THIS IS WILSON, PETE WILSON OF CALIFORNIA.

Q: WHY DO YOU THINK WARNER ONLY GOT $500.

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A: LET ME SEE WHO REQUESTED IT AT THAT TIME. I DON'T RECALL. LATER ON WARNER HAD TO DO A LOT WHEN WE GOT THE APPROPRIATIONS IN CONGRESS IN LATE 1986.

Q: A SUPPLEMENTAL APPROPRIATION - IS THAT WHAT YOU'RE TALKING ABOUT.

A: YES. BUT HE USED TO OPERATE THROUGH JOHN CONDELL.

Q: SO YOU DON'T HAVE A SPECIFIC MEMORY OF THESE SPECIFIC GROUPS OF CONTRIBUTIONS. THE DEPOSIT DATE IS ALL THE SAME

A: THIS IS ALL RELATED TO THE PONTOON.

Q: BUT ONE EVENT NOT REALLY AN EVENT

A: NO I THINK THAT THIS WAS A REQUEST THAT CAME FROM SEVERAL PEOPLE LIKE THE WILSON ONE DEFINITELY CAME FROM NOFZIGER & BRAGG. THE OTHER ONE CAME FROM BIAGGI AND EHRLICH. SEE WHAT CHAIRMAN ON THE APPROPRIATIONS SUBCOMMITTEE - THE ARMED SERVICES COMMITTEE - SO HE WAS TO BE LIKE THE POCKET

Q: ADDABBO

A: YES

Q: HOW ABOUT THE WARNER ONE?

A: THE $500 - AT THAT TIME I DON'T KNOW HOW THAT WAS REQUESTED. I DON'T RECALL - WE WERE INVOLVED VERY LITTLE WITH HIM AT THAT TIME. SOMEHOW BUT I DON'T RECALL.

Q: DID ALL THE CONTRIBUTIONS THAT WERE MADE COME AT THE INITIATION OF SOMEONE FROM THE CAMPAIGN?

A: CLOSE TO THEM - YES. LIKE WILSON THROUGH NOFZIGER &

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BRAGG. THEY WERE VERY CLOSE TO HIM. ADDABBO USE TO COME TO FROM BIAGGI OR EHRLICH OR CASTELLANO - ARE YOU FAMILIAR WITH CASTELLANO?

Q: I THINK SO

A: HE USED TO BE THE MAN WITH THE CHIEF OF STAFF FOR MILITARY FOR NEW YORK STATE AND HE USE TO BE THE MAIN LIAISON FOR ALL THE PROCUREMENTS OF THE DEFENSE DEPARTMENT THAT HAD TO DO WITH THE STATE OF NEW YORK AND HE WAS A TWO STAR GENERAL. HE WENT TO JAIL, HE BECAME FAMOUS ALL THOUGHOUT NEW YORK BECAUSE OF THE FRONT PAGE OF ALL THE TABLOIDS THEIR HE WAS LEGALLY MARRIED TO TWO WOMEN AT THE SAME TIME SO, IN ORDER TO NOT GET CONFUSED, HE HAD ONE SINGLE KEY - THE SAME LOCK ON BOTH HOUSES. SO ONE WIFE WAS IN WINCHESTER AND ONE WAS IN ALBANY SO HE USED THE SAME KEY. AT ONE TIME HE HAD BOTH WIVES IN THE SAME HOTEL AT THE SHERATON - ONE ON ONE FLOOR AND THE OTHER ON ANOTHER - SO HE USED TO ASK US TO GO TO TAKE CARE OF ONE OF THEM AT LUNCH AND THE OTHER ONE AT DINNER. SO HE WOULD COMPLY WITH THE OBLIGATIONS.

Q: SO WAS GARCIA INVOLVED IN THE PONTOON BUSINESS AS WELL

A: VERY LITTLE - NO, HE WAS NOT. NOT AT THIS STAGE.

Q: SO THESE MAY 1984 CONTRIBUTIONS TO GARCIA

A: WERE ON GENERAL PRINCIPAL

Q: GENERAL GOODWILL

A: YES

Q: AND WHO INITIATED THOSE

A: HE REQUESTED THEM

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Q: GARCIA

A: YES. YOU SEE HIS WIFE WAS HIS DOWNFALL. IN THE GENERAL SENSE HE IS A VERY GOOD PERSON AND I DON'T THINK HE HAD DONE ANYTHING CRAZY AS OF THE TIME THAT HE MARRIED HER. SHE WAS A TOUGH COOKIE.

Q: SO DID ADDABBO REQUEST MONEY DIRECTLY FROM YOU OR DID

A: NO - MOST OF THE REQUEST FOR ADDABBO CAME DIRECTLY FROM EHRLICH. I THINK THE CONNECTION WAS ADDABBO, BIAGGI, CASTELLANO, OR EHRLICH BECAUSE CASTELLANO AND ADDABBO WERE LIKE THIS. CASTELLANO USE TO HAVE A DESK IN ADDABBO'S OFFICE HERE IN WASHINGTON. ONLY AT THE END I WAS COMMUNICATING WITH HIM MYSELF BEFORE HE DIED. WHEN HE DIED - TWO PLANES FULL OF CONGRESSMEN AND SENATORS WENT TO ST. PATRICK'S CHURCH IN NEW YORK. I WAS AT HIS FUNERAL. HE WAS HIGHLY REGARDED. HE HAD SO MANY CONNECTIONS IN CONGRESS AND THE WHOLE ALMOST ENTIRE CHURCH. I UNDERSTAND TWO PLANES CAME FROM WASHINGTON TO HIS FUNERAL SERVICE. IT WAS VERY INTERESTING BECAUSE IT WAS 70% BLACK, 10% HISPANIC AND MAYBE 20% THE REST. HE GOT REELECTED BY BIG MINORITIES.

Q: WHAT DISTRICT IS HE IN?

A: JAMAICAN. HE USE TO HAVE ALL THE RELATIONSHIPS WITH ALL THE PASTORS OF THE CHURCHES. HE BROUGHT A LOT OF BUSINESSES TO THAT DISTRICT AND HE USED TO BE VERY HEAVILY INTERCONNECTED WITH THE BLACK PEOPLE THAT WERE 8A MINORITIES FROM THE OIL COMPANIES. SO APPEARENTLY THE MONEY POWERED OF ALL THESE PEOPLE WERE ABLE TO

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BECAUSE SEVERAL BLACK CANDIDATES I THINK ONE OR TWO OR THREE OF THEM LEFT, THEY COULD NOT PENITRATE. ONLY WHEN HE DIED ONE OF THEM BECAME A CONGRESSMAN.

Q: DID RICHARD BLUESTINE EVER HAVE A SHARE OF THE FHJ ACCOUNT.

A: YES. HE HAD 12-1/2% FROM SEPTEMBER OR OCTOBER OF 1983 THROUGH THE TIME THAT HE LEFT IN APRIL OR MAY 1984.

Q: SO THE CONTRIBUTION FROM HIM AND HIS WIFE IS IN APRIL 1984

A: YES

Q: WOULD YOU GUESES THAT HE WAS REIMBURSED OUT OF THE FHJ ACCOUNT WITH THE SAME ARRANGEMENT THAT YOU GUYS HAD AT THAT TIME.

A: YES

Q: JUST OUT OF CUROSITY WAS THAT PART OF THE DEAL WHEN HE CAME TO WEDTECH THAT HE WOULD HAVE A SHARE OF THE FHJ ACCOUNT

A: NO THE FHJ ACCOUNT HAD BEEN SUSPENDED BECAUSE HE HIMSELF FOUND THAT WE HAD THIS LARGE ACCOUNT WHILE HE WAS THE MAIN PARTNER OF HERMAN - AN AUDITOR - COMPLETELY DEPENDENT

Q: THAT'S WHAT PROMPTED THE CONSPIRACY. AH, I SEE.

A: THEN WE REACTIVATED IT IN OCTOBER 1984 UNDER HIS SUGGESTION BECAUSE THERE WERE NO OTHER MEANS TO GET MONEY FOR THE UNIONS, POLITICIANS AND OURSELVES. SO IT WAS DORMANT LIKE SINCE JANUARY 1983 TO OCTOBER 1983 - THE FHJ ACCOUNT. DORMANT MEANT INACTIVE.

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Q: RIGHT. SO IT WAS INACTIVE UNTIL

A: FROM THE TIME THAT HE DISCOVERED AND SAID NOT TO USE IT ANYMORE

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A: 83, I AM SORRY NO 83.

Q: IT WAS REACTIVATED IN 84.

A: NO, IN OCTOBER OF 83.

Q: THE TRANSCRIPT I THINK SAID 84.

A: I THINK THAT THERE WAS ONE CHECK OR SOMETHING IN LATE 83 THAT WAS ACCORDING TO THAT ACCOUNT. YOU KNOW THE ORGANIZATION AND THE SETTING UP OF THE PARTNERSHIP AND THE PERCENTAGES TO REACTIVATE IT WAS DURING OCTOBER OF 83. THERE MAY NOT HAVE BEEN FUNDS IMMEDIATELY BUT THE AGREEMENT TO REACTIVATE IT AND USE IT WAS DONE IN OCTOBER OF 83.

Q: HOW MANY CONTRIBUTIONS WERE THERE IN THE TIME THAT FHJ WAS INACTIVE? LOOKING AT THE LIST WE HAVE BY DATE IT LOOKS LIKE THE $500 ADABBO CONTRIBUTIONS WERE IN SEPTEMBER OF 83 THAT WAS THE TIME WHEN THE FHJ ACCOUNT WAS INACTIVE HOW WOULD THE REIMBURSEMENTS OF THOSE HAVE BEEN HANDLED?

Q: DIDN'T YOU SAY YOU OPERATED IN OCTOBER

A: WHEN WE DID USE THAT WE SAID WHEN WE REACTIVATED IT THAT ANYBODY THAT HAD OUTSTANDING CLAIMS AGAINST THE FHJ WOULD BE PAID FROM THE NEXT PROCEEDS OF THE FHJ ACCOUNT. I RECALL THAT AT THAT TIME EVEN THERE WERE BIG AMOUNTS THAT WE HAD PAID FOR _____ WITH PAT SIMON FOR ADDITIONAL

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REIMBURSEMENT OF INTEREST OUTSIDE THE BOOKS AND THE MONEY CAME FROM FHJ TO US LATER ON BEFORE ANYBODY ELSE COULD COLLECT. WHATEVER WE HAD ACCUMULATED WAS REIMBURSED TO EVERYONE.

Q: SO ANY OF THESE ONES IN EARLIER 83 IF IT WAS AT A TIME WHEN THE ACCOUNT WAS INACTIVE WAS SIMPLY AND ESSENTIALLY BE KEPT ON THE BOOKS AND YOU WOULD HAVE BEEN WHOLE WHEN IT WAS REACTIVATED?

A: CORRECT, THAT'S WHAT HAPPENED. THAT'S EXACTLY WHAT HAPPENED. OKAY, 84 HERE. IN 84 THIS WAS REGULAR SITUATION WITH THE PONTOONS BECAUSE WE AT THAT POINT THE MOST IMPORTANT THING BECAME HOW TO BE ABLE TO GET THE OPTIONS OF THE PONTOONS SO WE HAD TO CONTINUE CULTIVATING ALL THESE POLITICIANS.

Q: WHICH CONTRIBUTIONS ARE YOU REFERRING TO?

A: THE JUNE 84 - THE INNER CIRCLE. AND THE SAME AS THE ONES THAT FOLLOW WITH THE REAGAN-BUSH - THE JULY ONES.

Q: THAT WAS FOR POLITICAL FUNDRAISER

A: YES, CORRECT. THEN THE ONES HERE IN 84 FOR GARCIA

Q: IN AUGUST

A: THAT WAS BECAUSE HE WAS STARTING TO GET INVOLVED WITH US WE ALREADY HAD THE CONSPIRACY WITH HIM AND HIS WIFE TO GIVE THEM THE MONEY OUTSIDE THE BOOKS PLUS WHEREVER THEY REQUESTED ON THE BOOKS AND HE WAS GOING TO GET US THE POSTAL CONTRACTS. POST OFFICE CONTRACTS.

Q: AND YOU SAID THAT GARCIA ALWAYS ASKED YOU PERSONALLY?

A: OR HIS WIFE. I THINK THIS ONE WAS REQUESTED BY HIS

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WIFE.

Q: HOW ABOUT THAT YOUR $500 WENT TO FUND FOR DEMOCRATIC MAJORITY

A: SOMEBODY REQUESTED THAT I DON'T REMEMBER WHO IT WAS. SOMEBODY WAS COMPLETELY LEGAL. THIS IS ONE OF THOSE THINGS THAT THEY USE TO REQUEST FROM US BUT MOST OF THEM DIDN'T APPEAR.

Q: THAT'S ON A LOT OF MAILING LISTS?

A: THEN THE ONES FOR GARICA ON AUGUST THE SAME SITUATION AND THE ONES FOR FEDERAL COMMITTEE QUALIFYING

Q: THAT LOOKS LIKE ITS THE DISTRICT OF COLUMBIA REPUBLICAN COMMITTEE.

A: SOMEBODY FROM HERE MAY HAVE REQUESTED THIS TO JOHN, GOD KNOWS. WHAT'S THE DIFFERENCE BETWEEN QUALIFYING PARTY AND QUALIFIED PARTY RELATED?

Q: IT MEANS ITS A POLITICAL PARTY COMMITTEE RATHER THAN A CANDIDATE COMMITTEE.

A: I SEE. THIS VICTORY 84 THIS PROBABLY WAS US BY MAKING US THROUGH EHRLICH. THE BEST OF MY RECOLLECTION

Q: COULD YOU TELL US A BIT MORE ABOUT WHAT THE NEGELIA INVOLVEMENT WITH IN GENERAL TERMS WAS.

A: NEGLIA USE TO BE THE REGIONAL DIRECTOR OF THE SBA IN NEW YORK.

Q: IS THIS FATHER OR SON?

A: HIS SON, BUT THE FATHER WAS ONE OF THE MOST POWERFUL REPUBLICAN PEOPLE IN THIS STATE OF NEW YORK. HIS FATHER WAS THE ONE THAT CONTROL THAT BROOKLYN REPUBLICAN PARTY.

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NOW WHAT THAT IS FROM THAT GROUP CAME JIM CLARKE WHO BECAME THE CHAIRMAN OF THE REPUBLICAN PARTY OF THE STATE OF NEW YORK FOR SEVERAL YEARS. VERY CLOSE TO THE REAGAN ADMINISTRATION. THIS IS THE GROUP I SUPPORTED THEM, YOU SEE MR. & MRS. LOWELLHEAD. THIS WAS THE TIME OF THE MAINTENANCE (DATE) THAT WE DID NOT SUCCEED IN GETTING SO ONE OF THE VICE-PRESIDENTS WE USE TO HAVE IN THE COMPANY (RICHARD STRUM) REQUESTED THAT IN ORDER TO GET THOSE ASSISTANCE IN TRYING TO FORGE THE ARMY TO GIVE US THE MAINTENANCE CONTRACT THAT WE GIVE THIS ONE TO SENATOR DOLE BECAUSE THE COMPANY THAT WAS COMPETING WITH US WAS IN HIS DISTRICT OR CLOSE TO HIS DISTRICT WAS A CONTRIBUTOR TO HIS CAMPAIGN.

Q: AND THIS MAN'S NAME WAS STRUM?

A: THE VICE PRESIDENT THAT USE TO WORK WITH US - YES. HE WENT TO JAIL.

Q: DID WE GET HIS NAME AT THE BEGINNING?

A: NO. ONE OF HIS INVOLVEMENTS WAS WITH THE MITCHELL BROTHERS IN BALTIMORE.

Q: DID HE MAKE CONTRIBUTIONS THAT ALSO MIGHT HAVE BEEN REIMBURSED?

A: I DON'T RECALL.

Q: COULD HE BE ONE OF THE OTHER OFFICERS THAT YOU SOLICITED.

A: HE COULD BE, BUT I WAS NOT THINKING OF HIM BEFORE. SO HE MIGHT HAVE GIVEN IN CAMPAIGN CONTRIBUTIONS.

Q: IF HE DID MAKE CAMPAIGN CONTRIBUTIONS WHAT'S THE

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LIKELIHOOD THAT HE MIGHT HAVE BEEN MISSED.

A: YES HE GOT MISSED. I HAD FORGOT SOME OF THEM.

Q: BUT HE DIDN'T KNOW ABOUT THE FHJ ACCOUNT OR DID HE?

A: HE KNEW THAT WE WERE GETTING MONEY FROM SOMEPLACE BUT HE DIDN'T KNOW WHAT THE MECHANICS WERE. HE PROBABLY KNEW BECAUSE WE USE TO GIVE HIM MONEY FOR GAMBLING AND THINGS OF THAT SORT. HE NEVER ASKED.

Q: DID YOU SAY HE IS IN JAIL KNOW?

A: HE WAS IN JAIL FOR THE SECOND TIME. HE HAD GONE TO JAIL SEVERAL YEARS BEFORE AND THEN WE HIRED HIM LATER ON AND THEN HE WENT BACK TO JAIL, HE MADE A PLEA IN THE BALTIMORE CASE.

Q: WHEN? CAN YOU REMEMBER WHEN HE WAS WITH THE COMPANY?

A: FROM 1984 THROUGH 1986. SO WE GOT INFORMATION ON DOLE AND THE MAINTENANCE FEE.

Q: WHAT WAS DOLE'S - AT THAT TIME WAS HE THE MAJORITY LEADER THEN? THIS WAS 1985 HE WAS STILL MAJORITY LEADER.

A: THE OTHER COMPANY THAT WE WERE COMPETING AGAINST IN THE MAINTENANCE WAS HIS DISTRICT KANSAS OR NEAR KANSAS. BUT IT DIDN'T HELP.

Q: MAYBE IT WASN'T ENOUGH MONEY

A: ADABBO, APRIL OF 85 AGAIN WE HAD TO GIVE HIM OUR TIMES AND OUR SIDES ESPECIALLY WITH THE PONTOON OPTIONS AT THE TIME FLOATING THE NAVY HAD TO STOP US FROM PRODUCING PONTOONS AROUND THAT TIME WE WERE IN A FIGHT WITH THE NAVY THEY USE ALL KINDS OF GREAT EXCUSES SO THAT WAS

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VERY IMPORTANT. NOW HERE COMES ONE THAT I NEVER HEARD THAT. FRED HAD GIVEN CONTRIBUTIONS TO BROOKS, WHERE IS BROOKS. NEVER HEARD OF HIM. THIS WAS PROBABLY AT THE TIME FRED WAS INVOLVED IN OIL FIELDS IN TEXAS SO ONE OF HIS TWO CHILDREN MAY HAVE MET HIM. THIS ONE HERE I RECALL VERY CLEAR. THIS WAS GENERAL ROSENBLUM WHO WAS A THREE STAR RETIRED GENERAL WHO WAS SERVING AS A CONSULTANT FOR US, HE USED TO WORK UNDER ME. HE REQUESTED TO SEND $1,000 TO THIS GUY TO GET HIS ASSISTANCE ON THE MAINTENANCE THIS IS INTERESTING THAT IN NONE OF THE TRIALS I HAD GONE TO THIS KIND OF ANALYSIS AND I SEE HOW I NEVER THOUGHT IN THE LAST 4 YEARS THOUGHT IN TERMS OF YOU DOING THIS. YOU KNOW THE PURPOSE OF EACH ONE OF THEM NEVER SEEN A LIST LIKE THIS.

Q: THIS WAS IN THE SCHEME OF THE CRIMINAL TRIALS THE POLITICAL PART THAT WAS OBVIOUSLY NOT A LARGE PART. TO US IT IS THE PART. ROSENBLUM, WHAT WAS HIS JOB?

A: HE WAS A RETIRED THREE-STAR ARMY GENERAL AND HE BECAME A CONSULTANT TO US TO HELP US GET CONTRACTS FROM THE DEFENSE DEPARTMENT AND THE TIME THE CONTRIBUTION WAS GIVE WE WERE FIGHTING ALL THE WAY WITH ALL THE AMMUNITION TO TRY TO HELP THE ARMY WITH VARIOUS DECISIONS ON THE MAINTENANCE VEHICLE. THE ONE THAT WE DIDN'T GET. ROSENBLUM ASKED ME TO SEND A CHECK TO THIS GUY IN ORDER TO GET PART OF OUR TEAM FIGHTING DR. SCOLLEY. THE UNDER SECRETARY FOR PROCUREMENT OF THE ARMY.

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Q: WAS THIS THE ONLY CONTRIBUTION YOU CAN REMEMBER THAT ROSENBLUM WAS RESPONSIBLE FOR?

A: I THINK THAT ALSO HE ASK ME FOR SOMETHING FOR SENATOR NUNN. I MAY BE WRONG. I MAY BE WRONG BUT I THINK WOULD BE WE DID IT.

Q: DO WE HAVE A SENATOR NUNN?

A: WHAT IN THE HECK IS THIS? 85 REPUBLICAN SH.

Q: IT IS A REPUBLICAN PARTY COMMITTEE JOINT FUNDRAISER. THAT'S WHAT IT IS. DO YOU KNOW WHAT THE NRSC IS AND NRCCS IS?

A: YES.

Q: SENATE HOUSE IS PROBABLY WHAT IT STANDS FOR.

A: THIS WE REQUESTED THIS IN 85 THAT'S ALSO IN CONNECTION WITH ALL THE FIGHT THAT WE HAD WITH THE MAINTENANCE VEHICLE. THE ONE FOR BIAGGI NEXT IS THE REGULAR ONE THAT HE USE TO HAVE ONCE A YEAR AND THE ONE FOR GARCIA ALSO ONE OF THE USUAL REQUESTS THAT HE USE TO COME THROUGH WITH.

Q: WAS THAT GARCIA ONE DID GARCIA ASK FOR THAT OR DID HIS WIFE.

A: YES. NOTHING SPECIFIC, ONLY HE AND HIS WIFE WOULD ASK FOR IT IN THIS TIME PERIOD OF TIME - MOST OF IT WAS HIS WIFE, 84, 85, 86. YOU KNOW EVENTUALLY WE HIRED (D. WATKIN), THE BROTHER OF (WATKIN). HE USE TO WORK FOR ME AS THE VICE-PRESIDENT TO THE COMPANY.

Q: WHEN WAS THAT?

A: IN 86 WE HIRED HIM. SO THE PEOPLE IN ARMED SERVICES

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COMMITTEE AND ALL OVER THE PLACE WOULD KNOW THAT WE HAD SOMEBODY THERE.

Q: DID HE CONTRIBUTE AT ALL? DID JIM ASPEN MAKE ANY CONTRIBUTIONS?

A: NO, I DON'T THINK SO. HE WAS VERY CAREFUL OF ALL THAT, BEFORE WE HIRED HIM, OR JUST AFTER WE HIRED HIM HE WENT ON VACATION WITH HIS BROTHER AND HAD A TETE-A-TETE OF HIS BROTHER ON HOW THINGS WERE GOING TO WORK OUT. WE HAD BIG PLANS. WE HAD THE EX-SECRETARY OF THE AIR FORCE, ALSO BOARD OF DIRECTORS, GENERAL KAWASA - FOUR STAR GENERAL, WE HAD THE ENTIRE JIM JENKINS. DO YOU KNOW WHO JIM JENKINS IS? HE WAS ED MEESE'S DEPUTY. HE WAS REALLY THE ONE THAT CONTROLLED THE OPERATION AT THE WHITE HOUSE. HE WAS THE MOST POWERFUL PERSON IN THE WHITE HOUSE. HE ALSO CAME TO WORK FOR US. BECAUSE AT THAT TIME ED MEESE WAS INTERCONNECTED WITH THE PRESIDENT AS PART OF THE TROIKA ABUT REALLY MEESE WAS THE PERSONAL THE ONE CLOSEST TO HIM BUT MEESE WAS MOSTLY A FIGURE HEAD. THE GUY WHO CONTROLLED THE OPERATIONS OF STUFF WAS JIM JENKINS.

Q: JUST TO BRING YOU BACK FOR A MINUTE ROSENBLOOM, WHEN WAS HE AT THE COMPANY.

A: HE STARTED SOMETIME IN LATE 84 AND ALL THROUGH 85 AND 86.

Q: DO YOU KNOW IF HE MADE ANY CONTRIBUTIONS?

A: I DON'T KNOW. I DON'T RECALL.

Q: HIS NAME WAS ROSENBLOOM.

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A: YES, GENERAL ROSENBLOOM. I DON'T RECALL HIS FIRST NAME RIGHT NOW. DID YOU KNOW THAT WHEN HE STARTED WORKING WITH US HE JOINED AN ORGANIZATION ALSO ANOTHER EX-POLITICIAN. I THINK HE WAS IN CONGRESS. A PERSON OR SOMEBODY THAT WAS VERY CLOSE TO A VERY POWERFUL CONGRESSMAN IN A HIGH CONSULTING FIRM IN WASHINGTON AND THEY WERE GOING TO OPERATE THROUGH THEIR AND APPARENTLY THEIR PARTNERSHIP BROKE AND THEN WE HIRED HIM COMPLETELY FOR US. BUT I THINK THE FIRST CHECKS TO HIM WERE PAID TO HIM AND THE PARTNERSHIP

Q: DID HE KNOW ABOUT THE SHEA ACCOUNT?

A: NO. ONLY THE PEOPLE THAT I'M TELLING YOU, GENERALS DON'T WORK THAT WAY.

Q: WASN'T EHRLICH A GENERAL?

A: EHRLICH DIDN'T KNOW ABOUT THE FHJ ACCOUNT. HE KNEW WE HAD SOMETHING BUT HE DIDN'T KNOW THE FHJ ACCOUNT. CASTELLANO WAS ALSO ONE OF THOSE CRAZY CHARACTERS BUT HE DIDN'T KNOW WHAT WAS IN THE ACCOUNT. THEY KNEW THAT WE COULD GENERATE CASH, BUT THEY DIDN'T KNOW THE MECHANICS OF IT. WHERE ARE WE? GARCIA - ANOTHER REQUEST BY HIM. THIS ONE IS STRATTON. THAT ONE I RECALL VERY CLEAR. THAT IS - WE PAY HIM THE MONEY BECAUSE EHRLICH ASKED US TO GIVE HIM THE MONEY, BIAGGI WAS WORKING WITH HIM (WITH STRATTON) TO GET APPROPRIATIONS FOR OUR ONE ENGINE WHICH EVENTUALLY WE GOT, THE APPROPRIATIONS CAME THROUGH BUT WE DIDN'T HAVE THE OPPORTUNITY TO PUT THE CONTRACT.

Q: SO, WHO REQUESTED.

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A: STRATTON - BIAGGI. HE DIED DIDN'T HE? STRATTON

Q: YES.

A: HE WAS THE MOST IMPORTANT PEOPLE IN THE SCIENCE RESEARCH FUNDS. THAT COULD BE. NOW D'AMATO AGAIN GENERAL - YEAR END ALL THIS 85 AT THIS TIME AGAIN WE WERE VERY INTERESTED IN RECEIVING THE PONTOONS FOR THE 86 OPTIONS.

Q: DO YOU HAVE ANY SPECIFIC MEMORY OF THIS PARTICULAR GROUP ABOUT HOW THIS CAME ABOUT. ACTUALLY, D'AMATO IN 1285.

A: YES, BECAUSE THEY REQUESTED WE GIVE IT TO THEM EITHER D'AMATO OR ONE OF HIS PEOPLE.

Q: OF, D'AMATO STAFF PEOPLE THAT YOU DEALT WITH DID ANY OF THEM REQUEST CONTRIBUTIONS?

A: D'AMATO FOLKS CAME THROUGH EHRLICH. EHRLICH WOULD TELL ME HOW MUCH. I IMAGINE D'AMATO MUST HAVE TALKED TO BIAGGI AND BIAGGI TOLD EHRLICH FOR D'AMATO TO DIRECTLY I DON'T RECOLLECT HOW MUCH? WE WERE VERY DESPARATE TRYING TO GET TWO THINGS - THE MAINTENANCE VEHICLE AND THE 86 OPTIONS FOR THE PONTOONS. YOU KNOW THAT WE WERE ABLE TO IN 85 WE HAD JUST BEEN THROUGH A LEVEL WE HAD JUST BEEN ABLE TO CHANGE THE APPROPRIATIONS BOOKLET FOR CONGRESS. WE HAD BEEN ABLE TO GENERATE LEGISLATION TO CHANGE SO THAT WE COULD CONTINUE A SIMILAR ON THE PONTOONS BECAUSE WE DEVELOPED THE EXACT LANGUAGE THAT WE'RE GOING TO INCLUDE IN THE APPROPRIATIONS BOOK SO THAT TWO COMPANIES WILL REMAIN MINORITY COMPANIES TO MANUFACTURE PONTOONS AND WE HAD DEVELOPED A PLAN THAT AS SOON AS WE ___(?) WE WOULD ELIMINATE THE OTHER ONE BECAUSE WE ALREADY HAD A

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(LOT OF?) TO THE OTHER COMPANY SO ADDABBO HAD KNOWN THAT IN THE PREVIOUS TWO MONTHS BEFORE FOR THE 86 APPROPRIATIONS IN OCTOBER OF 85. WE'RE VERY HAPPY WITH HIM. THEN THE GARCIA SITUATION HERE - GARCIA WAS PRODUCING POSTAL CONTRACTS AND WE ALSO NEEDED HIM FOR THE BANKS TO HAVE THE BANKS BECAUSE HE WAS A MEMBER OF THE BANKING COMMITTEE WE NEEDED HIM TO DO SOMETHING WITH THREE BANKS FOR AS LONG AS WE WERE NEGOTIATING WITH OTHER BANKS.

Q: AND WEDTECH WAS IN HIS DISTRICT - RIGHT?

A: YES. AND THIS DAVIS

Q: DO I GATHER THAT IN ALL THE INSTANCES WHERE OTHER PEOPLE WERE CONTRIBUTING YOU WERE AWARE OF ALL THESE SITUATIONS

A: YES

Q: THE ONLY ONE YOU WEREN'T AWARE OF WAS "BROOKS". DID THE REQUESTS MOSTLY COME THROUGH YOU

A: YES, ALMOST ALL THE TIME

Q: SO EHRLICH CONTACTED YOU OR OTHER PEOPLE CONTRACTED YOU

A: YES, EVEN WHEN THEY ASKED OTHER PEOPLE THEY ALWAYS CAME TO ME - I WAS THE CENTER OF ALL THESE THINGS. WHERE ARE WE NOW? IN THE GARCIA - AND THIS ONE THIS IS FROM MICHIGAN THAT I RECALL VERY CLEARLY. THERE WAS A RECEPTION THAT WAS ORGANIZED A TAVERN ON THE GREEN WHICH IS A RESTAURANT IN SOUTH CENTRLA PARK IN NEW YORK. AND THIS RECEPTION WAS ORGANIZED BY D'AMATOS' BROTHER - (ARM0ND) D'AMATO FROM THE HOUSING SITUATION AND HE WAS THERE AND THE REASON THAT THEY ORGANIZED THIS IS BECAUSE

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AT THAT TIME EVERYBODY WAS WORKING ON THAT PORT SITUATION. YOU KNOW THE MOBILIZATION AND THE NAVY FROM NORFOLK TO INDIVIDUAL PORTS - HOME PORTING AND DAVIES WAS A VERY IMPORTANT MEMBER. DAVIES WAS ALSO REAL IMPORTANT TO US BECAUSE HE WAS FOR THE DISTRICT WHERE WE HAD THE DEAL OUT OF MICHIGAN SO HE WAS REAL IMPORTANT TO CONTINUE WITH THE PONTOONS AND BY COINCIDENCE I WAS VERY SURPRISED WHEN ARMOND AND D'AMATO APPEARED WITH HIM. NOT APPEARED WITH THEY WERE THERE AT THE RECEPTION BUT I KNEW FROM OTHER PEOPLE THAT ARMOND D'AMATO WAS THE ONE THAT ORGANIZED THE FUNDRAISER FOR HIM.

Q: SO THE REQUEST CAME FROM ARMOND

A: NO THE REQUEST CAME FROM - WE DECIDED BECAUSE HE WAS IMPORTANT TO US WE HAD DECIDED ALREADY WE WERE IN VERY (A LOT) TO THE APPROPRIATIONS FOR THE NEW APPROPRIATIONS ON THE PONTOONS. BY COINCIDENCE I TALKED TO SEVERAL PEOPLE THERE THAT WERE AWARE AT THAT TIME. NOW THE MAY 86 TO BIAGGI THAT'S THE REGULAR ONE THAT HE HAS ONCE A YEAR. THIS ONE HERE BARNES - WENT BECAUSE GARCIA ASKED ME TO SEND $2,000 TO THIS GUY WHO WAS GOING TO RUN FOR THE SENATE

Q: MIKE BARNES FROM MARYLAND

A: YES, HE WAS GOING TO RUN FOR THE SENATE AND HE LOST THE PRIMARY AND SO HE RETURNED $1,000 TO ME. OF THE $2,000 I GOT $1,000 BACK

Q: WHO REQUESTED THIS

A: BARNES - $1,000.

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Q: WHO REQUESTED THIS?

A: CONGRESSMAN GARCIA

Q: YOU DIDN'T OFTEN GET MONEY BACK FROM THESE PEOPLE DID YOU?

A: I CASHED CHECK

Q: SO YOU DIDN'T HAVE ANY CONNECTION WITH BARNES, DID YOU?

A: NO, NEVER MET HIM. GARCIA TOLD ME HE WOULD BE VERY GOOD FOR THE COMPANY IF HE GOT ELECTED SENATOR.

Q: DID YOU JUST TAKE GARCIA'S WORD FOR IT

A: YES, I ALWAYS DO

Q: WERE THERE ANY OTHER CONTRIBUTIONS THAT GARCIA WAS RESPONSIBLE FOR OTHER THAN THE ONE GIVEN HIM.

A: I THINK THAT HE TOLD ME TO SEND MONEY TO THAT GUY - ORTIZ FROM TEXAS. I DON'T KNOW IF I DID OR NOT. I MAY HAVE I DON'T RECALL.

Q: DO YOU REMEMBER WHEN THAT WAS

A: IT WOULD HAVE BEEN EITHER 84, 85 OR 86. PERHAPS MORE OF 85 AND 86 THAN 84 BUT I DON'T RECALL. WHOM ELSE ON D'AMATO THAT WE REQUESTED THAT INSTEAD OF GIVING HIM MONEY WE GAVE MONEY TO (MOLINARI) STEWART. SENATOR D'AMATO TOLD BIAGGI WE SHOULD GIVE MONEY TO MOLINARI STEWART DURING THE CAMPAIGN.

Q: DO YOU REMEMBER WHO CONTRIBUTED? WAS THAT YOUR CONTRIBUTION OR SOMEBODY ELSES?

A: IT MAY HAVE BEEN MINE, BUT I DON'T RECALL. BUT WE DID $1,000 OR $2,000. I DON'T RECALL. THAT TAKES CARE OF CHAPTER 1

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Q: WHAT WERE YOU TALKING ABOUT?

A: A DANCE FOR CONGRESSMAN GARCIA. I THINK IT WAS LIKE $25 A HEAD. THERE WERE PEOPLE PAYING CASH

Q: HOW MANY PEOPLE WENT TO THE DANCE?

A: I DON'T KNOW -- MAYBE 400-500 PEOPLE.

Q: CASH CONTRIBUTIONS ARE PERMISSIBLE UP TO $50.00

A: ...AND THE HISPANIC COMMUNITY AND THOSE KIND OF AFFAIRS/DANCES ARE VERY COMFORTABLE. THE TYPE OF DISCO DANCING AND WE GO FROM THERE.

Q: WE'RE JUST GOING TO BACKTRACK A LITTLE TO THE CONTRIBUTIONS, WE WENT OVER BY DATE AND THE CONTRIBUTIONS FOR 83 THROUGH 86. WERE THERE CONTRIBUTIONS MADE BEFORE THAT TIME THAT WERE REIMBURSED FROM THE FHJ. WHEN WOULD YOU SAY CONTRIBUTIONS STARTED BEING MADE THAT WERE REIMBURSED FROM THE FHJ ACCOUNT.

A: I DIDN'T USED TO PARTICIPATE IN THE FHJ ACCOUNT UNTIL 1981 AFTER I BECAME A SECRET OWNER OF THE COMPANY IN AUGUST OF 81 AND THERE WERE CONTRIBUTIONS BUT NOT SOMETHING OUT OF THE ORDINARY I WOULD SAY MAYBE TOTALED THROUGH 81, 82. $15,000-$20,000 FOR EVERYBODY DURING THAT PERIOD OF TIME.

Q: YOU'RE REFERRING TO THE STATE CAMPAIGN CONTRIBUTIONS AS WELL

A: YES, EVERYTHING AND I'M TALKING OFF THE TOP OF MY HEAD. BUT IT DIDN'T USE TO BE AS COMMON AS IT BECAME LATER ON.

Q: WHAT PROPORTION OF THAT DO YOU THINK WAS FEDERAL CONTRIBUTIONS

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A: COULD BE HALF OF THAT, BECAUSE AT THAT TIME WE WERE REALLY DEALING WITH ADDABBO, I THINK PRIMARILY D'AMATO HAD JUST TAKEN OFF THE NAVY ONE SO D'AMATO, ADDABBO, BIAGGI AND LOCAL CONTRIBUTIONS. I WOULD SAY THOSE WERE THE MOST COMMON AND GARCIA TOO. I REMEBER ONE TIME AND IT WAS IN THE TRANSCRIPTS THAT MARIOTTA TOLD ME THAT HE HAD GIVEN $4,000 IN CASH TO CONGRESSMAN GARCIA. LATER ON WHEN THEY WERE ABLE TO DEVELOP THAT THE $4,000 HAD BEEN GIVEN BY CHECK BUT THE GOVERNMENT WAS NOT ABLE TO DETERMINE WHAT THE $4,000 THAT THEY SAW IN EARLY - GARCIA CONTRIBUTION. I THINK 81 OR 82 FOR $4,000 WAS THE SAME ONE THAT MARIOTTA TOLD ME THAT HE HAD GIVEN. MAYBE MARIOTTA LIED TO ME AND HE TOLD ME THAT IT WASN'T CASH AND HE REALLY GAVE TO THEM WITH A CHECK TO THE GOVERNMENT OR HOLD THEIR HANDS ON IT. THE GOVERNMENT HAD THE CHECK FOR $4,000.

Q: WHY WOULD MARIOTTA HAVE LIED TO YOU.

A: I DON'T KNOW BECAUSE I REMEMBER VERY CLEARLY THAT HE TOLD ME THAT HE HAD GIVEN THAT TO HIM IN CASH SO THEY WERE NEVER ABLE TO DETERMINE IF IT WAS THE SAME $4,000 WHICH HE GOT REIMBURSED FROM THE COMPANY ITSELF NOT FROM THE FHJ ACCOUNT - FROM THE COMPANY. HE PUT EXPENSES $4,000 - PAYMENT TO CONGRESSMAN GARCIA.

Q: WHY WAS IT DONE THAT WAY?

A: HE DID IT HIMSELF AT THE TIME I DIDN'T USE TO HANDLE THE CHECKS OR ANYTHING. HE JUST HAD CEIL LEWIS WRITE A CHECK TO HIM TO REIMBURSE HIM $4,000.

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Q: SO YOU THINK THIS WAS IN 81 OR 82.

A: YES

Q: DO YOU THINK THE OTHER 81-82 CONTRIBUTIONS MIGHT HAVE BEEN REIMBURSED BY MEANS OTHER THAN THE FHJ ACCOUNT

A: THAT WAS THE ONLY ONE THAT REALLY POPPED OUT OF MY HEAD BECAUSE FOR US AT THE TIME IT WAS A FAIRLY LARGE CONTRIBUTION, GIFT, OR WHATEVER.

Q: SO AT THAT TIME THE FHJ WAS MAKING REIMBURSEMENTS 81-82 CONTRIBUTIONS

A: YES

Q: SINCE OUR REPORT ONLY GOES UP TO WHAT WE HAVE GENERATED SO FAR UP TO 86 WERE THERE ANY MADE AFTER 86?

A: NO BECAUSE THE END OF 86 WAS THE END OF THE COMPANY IN THE FIRST TWO WEEKS ARE ASSIGNED. SO FROM JUNE ON IN 86 WE WERE COMPLETELY BEING MONITORED BY EVERYONE. SO IN THE LAST PART OF 86 THE WHOLE THING COLLAPASED.

Q: WERE THERE ANY CONTRIBUTIONS IN 86

Q: THE LAST CONTRIBUTIONS WE HAD WERE IN JULY

A: YES, THAT'S WHEN THE WHOLE THING COLLAPSED

Q: IN TERMS OF THE POLITICAL CONTRIBUTIONS THAT WERE MADE - WHOSE IDEA WAS IT TO MAKE THE POLITICAL CONTRIBUTIONS AND TO MAKE THEM TO CERTAIN CANDIDATES.

A: IT WAS THE REQUEST OF THE CANDIDATES THEMSELVES OR THEIR CRONIES. LIKE THE D'AMATO CONTRIBUTIONS ALMOST ALL THE TIME I USE TO BE ASKED BY EHRLICH DID SOME OF THE REPUBLICAN CONTRIBUTIONS FOR THE BROOKLYN CLUB. THAT WAS IMPORTANT. SOME OTHER CONTRIBUTIONS CAME FROM - THE

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GARCIA ONES WERE ALMOST ALL DONE BY HIS WIFE. THE REQUEST WAS MADE BY HIS WIFE.

Q: WHEN YOU USE THE TERM REQUEST - COULD YOU GIVE ME LIKE A CONTEXT OR THE LANGUAGED USED, WAS IT INSISTANT OR

A: NO IT WAS - YOU HAVE TO KNOW THE PERSONALITIES, EVERY PERSONALITY IS DIFFERENT AND HAS A DIFFERENT APPROACH - LETS TALK - GARCIA'S WIFE - SHE WAS A VERY IMPOSING TYPE OF PERSONALITY - COMPLETE CONTROL OF THE SITUATION. SHE USED ____ ON THE TRIALS. I SAID THAT SHE USED TO BE REFERRED AT ALL THESE COCKTAIL PARTIES AND ALL OVER THE PLACE AS THE 'REAL CONGRESSMAN,' BECAUSE SHE WAS THE ONE THAT CALLED THE SHOTS. SHE HAD THE TYPE OF PERSONALITY THAT WANTED CONTROL OVER THE ENTIRE SITUATION. SHE USED TO TELL ME - WHENEVER I GO OUT TO WASHINGTON, I'M OUT TO WASHINGTON FOR TWO OR THREE DAYS. MY HUSBAND'S OFFICE IS IN COMPLETE DISARRAY - NOBODY KNOWS WHAT TO DO THERE. SHE USED TO CALL ME AND SAY A I NEED YOU TO BUY A $5,000 TABLE FOR THIS AFFAIR FOR BOBBY TOMORROW OR THIS $2,000 FOR THIS AFFAIR OR THIS $1,000 FOR THIS OR BOBBY NEEDS $4,000 FOR THIS ETC. THIS IS IN ADDITION TO THE MONEY THAT WE WERE PUTTING UNDERNEATH.

Q: DID SHE EVER SAY IT IN A WAY THAT IF THE MONEY WASN'T FORTHCOMING

A: NO, IT WAS UNDERSTOOD THAT IF WE DIDN'T DO - THAT WAS THE BASIC PROBLEM WITH THE REVERSAL OF THAT CONVICTION - WHICH IS DIFFERENT THAN BIAGGI AND OTHER CASES BECAUSE WHEN THEY ASKED ME AT THE TRIAL IF I HAD BEEN TOLD BY

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ANY OF THEM IF YOU DON'T GIVE US THIS WE WOULD HARM YOU - THEY DIDN'T SAY THAT, BUT THEY SAY THAT THEY WOULD COOPERATE - THEY WOULD HELP WITH THE CONTRACTS WHICH IS VERY DIFFERENT FROM EXTORTION - THIS IS NOT A BRIBE AND THE JURY EVEN WITH ALL THE EVIDENCE AND EVERYTHING THEY DIDN'T CONVICT ON BRIBERY BUT EXTORTION - SO THAT WAS ONE OF THE BASIC THINGS AND IT WAS DIFFERENT FROM BIAGGI

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A: THIS IS A VERY DIFFERENT APPROACH AND FOR EXAMPLE...

Q: ...YOU SAY BIAGGI BECAUSE THERE ARE TWO OF THEM

A: NO I MEAN FOR THE CONGRESSMAN, THE SON WAS ONLY PUT THERE FOR THE PAPERWORK BUT HE USED TO COME DIRECTLY AND TELL ME THAT. A VERY DIFFERENT TYPE OF PERSONALITY AND IN THE D'AMATO CASE MOSTLY WAS EHRLICH WHO USED TO COME AND SAY CUT THESE CHECKS. THE CHECKS FOR THE SENATOR LIKE $3,000 HERE $2,000 HERE OR $5,000 THERE OR WHATEVER AND THEN YOU HAVE OTHER PEOPLE SAY WE NEED MONEY FOR THIS GUY HE'S GOING TO BE VERY IMPORTANT FOR US AND FOR YOU, SO COULD YOU DO THIS

Q: WAS EHRLICH ASKING YOU OR WAS HE DIRECTING

A: HE ALSO WAS THE TYPE THAT DID NOT DIRECT, I MEAN HE ASKED BUT WE KNEW THAT WE COULD NOT REFUSE, BECAUSE THEN THE ENTIRE CHAIN WOULD COLLAPSE. THERE ARE PEOPLE THAT COME VERY STRONG, SOME OTHER PEOPLE ARE MORE EFFECTIVE BY BEING VERY SUBTLE AND ACHIEVE MORE IN A MUCH SUCCESSFUL APPROACH. WALLACH IS THAT KIND OF INDIVIDUAL. WALLACH IS A VERY SOFT PERSONALTY, EVEN SPEAKS VERY SOFTLY BUT HE KNOWS HE CAN NOT BE REFUSED

Q: WHO WAS HE ASKING FOR CONTRIBUTIONS

A: WALLACH, WALLACH IS TO ASK FOR HIMSELF BUT THERE WERE OTHER PROBLEMS HE USE TO HAVE

Q: OK, WITH CONGRESSMAN BIAGGI - DID HE TELL YOU INITIALLY

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THAT HE WOULD KILL THE COMPANY IF HE DIDN'T GET THE MONEY AND THEN FROM THEREON WHEN EHRLICH APPROACHED YOU - THEN YOU KNEW IN THE BACK OF YOUR BRAIN, YOU RECALLED WHAT CONGRESSMAN BIAGGI HAD TOLD YOU.

A: AND IT WAS MORE THAN ONCE, LIKE TWO OR THREE TIMES HE ACTUALLY MADE THOSE THREATS. THIS CAME OUT IN OTHER TRIALS AND THEN WITH THE EHRLICH ONE, WHEN EHRLICH DECIDED TO COOPERATE WITH THE GOVERNMENT, YOU KNOW THAT EHRLICH HAS COOPERATED WITH THE GOVERNMENT, YES HE CHANGED, I THINK THEY WERE TO REDUCE HIS SENTENCE BECAUSE OF THAT BUT HE'S NOW COOPERATING WITH THE GOVERNMENT

Q: HAS HE PLEAD ALREADY?

A: NO, HE'S IN JAIL, EHRLICH LOST THE TRIAL, HE WAS SENTENCED TO 60 YEARS AND THEN IN THE MIDDLE OF THE WAY HE DIDN'T WANT TO COOPERATE IN THE BEGINNING BECAUSE HE WAS AFRAID BIAGGI WAS GOING TO PUT A BULLET IN HIS HEAD. WHEN WE WERE TALKING THAT HE SHOULD DO IT THE SAME WAY THAT WE WERE DOING AND THEN HE SAID NO THAT HE WAS AFRAID, AND THEN WHEN HE WAS AWAY IN JAIL HE DECIDED THAT HE WAS GOING TO CHANGE HIS ATTITUDE AND I THINK THEY WERE GOING TO REDUCE HIS SENTENCE, BUT EHRLICH, AS I TOLD YOU, A DIFFERENT APPROACH - WINNING THIS MUCH FOR THE SENATOR OR WINNING THIS MUCH FOR THIS GUY OR CONGRESSMAN BIAGGI TOLD ME THAT WE HAD TO SENT $1,000 TO STRATTON SO THAT WE CAN HAVE HIS COMPLETE COMMITMENT TO THESE RESEARCH AND WHEN WE HAVE SUCCESSFULLY GOTTEN THE

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ACTUAL CONTRACT WE WILL GIVE HIM LIKE $5000 OR $10,000, THINGS OF THAT SORT.

Q: NOW WAS BIAGGI'S THREAT, WAS IT IN RELATION TO JUST THE PROFITS THE HE WAS GOING TO GET THE UNDER THE TABLE THING OR WAS IT IN RELATIONSHIP TO POLITICAL CONTRIBUTIONS AS WELL.

A: NO, THE THREATS WERE FOR THE AMOUNT OF STOCK THAT HE WAS GOING TO GET OUT OF THE COMPANY AND HE NEVER FOOLED AROUND WITH THE CONTRIBUTIONS. TO THE BEST OF MY KNOWLEDGE HE NEVER WENT OVER THE TOP AND NEVER BOTHERED. CONTRIBUTIONS WERE MINIMAL TO HIM BECAUSE WE WERE GIVING HIM $2 MILLION IN STOCK AND THE RETAINER FEES, WHICH WERE $200,000 A YEAR. HE DIDN'T CARE ABOUT THE, THOSE CONTRIBUTIONS WERE REALLY SMALL POTATOES FOR HIM.

Q: OK SO WE HAVE GARCIA'S WIFE SHE NEVER ASKED FOR IT, YOU KNOW - IF YOU DON'T GIVE IT TO ME...

A: NO, SHE WAS VERY FORCEFUL BUT WE KNEW THAT WE COULD NOT - BUT NO I WAS NOT THREATENED. I WASN'T AND AS FAR AS I'M AWARE NONE OF THE OTHER PEOPLE WERE A THREAT.

Q: WERE YOU THREATENED BY ANY OF THE OTHER PEOPLE IN TERMS OF "YOU MUST MAKE THIS CONTRIBUTION". DID ANYBODY TELL YOU "YOU MUST MAKE THIS CONTRIBUTION."

A: NO

Q: DID WE COVER THE WATERFRONT ABOUT WHERE THE REQUEST CAME FROM. IS THERE ANYBODY ELSE WE HAVEN'T DISCUSSED.

A: JOE NEGLIA, EHRLICH, NOFZSIGER AND BRAGG, BIAGGI, GARCIA. YOU SEE A LOT OF CONSULTANTS WERE BEING PAID

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BECAUSE THEY HAD OTHER CONNECTIONS WHICH WE NEVER HAD TO DO ANYTHING MONEY WISE WITH THOSE CONNECTIONS LIKE SAY MARTINEZ, A GUY THAT WAS AN ASSISTANT TO SENATOR TOWER FOR MANY YEARS. HE WAS CONSULTANT TO US, HE USED TO GET LIKE $50,000 A YEAR AND WE HAD SEVERAL LIKE THAT, YOU KNOW ROSENBLUM, GENERAL CASTELLANO, WE HAD MAYBE ANYWHERE FROM 10-15 CONSULTANTS THAT USE TO OPERATE THAT WAY. THAT MEANS THEY USED TO GET THE FUNDS-RETAINERS ON A YEARLY WAGE AND MONTHLY BASIS BUT IN REALITY WE NEVER HAD ANY CONNECTIONS WITH THOSE SENATORS OR CONGRESSMEN. BUT WHENEVER WE WANTED SOMETHING THEY WOULD GO TO THEM AND THESE PEOPLE WOULD MOVE WHATEVER FORCES HAD TO BE MOVED. I DON'T KNOW WHAT ARRANGEMENTS THEY HAD WITH THEM. AT THE END OF 1986 THAT APPROPRIATION THAT WE HAD FOR THE NEW PONTOON CONTRACT - THAT WAS VERY COSTLY. FIRST WE HAD TO PAY $50,000 TO A GUY, A CONSULTANT BY THE NAME OF JOE FELTON AND THEN HE BROUGHT IN THE HEAVYWEIGHT. THE HEAVYWEIGHT WAS AN INDIVIDUAL BY THE NAME OF JOHN CAMPBELL WHO USE TO BE ASSOCIATED WITH SENATOR WARNER, AND HE WAS THE ONE THAT ORCHESTRATED ALL THIS WITH SENATOR D'AMATO AND SENATOR WARNER TO GIVE US THE OPERATION IN CONGRESS. WE HAD A COMMITMENT OF $500,000 FOR HIM TO DO THIS, AND ONCE WE GOT THE CONTRACT, BUT AS THE COMPANY COLLAPSED, AFTER THE APPROPRIATIONS BUT BEFORE US GETTING THE CONTRACT WE DIDN'T PAY HIM AND AT THAT TIME THE COMPANY COLLAPSED, BUT HE WAS VERY POWERFUL, THIS GUY HE USED TO BE THE

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CHIEF OF STAFF FOR SENATOR WARNER, IF WARNER HAD BECOME THE HEAD OF THE ARMED SERVICES COMMITTEE, REMEMBER WHEN HE WAS BECAUSE THE REPUBLICANS LOST THE MAJORITY BUT HE WAS IN LINE TO BECOME THIS - ARE YOU GETTING MY VIEW - HOW POWERFUL THIS INDIVIDUAL WAS. I WAS INVITED ONCE TO A JAPANESE DINNER WHERE ALL THE SENATORS WERE COOKING JAPANESE FOOD AND YOU HAD GARY THERE, YOU HAD SENATOR NUNN, YOU HAD ALL THE HEADS OF THESE COMMITTEES BUT THAT GUY BROUGHT EHRLICH AND ME

Q: WHO - CAMPBELL

A: YES TO SEE HOW HE USED TO OPERATE, BECAUSE WHEN HE WAS COMING - WHEN ALL THESE PEOPLE WERE COMING THERE LIKE SENATOR NUNN, I MEAN THIS GUY WAS LIKE THE BEST BUDDIES FROM HIS SCHOOL. BUT THE SENATORS WERE THE ONE'S THAT COOKED AND YOU HAD THE HEADS OF THE MOST IMPORTANT COMMITTEES IN CONGRESS OVER THERE. I MEAN IF YOU HAD SEEN THE ARRAY OF PEOPLE YOU'D NEVER BELIEVE IT IN ONE MILLION YEARS THAT ALL THESE PEOPLE WERE GOING TO BE THERE PAYING HOMAGE TO THIS GUY.

Q: DO YOU THINK HE BROUGHT YOU THERE JUST TO ENFORCE HOW...

A: YES, THEN HE HAD THESE PEOPLE, LIKE THE BROTHER OF LEHMAN, THE SECRETARY OF THE NAVY, INDIVIDUALS LIKE THIS THAT HE KNEW HAD COMPLETE CONTROL OVER THIS SITUATION. THAT WAS THE LAST GROUP THAT WE WERE DEVELOPING AT THE END OF 1986. REMEMBER THE YEAR WE HAD PEOPLE IN THE WHITE HOUSE STAFF ALL OVER, WE HAD TO ANSWER THE ARMED SERVICES COMMITTEE IN THE SENATE AND IN THE HOUSE, WE

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USE TO JOKE BECAUSE AT THE SAME TIME THAT PRESIDENT REAGAN COULDN'T GET THE ONE HUNDRED MILLION DOLLARS FOR THE CONTRACTS. YOU REMEMBER ALL THE BIG FIGHT. WE WERE ABLE TO PAY THE APPROPRIATIONS FOR $80 MILLION WORTH OF PONTOONS BECAUSE OF THE TREMENDOUS POWER AND THIS WAS THE LAST GROUP THAT WE WERE CULTIVATING THEN WITH THE CONNECTIONS THAT WALLICH HAD IN ISRAEL AND ALL THOSE OTHER CONNECTIONS THAT WE HAD WITH SAUDI ARABI AND WE WERE WORKING WITH IRAN, IRAQ, SAUDI ARABI, ISRAEL ALL OVER THE PLACE TO SEE WHAT KIND OF STUFF WE COULD SELL THEM. BUT COMING BACK TO THEM THAT'S WHY A LOT OF THE POLITICAL RESOURCES THAT WE GOT WAS WORKING THROUGH THESE CONSULTANTS. THEY MUST HAVE HAD SOME KING OF ARRANGEMENT WITH ALL THESE PEOPLE BECAUSE THEY WERE RELATIONSHIPS THAT HAD DEVELOPED OVER LONG PERIODS OF TIME - LIKE JOSE MARTINEZ USE TO BE THE MAIN LIAISON FOR THE SPANISH VOTE IN THE STATE OF TEXAS FOR SENATOR TOWER. THE SPANISH VOTE IN THE STATE OF TEXAS IS PROBABLY THE MOST IMPORTANT BLOCK OF PEOPLE THAT CAN SWITCH AN ELECTION FROM ONE PLACE TO THE OTHER, SO YOU KNOW HOW CLOSE THIS INDIVIDUAL WAS TO SOMEBODY LIKE SENATOR TOWER AND THAT IS HOW EACH ONE OF THEM MUST HAVE THEIR DIFFERENT MONETARY RELATIONSHIPS WITH THESE PEOPLE AND WE DIDN'T PAY DIRECTLY TO THE CAMPAIGN BUT WE USE TO PAY TO THESE PEOPLE.

Q: WHEN DID THE ARRANGEMENT OF ACTUALLY HAVING PAID CONSULTANTS TO THE COMPANY - WHEN DID THAT START?

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A: IT STARTED EARLY - WHEN I CAME TO THE COMPANY IN 1977-78 THEY WERE DOING THAT IN A SMALL WAY WITH LAMA WHICH WAS ALSO GEARED TO DEVELOP POLITICAL POWERS AND THEN AS THE YEARS DEVELOPED AFTER THE NOFZIGER IN '82 AND '83 THEN WE WENT DIRECTLY TO THE POLITICIANS OURSELVES. WE CONTINUED WORKING WITH LAMA TOO BUT WE HAD MORE POWER THAN LAMA HAD SO WE DEVELOPED OUR OWN CONSULTANTS AND EVERYTHING. WE HAD AN ARRAY- I WOULD SAY 15 TO 20 PEOPLE THAT WERE CONNECTED TO SOMEBODY. ACTUALLY WHEN I CAME TO JENKINS WHO HAD LEFT THE WHITE HOUSE STAFF AS MEESE'S ASSISTANT WHEN HE CAME TO WORK FOR US, SO I WAS HIS SUPERIOR, HE TOLD ME THAT HE WANTED ME TO RELEASE ALL THE POLITICAL CONNECTIONS THAT I HAD TO HIM AND THAT EVERYTHING THAT WAS GOING TO BE OF POLITICAL IN WASHINGTON HE WOULD DO IT HIMSELF BECAUSE WE HAD MANY DIFFERENT WAYS OF DOING THINGS AND HE TOLD ME BECAUSE WHEN I ACCEPTED THE RESPONSIBILITY FROM GOVERNOR REAGAN TO REPRESENT HIM IN WASHINGTON FOR SEVEN YEARS THAT HE REPRESENTED THE STATE OF CALIFORNIA WHEN REAGAN WAS GOVERNOR. I TOLD HIM THAT I WOULD ONLY ASSUME THE POSITION IF EVERYTHING THAT WAS GOING TO BE DONE BETWEEN THE STATE AND THE FEDERAL GOVERNMENT HAD TO COME THROUGH HIM AND I TOLD HIM LET'S GO THROUGH THIS TIME. BUT HE WANTED TO GET CONTROL OF THE THESE PEOPLE AND I KNEW THAT A LOT OF THESE PEOPLE DIDN'T LIKE HIM VERY MUCH. EVERYBODY HERE WAS NOT LIKED AT ALL BY A LOT OF THE LIBERALS BECAUSE THEY CONSIDERED HIM AN OLDER

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CONSERVATVE ALL THE WAY THROUGH.

Q: SO THESE CONSULTANTS, THEY DIDN'T MAKE CONTRIBUTIONS THAT WOULD HAVE BEEN REIMBURSED - DO YOU THINK?

A: NOT DIRECTLY, NOT TO THEM. WHAT I'M SAYING IS THAT EACH ONE OF THEM MUST HAVE EITHER FAVORS THAT THEY WERE PAYING OR THEY HAD MONETARY RELATIONSHIPS WITH THESE PEOPLE - BUT THAT WASN'T KNOWN TO US AND WE DIDN'T ASK.

Q: WELL, THEY AT LEAST HAD VERY CLOSE PERSONAL RELATIONSHIPS.

A: YES. I ONE TIME REMEMBER CAMPBELL REFERRING TO SENATOR WARNER AS MY PARTNER. AT ONE TIME HE HOLD ME THAT (I WAS SUPRISED), THAT HE USED THAT EXPRESSION "MY PARTNER".

Q: SO WE HAVE THE PEOPLE YOU LISTED WHO WERE IN THE GENERAL BUSINESS OF REQUESTING CONTRIBUTIONS AND THEN WE HAVE THE CONSULTANTS THAT YOU'VE DESCRIBED IN A DIFFERENT SORT OF CHANNEL.

A: YES

Q: IS THERE ANYBODY ELSE AS FAR AS CONTRIBUTION ACTIVITY

A: NO, LIKE WE HAD ONE INDIVIDUAL TO COVER BUSH WHEN HE USED TO BE VICE PRESIDENT, (RAPHAEL CAPO?) WHO USED TO BE A COUNSEL TO HIM, WHEN BUSH USED TO BE VICE PRESIDENT SO WE WOULD CULTIVATE HIM FROM THE FUTURE.

Q: WE STARTED TALKING ABOUT THIS. THIS IS THE $3,000 CONTRIBUTION TO THE REPUBLICAN SENATE HOUSE DINNER COMMITTEE

A: MAY OF 1985

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Q: YES, MAY 14, 1985, THE NRSC AND NRCC

A: YES, THAT I DON'T RECALL WHAT IT WAS, HOWEVER BECAUSE MARIOTTA I DON'T THINK I HAD CONVERSATIONS WITH MARIOTTA ABOUT THAT ONE. I DON'T RECALL

Q: WAS THERE ANYBODY YOU CAN REMEMBER WHO HAD PARTICULAR CONNECTIONS WITH REPUBLICAN PARTY COMMITTEES, THE NATIONAL PARTY COMMITTEES.

A: THE NATIONAL PARTY - WHAT THEY USED TO DO IS DIRECTLY FROM THE PEOPLE LIKE BRAGG, BART BRAGG FROM NOFZIGER & BRAGG. THEY WOULD CALL MARIOTTA AND TELL HIM TO BUY TABLES AND TO MAKE THIS CONTRIBUTIONS USEFUL TO THEM OR WHATEVER. MARIOTTA USE TO BE AN EAGLE. WHAT IS THE CONTRIBUTION HERE, $10,000, AND I THINK HE WAS AN EAGLE FOR SEVERAL YEARS AND I THINK IT WAS AN EAGLE TO BE PAID EVERY YEAR.

Q: WELL,IF YOU LOOK IN 1984

A: THAT WAS NOT ____(?), HE GAVE US SEPARATE THINGS FOR THE EAGLE

Q: WHO DID YOU SAY - MARIOTTA?

Q: MARCH 1984

A: BECAUSE I GAVE THAT TO HIM AND THEY NEVER GAVE ME ANYTHING. HE HAD GIVEN OUTSIDE HIS CONTRIBUTIONS, ALL HIS CONTRIBUTIONS ARE NOT HERE, I KNOW HE BECAME AN EAGLE. AFTER YOU BECOME AN EAGLE YOU HAVE TO GIVE MORE THAN $10,000.

Q: WELL THERE MAY HAVE BEEN CONTRIBUTIONS HE MADE THAT WERE "NON FEDERAL" CONTRIBUTIONS. THE NATIONAL PARTIES

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COLLECT MONEY "NON-FEDERAL" MONEY

A: AND THAT'S NOT, I KNOW, THAT'S WHAT I'M SAYING. I KNOW HE PROBABLY FOR SEVERAL YEARS HE MAY HAVE PAID $10,000.

Q: YOU THINK HE DID IT EVERY YEAR?

A: HE WAS A MEMBER OF ____(?). I DON'T KNOW WHAT THE REGULATIONS ARE. BUT HE ____(?). THAT'S WHEN THE PRESIDENT SAID THAT HE WAS A HERO, AND I BOUGHT A TABLE AND HE BROUGHT A TABLE FOR $10,000.

Q: THAT'S NOT FOR THE EAGLE THEN

A: NO, ITS SOMETHING ELSE. I DON'T KNOW WHAT THE REGULATIONS TO BECOME AN EAGLE IS? THE ONLY THING THAT I KNOW IS THAT THE COUNTRIBUTIONS HAD TO BE IN EXCESS OF $10,000.

Q: AND HE BROUGHT A TABLE IN JULY WITH THE REAGAN/BUSH - THIS PARTICULAR THING

A: YES

Q: AND HIS NAME IS NOT DOWN THERE

A: YES HE'S HERE - $10,000 AND $10,000 THIS IS MINOR

Q: OH IN '84

A: BUT THAT'S NOT FOR THAT BECAUSE HE DIDN'T BECOME A MEMBER AND DIDN'T BECOME AN EAGLE.

Q: THEY LIKED HIM BETTER

A: NO, HE MUST HAVE GIVEN THEM MONEY OUTSIDE OF THIS. HE USED TO GIVE THEM MUCH MORE MONEY. HE MUST HAVE GIVEN THE REPUBLICAN PARTY PROBABLY TWICE WHAT APPEARS HERE, BECAUSE HE USE TO GIVE TO EVERY TOM, DICK AND HARRY AND SOMETIMES HE DIDN'T USED TO ASK FOR REIMBURSEMENTS, BUT

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AS I DIDN'T KEEP THE BOOKS I DIDN'T KNOW WE TOOK EVERYBODY AT THEIR WORD. HE MAY HAVE GOT INVESTMENT FOR A LOT OF STUFF AND A LOT OF STUFF HE MAY NOT HAVE OFTEN REIMBURSED.

Q: WHY WOULD HE NOT HAVE GOTTEN REIMBURSED?

A: HE WAS AN INDIVIDUAL THAT WAS NOT CONSISTENT IN A LOT OF THINGS.

Q: WHAT YEARS DO YOU THINK HE WAS AN EAGLE?

A: I THINK '83, '84 PERHAPS '84 AND AFTER. YOU KNOW ONE TIME HE GAVE A SPEECH AT THE ANNUAL HERITAGE SOCIETY MEETING IN ATLANTA AND HE HAD MORE THAN 10 STANDING OVATIONS AND THIS IS AN INDIVIDUAL WHO IS NOT VERY WELL EDUCATED, VERY INCONSISTENT TO WHAT HE SAYS AND YET HIS ORATORY IS SUCH THAT EVEN THE PRESIDENT WAS EXTREMELY IMPRESSED WITH THE THING (HE SAID THAT) BECAUSE HE HAD A SPEECH ABOUT HOW TO MAKE ALL THE PEOPLE WHO WERE ON WELFARE COME AND WORK TO BE PRODUCTIVE AND THAT THE GOVERNMENT WAS SAVING IN ESSENCE TWICE THE AMOUNT BECAUSE THEY'LL BE COMING WITH VALUE AND AT THE SAME TIME THEY WILL NOT HAVE TO PAY FOR WELFARE OR OR JAILS AND HE HAD PERFECTED THAT SPEECH TO SUCH AN EXTENT THAT HE USE TO REPEAT IT WITHOUT MISSING A COMMA OR A PERIOD AND IT WOULD HAVE BEEN THE BEST ONE MAN ACT ON BROADWAY BECAUSE PEOPLE THE FIRST TIME THEY HEARD THAT WOULD GET COMPLETELY CONVINCED.

Q: IS THERE ANYBODY ELSE WHO WAS IN THE COMPANY WHO YOU THINK MIGHT NOT HAVE REGULARLY RECEIVED REIMBURSEMENTS

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FOR THEIR CONTRIBUTIONS

A: NO, ALL THE OTHER ONES, NO I THINK EVERYBODY ASKED FOR. IF ANYBODY DIDN'T GET REIMBURSEMENT, THERE IS A HIGH PROBABILITY OR POSSIBILITY THAT MARIOTTA WAS.

Q: FOR SOME OF THEM

A: YES, HE USED TO GIVE MONEY TO THE JEWISH RELIGION, TO THE CATHOLIC RELIGION, AT THE PROFITS OF RELIGION AND SOMEBODY ASKED HIM ONE TIME WHY HE USED TO DO THAT. HE SAID BECAUSE ITS LIKE COVERING A ROULETTE TABLE, AT LEAST ONE OF THEM, SO YOU CAN FIGURE WHAT KIND OF VERY UNUSUAL PERSONALITY HE HAD.

Q: DID YOU EVER DISCUSS THE LEGALITY OF THE CONTRIBUTION ACTIVITY SPECIFICALLY WITH MARIOTTA

A: NO, PEOPLE DO NOT DISCUSS THOSE THINGS

Q: I MEAN I REALIZE YOU GUYS WERE TAKING MONEY OUT OF THE FHJ ACCOUNT - PUTTING MONEY IN AND TAKING MONEY OUT FOR LOTS AND LOTS OF DIFFERENT THINGS RIGHT, WHICH IN DOLLARS AT LEAST THE FEDERAL CONTRIBUTION ACTIVITY IS RELATIVELY SMALL PART - RIGHT

A: YES

Q: ALL OF YOU KNEW THAT ALL OF IT WAS ILLEGAL OR ASSUMED THAT ALL OF IT WAS ILLEGAL.

A: THE MONETARY THINGS THAT WE WERE DOING THAT WAS THE LEAST OF OUR WORRY, CAN YOU IMAGINE THE MAGITUDE OF ALL THE THINGS THAT WE WERE DOING THAT WERE IN ESSENCE ONE OF OUR LESSER CONCERNS.

Q: DID EVERYBODY KNOW THAT THE COMPANY COULDN'T CONTRIBUTE

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DIRECTLY TO FEDERAL CANDIDATES.

A: YES, WE KNEW THAT

Q: AND ALSO WERE AWARE OF WHAT LIMITS WERE FOR INDIVIDUALS COULD GET

A: THE REASON WE KNOW THE (____??) CHECKS DIRECTLY FROM WEDTECH TO ANY CANDIDATES (___?).

Q: I JUST WONDER WHETHER IN THE INSTANCES WHERE THERE WERE PEOPLE WHO WERE OUT OF THE LOOP NOT THE FIVE OF YOU, FOR EXAMPLE THE OTHER OFFICERS WHO MIGHT HAVE SOLITICTED FROM TIME TO TIME.

A: THAT WAS A VERY VERY SMALL - I THINK ALL OF THEM WERE EITHER ONE SHOT DEALS AND IT WAS SOMETHING LIKE THREE OR FOUR INDIVIDUALS AT THE MOST FOUR INDIVIDUALS AND IT WAS NOT A REGULAR PRACTICE

Q: WAS THE LEGALITY OF IT EVER DISCUSSED IN THOSE INSTANCES

A: NO, WE JUST ASKED FOR A CHECK AND RECEIVED IT AND WE GAVE THEM THE CASH

Q: WELL WOULD YOU PROPOSE IT TO SOMEBODY SAYING "YOU WRITE THE CHECK AND I'LL GIVE IT BACK TO YOU"

A: YES, BECAUSE I WOULD REMEMBER THAT I DID THAT

Q: WHEN YOU ASK FOR THE CHECK AND THE MONEY THAT CAME BACK TO THEM THEY DIDN'T KNOW WHERE THAT MONEY CAME FROM

A: NO, AND I'M THINKING PERHAPS TOO - ONE, TWO OR THREE OF THOSE CASES WE ASK THEM TO PULL SOME KIND OF CRAZY CRAZY REASON FOR EXPENSES - AND THEY KNOW THAT THEY'RE DOING SOMETHING WRONG

Q: IN ONE OR TWO CASES

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A: YES, THE PEOPLE THAT WE GOT

Q: OK, WE'RE GOING TO THE FHJ ACCOUNT AND FIGURE OUT WHAT'S HAPPENING IN THERE, THE SOURCE OF FUNDING, WHO CONTROLLED IT WE'LL START OUT WITH WHEN THE ACCOUNT STARTED. I KNOW YOU'VE PROBABLY ANSWERED THIS SOMEWHERE ELSE BUT...

A: WHEN DID THE FHJ ACCOUNT STARTED? BEFORE I ARRIVED AT THE COMPANY. IT WAS BEFORE 1976, I DON'T RECALL THE EXACT DATES AND I WAS MADE AWARE OF OF IT FOR THE FIRST TIME AT THE END OF 1979.

Q: AND YOU BECAME A PART OF IT IN

A: 1981, IN THE SUMMER OF 1981

Q: OK, WHOSE IDEA WAS IT TO START THE ACCOUNT?

A: JOE MARIOTTA AND FRED NEUBERGER

Q: AND WHAT WAS THE PURPOSE OF THE ACCOUNT OR DID THE PURPOSE CHANGE

A: THE PURPOSE WAS TO GENERATE PERSONAL FUNDS FOR THEMSELVES AND TO PAY AT THE BEGINNING, MOSTLY I WOULD SAY TO GENERATE PERSONAL FUNDS FOR THEMSELVES, THEN AS THE YEARS WENT BY IT CHANGED TO PAY THE UNION, THE UNION WAS A HEAVY EXPENSE EVERY MONTH, BY THE END, BY 1986 WE WERE PAYNG $10,000 A MONTH TO THE UNION IN CASH

Q: WAS THAT TO THE UNION DIRECTLY OR TO

A: TO THE OFFICERS OF THE UNION, THE TEAMSTERS

Q: OK, SO IT DIDN'T GO INTO A PARTICULAR FUND OF THE UNION

A: NO, IT WAS CASH TO THEM AND THEN ONE TIME WERE WERE REHABILITATING A BUILDING AND THEY WANTED $150,000 SENT

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OVER THERE IN ORDER NOT TO STOP THE OPERATIONS OF THE REHABILITATION, SO WE FINALLY SETTLED BIAGGI WAS ONE OF THE ONES THAT SERVE US TO HAVE THE UNION LOWER THE FEE TO $100,000 IN CASH IN ORDER NOT TO PICKETT THE BUILDING AND ANOTHER TIME DURING NEGOTIATIONS WE HAD TO PAY THE UNION $25,000 IN CASH TO EASE THE TERMS OF THE UNION CONTRACT, SO IT WAS FOR ALL THESE KINDS OF THINGS, AND THAT WAS HEAVY MONEY BECAUSE $10,000 A MONTH IS NOT EASY, TO GATHER $100,000 IN CASH IS NOT AN EASY THING.

Q: WAS IT USED FOR ANY OTHER PURPOSE - TO PAY THE UNION, FOR PERSONAL FUNDS, USED FOR POLITICAL CONTRIBUTIONS

A: YES, EVEN FOR CHARITABLE CONTRIBUTIONS. WE MADE A LOT OF PAYMENTS, PRIMARILY MARIOTTA MADE A LOT OF CHARITABLE PAYMENTS OUT OF THE ACCOUNT, ALL HIS FORTUNE AND IN CASES WE PARTICIPATED IN THOSE PAYMENTS. ONE OF THE MOST COMMON THINGS THAT WE USED TO DISBURSEMENT FROM THE ACCOUNT WAS TO MAKE PAYMENTS TO THE ACCOUNT FOR THE MONEY THAT WE OWN, OUR PART OF THE ACCOUNT, NOT DIRECTED TO US BUT TO PEOPLE THAT WE OWE MONEY TO, LIKE IF I OWE MONEY TO AMERICAN EXPRESS, I WOULD TELL SID LEWIS TO SEND OR GIVE ME A CHECK IN THE NAME OF AMERICAN EXPRESS AND TAKE IT OUT OF MY BALANCE. THAT WAS USED VERY COMMONLY OUT OF THAT ACCOUNT.

Q: WHEN YOU SAY TAKE IT OUT OF YOUR BALANCE, A RECKONING WAS KEPT OF WHAT PORTION OF THE BALANCE WAS ATTRIBUTABLE TO EACH OF THE OWNERS

A: YES, ACTUALLY IT WAS SOMETHING THAT CONNIE BROUGHT - YOU

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KNOW THAT FIRST PAGE THAT IT HAS SOMEPLACE

Q: THIS ONE

A: YES, THAT'S MORE OR LESS AN EXAMPLE AS TO HOW THAT USE TO OPERATE

Q: OK, WE'RE GOING TO LOOK AT THAT. SO THE ACCOUNT WAS CONTROLLED BY THESE OWNERS OR DID SOMEONE HAVE MORE AUTHORITY OVER THE ACCOUNT THAT THE OTHER

A: NO THE PERSONS THAT WERE DOING THE ACCOUNTING AND THE BOOKKEEPING AND THE WRITING OF THE CHECKS, CASHING THE CHECKS IN THE BANK TO GIVE US THE CASH WERE PRIMARILY CEIL LEWIS AND TONY GUARIGLIA.

Q: AND THEY WERE DOING THE BOOKKEEPING?

A: YEH, THEY USE TO KEEP THE RECORDS, THEY WERE KEEPING THE CASHING OF THE CHECK FROM THE BANK, THERE USE TO BE A DRIVER CEIL LEWIS USED TO SEND TO THE BANK TO CASH ALL THE CHECKS

Q: MORALES

A: YES, MORALES

Q: DID FRANK KNOW ANYTHING SINCE HIS NAME JUST POPPED UP.

A: NO, NO HE KNEW THAT THE COMPANY WAS OURS, SO HE DIDN'T HAVE, HE PROBABLY THOUGHT THAT WE MIGHT HAD BEEN DOING SOMETHING WRONG BUT HE NEVER GOT ANY PARTICIPATION IN THE ACCOUNT TO THE EXTENT THAT CEIL DID. IN THE END WE GAVE 5% OF WHATEVER PAYMENT FOR HER SERVICES. SHE WAS ANOTHER VERY UNUSUAL CHARACTER - CEIL LEWIS (CRAZY, REAL CRAZY).

Q: WHERE IS SHE NOW?

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A: SHE IS LIKE ONE OF THESE PEOPLE THAT HAS TO LIVE IN A CRISIS AT ALL TIMES. SHE ONLY ENJOYS IT - EVERYTHING HAS TO BE SO VERY NICE AND EVERYTHNG IS IN THE CRISIS. SHE USE TO BE LIKE THE MOTHER SUPERIOR TO ALL THE FACTORY WORKERS

Q: WHERE IS SHE NOW?

A: I HAVEN'T SEEN HER - THE LAST TIME I SAW HER WAS IN '88 WHEN I WAS GOING TO THE BIAGGI TRIAL. I HAVE NOT SEEN HER SINCE THEN.

Q: DID SHE TESTIFY AT ANY OF THE TRIALS

A: YES, SHE TESTIFIED IN THE BIAGGI TRIAL. SHE WAS READY TO COLLAPSE THERE, THEY SAY THAT SHE WAS A NERVOUS WRECK BECAUSE ONE OF THE WORST EXPERIENCES IN THIS WORLD IS TO TESTIFY. I MEAN THAT IS MURDER AND I WAS TOLD THAT SHE WAS GOING TO CRACK UP WHILE THEY WERE PREPARING HER FOR THE TESTIMONY. THE BIAGGI TRIAL - I WAS 16 DAYS ON THIS TRIAL, OUT OF THE 16 DAYS IT WAS 10 DAYS I BELIEVE 9 AND A HALF OF THEM DAYS ON CROSS. ONE SINGLE INDIVIDUAL ONE OF THOSE ATTORNEYS HAD A TETE-A-TETE WITH ME FOR THREE DAYS - THREE FULL DAYS. (AMAROSA)

Q: WHO DID HE REPRESENT?

A: HE WAS REPRESENTING RICHARD BIAGGI

Q: DID CEIL LEWIS TESTIFY AT ALL ABOUT THE CONTRIBUTIONS MADE BY MONEY ORDERS

A: I NEVER HAVE SEEN HER TESTIMONY. WHAT I SAW FROM THE NEWSPAPERS REPORT - THE BAG LADY BUT I HAVEN'T SEEN ANYBODY ELSE' TESTIMONY

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Q: WOULD SHE KNOW MORE ABOUT THAT THAN YOU, DO YOU THINK?

A: ON WHO GOT THE FUNDS

Q: WELL I THINK, DIDN'T YOU SAY THAT SHE GOT THE MONEY ORDERS AND THAT SOMETIMES YOU TOLD HER TO MAKE UP NAMES TO PUT ON THEM

A: YES, SOME OF THE TIME, I DID SOME OF THE TIME, THE OTHER PEOPLE DID AT OTHER TIMES, IT WAS NOT A SPECIFIC BUNCH

Q: BUT SHE WAS THE ONE THAT DID MOST OF THE BOOKKEEPING

A: YES, THE BOOKKEEPING SHE WAS MUCH MORE FAMILIAR THAN I AM

Q: AND SHE WAS SIGNATORY ON THE ACCOUNT - RIGHT?

A: YES

Q: THAT WAS ONE OF THE REASONS WHY SHE HAD TO GO TO THE BANK ALL OF THE TIME - WAS FRED ALSO ONE OF THE PEOPLE WITH SIGNATURE CARDS ON THE ACCOUNT

A: YES, THE ACCOUNT WAS ACTUALLY HIS BANK ACCOUNT WITH THEIR NAMES

Q: FRED, HELEN AND JOHN

A: YES, FRED, HELEN AND JOHN (F-H-J), THEN JOHN INVENTED A STORY TO SAY WHAT THE ACCOUNT REALLY DID MEAN TO FRED, HELEN AND JOHN - THEY'RE SOMETHING ELSE

Q: ARE YOU SAYING ACTUALLY THE BANK ACCOUNT ITSELF ORIGINALLY WAS NEUBERGER'S BANK ACCOUNT - IS THAT WHAT YOU MEAN?

A: YES, YOU SEE JOHN IS ONE OF THOSE TYPES WHO WOULD NEVER RECONIZE THAT HE DID WRONG - YOU KNOW THERE ARE PEOPLE LIKE THAT, THAT WOULD NEVER AND I THINK THAT THEY MAY

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REALLY BELIEVE THAT THEY DIDN'T DO ANYTHING WRONG EITHER BECAUSE THEY DON'T WANT TO MINIMIZE THEMSELVES OR BECAUSE - I DON'T KNOW WHY BUT THERE ARE PEOPLE THAT WON'T ACCEPT THAT THEY DID WRONG - HE WILL DIE EVEN IF HE SPENDS 20 YEARS IN JAIL

Q: THERE WAS SOMETHING ABOUT A COMPUTER LISTING - DO YOU REMEMBER DURING THE TRAIL SOMETHING ABOUT A COMPUTER LISTING

A: IT WAS SOME OF THE COMPUTER LISTINGS THAT MY SECRETARY USE TO KEEP - THAT WAS FOR THE EXHIBITS AND THEY HAD THE GOVERNMENT USE IT IN ONE OF THOSE TRAILS. SOME OF THE FEDERAL CONTRIBUTIONS APPEAR THEIR. MARIOTTA GOT VERY UPSET AT ONE TIME WHEN SHE TOLD HER TO DESTROY THAT AND NOT TO DO THAT ANYMORE. ACCORDING TO THE RECORDS SHE DIDN'T DO THAT ANYMORE BUT THE RECORD WAS LEFT ON ONE OF THE HARD DISKS AND THE GOVERNMENT LATER ON DISCOVERED IT.

Q: SO ASIDE FROM THAT RECORD THAT WAS LEFT ON THE HARD DISK THAT THE GOVERNMENT HAD PRODUCED ALL THE OTHER RECORDS HAD BEEN DESTROYED

A: THERE WERE NO OTHER RECORDS OR THEY WERE DESTROYED SOMEHOW. FOR THE MOST PART WE DIDN'T USE TO KEEP RECORDS. I PROBABLE STILL COULD KEEP COPIES OF THE MONEY ORDERS AND ALL RECEIPTS AND EVERYTHING - THOSE THINGS WERE THROWN AWAY. THE GOVERNMENT FOUND SOME MONEY ORDERS THAT WERE MADE TO SENATOR D'AMATO. I DON'T EVEN KNOW WHERE THEY FOUND THAT. COPIES OF MONEY ORDERS

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TO SENATOR D'AMATO.

Q: WHO ASKED HER TO DESTROY THE RECORDS SINCE APPARENTLY SHE

A: MARIOTTA

Q: IN TERMS OF THE FUNDING OF THE ACCOUNT, WERE THEIR DIFFERENT KINDS OF FUNDING SOURCES, SOURCES FOR THE MONEY THAT WAS IN THE ACCOUNT AT DIFFERENT TIMES

A: YES

Q: WOULD YOU GO THROUGH THAT STARTING WITH THE EARLIEST DATE THAT YOU'RE AWARE OF

A: THE BEGINNING THEY USE TO GET MONEY FROM MACHINE SUPPLIERS KICK BACKS, THEY WOULD INCREASE THE AMOUNT OF THE INVOICES, THE COMPANY WELLBUILT TO PAY AND THEN THEY WOULD GET THE KICK BACK IN THE FORM OF A CHECK WHICH WAS DEPOSITED TO THE ACCOUNT. LATER ON AS ZEISEL, HENRY ZEISEL WHO WAS A MAIN SUPPLIER OF EQUIPMENT BECAME ONE OF THE MAIN PROVIDERS FOR THE ACCOUNT THROUGH THE SAME SCHEME, KICK-BACKS FROM MACHINES THAT WERE PRICED HIGHER THAN THE NORMAL PRICE. THERE WAS A PERIOD OF TIME BETWEEN 1980, 1981 AND 1982 WHERE MONIES WENT DIRECTLY FROM WELLBUILT CHECKS TO BE DEPOSITED IN THE FHJ ACCOUNT. THE MAIN REGIONAL CHECK (FHJ) ALL THE ACCOUNTING COPIES OF THE CHECK WERE DIFFERENT THINGS LIKE KASIER ALUMINUM, OR U.S. STEEL, THINGS OF THAT SORT

Q: SO THE KICK-BACK CHECK WOULD HAVE READ, SOME OF THE KICK BACK CHECKS

A: NO, THAT DIDN'T INVOLVE ANY KICK-BACK. THEY WOULD BE

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DIRECTLY A CHECK FROM WELLBUILT TO FHJ

Q: BUT ALL THE RECORDS WERE ALTERED TO SHOW THE PAYEE BE SOMEONE ELSE

A: EXACTLY, CORRECT. THAT TOOK PLACE BETWEEN 1980, 1981 AND 1982. IN LATE 1983 AND EARLY 1984 AGAIN WITH ZEISEL KICK-BACKS THE NORMAL TYPE OF KICK-BACK FOR MACHINES. IN 1984 AND 1985 MY BROTHERS-IN-LAW THROUGH THE CONSTRUCTION COMPANIES

Q: RENALDO

A: YES, RENALDO AND MO YAGHOUBI

Q AND WHAT WAS THE LAST NAME

A: Y-A-G-H-O-U-B-I, I DON'T KNOW IF THAT'S CORRECT, BUT THAT'S THE CLOSEST I HAVE BEEN ABLE TO COME TO

Q: AND THAT WAS THE CONSTRUCTION COMPANY

A: YES, SEVERAL CONSTRUCTION COMPANIES AND ELECTRICAL CONTRACTORS, ALSO THROUGH KICK-BACKS

Q: IN '86

A: THAT WAS CONTINUED THROUGH '86, '84 AND '85 AND '86. BUT IN '86 ALSO, TONY AND MYSELF ARE IN AGREEMENT AMONG OURSELVES AND THERE WERE KICKBACKS BUT THEY DIDN'T GO THROUGH FHJ ACCOUNT, THEY WENT THROUGH AN ACCOUNT IN LONDON CALLED ITEK - KICKBACKS, FASTENED TO THE CONSTRUCTION COMPANIES

Q: WHAT WAS THAT MONEY USED FOR THAT WAS PUT INTO THE LONDON ACCOUNT?

A: THAT WAS PERSONAL. IT WAS ALL PERSONAL FUNDS NOTHING GOING BACK TO THE COMPANY, OH YES, SOME MONEY WENT BACK

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- NO NONE OF THAT MONEY, SOME OTHER MONEY BUT NONE OF THAT MONEY

Q: SO WHEN THE CHECKS CAME BACK FROM THESE COMPANIES THE REFUNDS, THE FACE OF THE CHECK READ FHJ OR IT READ

A: ITEK

Q: FOR ALL OF THESE DIFFERENT KICKBACKS

A: YES, IT WAS ON THE FHJ OR ITEK

Q: SO ALL THE COMPANIES WERE PARTICIPATING IN THIS SCHEME WITH KNOWLEDGE THAT THEY WERE RAISING THE PRICE, THEY KNEW

A: YES, IT WAS COMPLETE CONSPIRACY

Q: OK, DID THEY KNOW ANYTHING ABOUT THE FHJ - THEY MUST HAVE KNOWN SOMETHING

A: THEY KNEW THAT THE MONEY WAS COMING AND IT WAS A SLUSH FUND BUT THEY DIDN'T KNOW WHAT IT WAS USED FOR

Q: DID ANY OF THEM MAKE CONTRIBUTIONS

A: MY BROTHER-IN-LAW, MY SISTERS DID - YES, BY MY REQUEST LIKE I USE TO TELL THEM MAKE A CHECK FOR $1,000 HERE OR FOR $500 OR WHATEVER

Q: ANY OF THE OTHER KICKBACKS PAYEES BESIDES AL

A: I THINK ZEISEL MAY HAVE MADE CONTRIBUTIONS. PAT SIMON -

Q: PAT SIMON MADE CONTRIBUTIONS

A: YES, THAT WAS ALSO KICKBACKS. HE USE TO GET PAID MONEY BY CHECK, HIS COMPANIES AND THEN HE WOULD GET BACK MONEY IN CASH

Q: SO YOU DON'T KNOW HOW ZEISEL OR SIMON FINANCED THE CONTRIBUTIONS THEY MADE

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A: THEY MADE CONTRIBUTIONS BUT THEY ABSORBED THE COST, I DON'T RECALL THEM ASKING US FOR REFUNDING

Q: BUT RENALDO GOT REFUNDS

A: YES

Q: HOW ABOUT MO YAGHOUBI

A: THE SAME SITUATION. I DON'T KNOW IF HE MADE CONTRIBUTION BUT MY SISTER IS HIS WIFE - CECELIA

Q: OH CECELIA IS HIS HIS WIFE

A: YES. I THINK SHE DID. I DON'T RECALL IF MO HIMSELF MADE ANY CONTRIBUTIONS

Q: OK IN TERMS OF DISTRIBUTION THAT WAS BASED ON THE FORMULA ORIGINALLY - WHAT WAS IT 45/45 AND 9

A: YES, IN THE BEGINNING IT WAS 50/50 BEFORE 1981, FROM 1981 WHEN I BECAME A SECRET PARTNER UNTIL OCT. 1983, IT WAS 45-1/2, 45-1/2 NINE PERCENT, FROM OCTOBER _, 5% FOR FRED NEUBERGER AND 12-1/2% FOR EACH ONE OF US - TONY, LARRY, BLUESTEINE AND MYSELF, AFTER BLUESTINE LEFT AROUND MAY OF 1984, THEN IT BECAME 27-1/2% FOR JIM MARIOTTA, FRED NEUBERGER AND 15% FOR TONY, LARRY AND MYSELF AND THAT IS UP TO THE END OF TIME.
THIS IS A NICE DEPOSIT HERE - $349,000. YOU KNOW WHAT THAT MEANS - $349,000 WAS DEPOSITED TO THE ACCOUNT AND IT WAS DISTRIBUTED IN THAT AND THEN WE STARTED GROWING.

Q: WHO ACTUALLY MADE THE CALCULATION WHEN A DEPOSIT WAS MADE OF HOW TO DIVY UP ON PAPER

A: I THINK THIS WAS TONY'S WRITING. SOMETIMES IT IS TO BE WITH DIFFERENT PAGES - CEIL. BUT I THINK THIS IS TONY

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Q: DO YOU KNOW WHAT PERIOD OF TIME THIS IS?

A: LET ME TELL YOU WHAT PERIOD OF TIME. ONLY LARRY AND MARIOTTA - THIS IS POST BLUESTEINE SO IT HAS TO BE PROBABLY '84 OR '85 I BELIEVE - APRIL OF '84 OR '85.

Q: ON THE SECOND PAGE AT THE TOP - DO YOU KNOW WHOSE INITIALS THOSE ARE

A: THIS ONE OVER HERE LOOKS LIKE TONY, LOOK AT THE WRITING ITS THE SAME WRITING

Q: BUT ITS DATED '87

A: NO, WE WERE OUT OF THE COMPANY BY '87, THAT WRITING IS DIFFERENT FROM THIS, LOOK AT THE "8". I THINK THIS IS ANTHONY GUARIGLIA AND HE PUT THIS IN 3/17/87 - HOW CAN HE MARK THIS EXHIBIT AFTER, MAYBE THIS IS

Q: YOU THINK HE'S WRITING AFTER THE FACT THEN

A: YES

Q: THIS IS NOT IN ANY SENSE THE DATE THAT IT WAS PREPARED

A: CORRECT, AND I THINK THE GOVERNMENT IS MAKING HIM SIGN THAT FOR SOME REASON. I DON'T KNOW HOW THEY COULD ALTER THOSE EXHIBITS. ISN'T THAT AN ILLEGAL ACT.

Q: THE GOVERNMENT CAN DO WHATEVER IT WANTS.

A: I WONDER BECAUSE THEY ARE AFFECTING THE SUITS THEMSELVES.

Q: SO YOU THINK THIS IS THE MORE REASONABLE DATE THAN '85 - MAYBE.

A: YEH, THAT IS THE DATE - THAT IS AN '85 EXHIBIT. THIS ONE HERE WOULD BE VERY DIFFICULT FOR ME TO KNOW THE EXACT DATES - VERY DIFFICULT. YOU KNOW WHO COULD GIVE

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YOU GOOD INFORMATION ON THIS - TONY GUARIGLIA, BUT KNOWING HIS SITUATION NOW, YOU'VE NEVER TALKED TO HIM DO YOU

Q: I WANT TO KNOW IF YOU COULD STEP US THROUGH HOW TO READ WHAT GOING ON HERE

A: YES, TELL ME WHAT YOU WANT ME TO READ. LET'S TAKE THIS DEPOSIT

Q: COULD YOU ACTUALLY JUST START AT THE TOP

A: OK THIS DATE THERE WAS IN THE BANK, THERE WAS SUPPOSE TO BE IN THE BANK $48,774.00 OF WHICH FRED HAS $61,000, LARRY $65,000 - THAT WAS THEIR MONEY, BUT WE I MEAN TONY, MARIO, AND JOHN WERE OVERDRAWN, THAT MEANS WE HAD TAKEN MORE MONEY OUT THAT WHAT WE WERE ENTITLED TO EXPECTING THAT WE WERE GOING TO COVER THOSE OVERDRAFTS WITH THE NEXT DEPOSIT.

Q: IT'S NOT ACTUAL OVERDRAFTS, IS IT? ON PAPER HAVE YOU TAKEN OUT MORE THAN YOUR SHARE, IS WHAT YOU'RE SAYING.

A: YES WE HAD TAKEN MORE OUT THAN OUR SHARE, BUT FRED AND LARRY HAD TAKEN LESS THAN THEIR SHARE. SO THEN, I GUESS MEANT FOR RENALDO BERNEY 9 X 500 X 6 - I'LL GUESS $57,000 OF WHICH EACH ONE OF US HAD TO CONTRIBUTE ALL THE DIFFERENT AMOUNTS HERE AND THEN AFTER THAT ADJUSTMENT FOR RENOLDO THE BALANCE BECAME $8,000 MINUS

Q: SO THIS $57,000 IS THEN A DISBURSEMENT FROM THE ACCOUNT

A: EXACTLY - DISBURSEMENT, THEN THEIR IS A NEW LINE AND BALANCE UNDERNEATH THAT AND THEN THEIR IS A CONCILIATION - YOU SEE THE RECONCILIATION THERE, THE BALANCE, AND

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THEN THERE IS A NEW BALANCE AND THEN THERE IS A DEPOSIT AND THE BALANCES CHANGE AGAIN - YOU SEE, AND NOW EVERYBODY IS NOW DOWN HERE WHERE THE 143 BALANCE IS IN, THAT IS THE ONLY ONE THAT IS OVERDRAFTED. YOU SEE $15,000. THE OTHER ONES HAVE POSITIVE BALNCE AND THAT IS A POSITIVE BALANCE OF THE BANK FOR $143,000.

Q: WHICH IS MADE UP

A: WHICH IS MADE OF 15,000, JOHN HAS TAKEN $15,000 MORE THAN HE WAS ENTITLED TO, FRED HAS A POSITIVE BALANCE OF $87,069, I HAVE DEPOSITED A BALANCE OF $3,875 AND SO FORTH. YOU SEE WHAT IT SAYS (HELIUM PAYMENT) $5,000.

Q: SO THE PAYMENTS FROM THIS ACCOUNT THAT ARE ESSENTIALLY DEBITED TO THE SHARES OF EACH PERSON COULD BE FOR ANY EXPENSE THAT EACH WANTED TO HAVE PAID - IS THAT RIGHT?

A: CORRECT. THE MONEY COULD HAVE BEEN GIVEN TO US IN CASH, OR A CHECK COULD HAVE BEEN DRAWN TO PAY SOMEBODY THAT ANY OF US OWE MONEY TO OR ANYTHING.

Q: WHY WOULD PAYMENTS HAVE GONE TO REYNALDO BERWIN?

A: I THINK THAT THAT WAS A POINT WHEN WE DECIDED TO GIVE HIM A BONUS FOR WHAT HE WAS DOING I PAID FOR SOMETHING AND THEY HAVE REIMBURSED ME INCLUDING MYSELF, I REIMBURSE MYSELF. I PAID $2,800 TO SOMEBODY SO I ASKED FOR REIMBURSEMENTS FROM THAT INCLUDED MYSELF. I WAS TO KEEP AN ACCOUNT TO KNOW WHERE EVERYBODY WAS AT THAT TIME

Q: SO THE MONEY DIDN'T REALLY HAVE COME OUT OF THE ACCOUNT AT THE TIME.

A: NO. WE JUST SHIFTED THE BALANCE TO LET THEM KNOW THAT

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THAT THEORY REPAYED FOR SOMETHING

Q: SO HOW WOULD YOU TELL THE MONIES THAT CAME OUT OF THE ACCOUNT

A: THE NEGATIVE THINGS ON THIS COLUMN

Q: ON THE BALANCE SIDE

A: YES

Q: SHOW US THE DISBURSEMENTS - SO IN THEORY IN EVERY INSTANCE THAT A DISBURSEMENT CAME OUT OF THE ACCOUNT ON THESE CHARTS THERE OUGHT TO BE A RECKONING ABOUT WHOSE SHARE IT IS DRAWN FROM

A: AND THAT'S WHAT IT IS - WHAT SHOWS THERE

Q: DO YOU HAVE ANY IDEA HOW LONG A PERIOD OF TIME ONE OF THESE PAGES STANDS IN THE LIFE OF THIS ACCOUNT?

A: IT COULD BE ONE WEEK, IT COULD BE ONE MONTH, I DON'T KNOW

Q: DID TONY KEEP ALL OF THESE RECORDS OR DOES CEIL DO IT SOME OF THE TIME?

A: THESE ARE TONY'S RECORDS. I THOUGHT THAT ALL OF THIS HAD BEEN DESTROYED. THE ONLY TIME WE FINALLY FOUND OUT THAT IT HAD NOT BEEN DESTROYED WAS WHEN THE GOVERNMENT SHOWED THEM TO ME BEFORE ONE OF THE TRIALS.

Q: SO CEIL KEPT RECORDS BUT THOSE WERE DESTROYED.

A: I THINK FOR THE MOST PART THEY WERE DESTROYED. I THINK SHE HAD SOME RECORDS THEY DIDN'T CHECK, PRIMARILY THEY CHECK. I TOLD HER TO DESTROY EVERYTHING AND SHE DIDN'T

Q: AND SHE DIDN'T

A: NO SHE DIDN'T BECAUSE I THINK SHE TOOK THEM HOME AND

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LATER AT THE TRIALS FOR THE PREPARATION SHE BROUGHT THEM TO THE GOVERNMENT.

Q: SO TONY WAS KEEPING RECORDS; CEIL WAS KEEPING RECORDS

A: CEIL WAS KEEPING THE ACTUAL DOCUMENTS - THE CHECKS AND THE DEPOSIT SLIPS

Q: SO IF YOU WANTED TO MAKE A WITHDRAWAL FROM IT, WHO WOULD YOU TELL IT TO

A: CEIL, CEIL WOULD LET TONY KNOW AND TONY WOULD DO THE ACCOUNTING.

Q: THESE HERE, THAT SAY POLITICAL CONTRIBUTIONS, THOSE WOULD BE MORE OR LESS BE THE CONTRIBUTION THAT WERE EITHER MONEY ORDERS OR PERSONAL CHECKS

A: THAT WOULD BE SOMETHING LIKE THAT - YES

Q: I GUESS THE QUESTION IS

A: LET ME SEE HERE, YOU SEE THIS DIVISION TO GARCIA, THIS THE GOVERNMENT HAS NOT BEEN ABLE TO

Q: WHAT'S THE TOP ENTRY ON THE PAGE?

Q: $20,000

Q: AT THE TOP OF THAT PAGE DO YOU SEE IT LOOKS LIKE IT SAYS POLITICAL CONTRIBUTION PAID BY MARIO - SO WHAT WOULD THAT HAVE BEEN

A: WE TOOK MONEY OUT OF THE ACCOUNT AND WE PAID SEVERAL PEOPLE AND EVERYBODY PAID A PROPORTION TO THE ____(?).

Q: WELL, WHEN THESE THINGS WERE LABELED "POLITICAL CONTRIBUTIONS" AND THERE'S A DISBURSEMENT IS THERE ANY WAY OF KNOWING WHETHER THAT'S MORE LIKELY ONE OF THE

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INSTANCES WHERE MONEY ORDERS WERE DRAWN VERSUS REIMBURSEMENT TO SOMEBODY FOR PERSONAL CHECKS

A: THIS WOULD HAVE BEEN REIMBURSEMENTS OR TO BUY MONEY ORDERS AND THERE IS NO WAY TO KNOW BECAUSE THE MONEY WOULD BE EXTRACTED FOR ONE OF THE TWO PURPOSES. SO THERE IS NO TRAIL. AND TAKE THIS CASE OF GARCIA HERE $9,500 - WE GAVE THE MONEY TO GARCIA IN CASH. YOU SEE IT ON THERE?

Q: YES. SO IN EVERY INSTANCE WHERE MONEY CAME OUT TO PAY SOMEBODY BACK FOR A CONTRIBUTION THEY MADE IT WOULD ALWAYS BE DIVVIED UP AMONGST THE FIVE. CAN WE ASSUME THEN THAT WHEN THERE ARE INSTANCES THAT THERE ARE PAYMENTS TO A PARTICULAR PERSON LIKE CHECK TO JOHN, CHECK TO JOHN, CHECK TO LARRY WHERE IT'S ONLY ATTRIBUTED TO THAT PERSON'S BALANCE - CAN WE ASSUME THAT THAT WASN'T POLITICAL STUFF.

A: YES, THAT'S NOT POLITICAL, THAT'S PERSONAL BECAUSE POLITICAL WOULD HAVE TO BE DISTRIBUTED

Q: WOULD BE SPLIT

Q: NO MATTER WHO WAS PUT ON THE RECORD AS HAVING MADE THE CONTRIBUTION. SO IF YOU MADE A $1,000 CONTRIBUTION THAT WOULD HAVE TO GO BACK AND BE ____(?).

A: LIKE OVER HERE IT SAYS INVESTMENT TO A AND TO TONY - YOU SEE THIS?

Q: DOES THAT SAY A $2,050.00, TONY $500.00

A: YES

Q: IF WE COULD PUT DATES ON THESE WE WOULD BE IN GOOD SHAPE

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A: YET YOU DON'T KNOW WHERE THE MONEY WENT TO BECAUSE SOME OF THIS MONEY WENT TO GOD KNOWS WHAT - THERE'S NO TRACE

Q: SO EACH OF THE OFFICERS KEPT A RUNNING RECORD OF THEIR OWN POLITICAL CONTRIBUTIONS

A: YES, THEY USE TO KEEP THEIRS, WE USE TO KEEP OURS

Q: THE RECORDS THAT YOU KEPT WERE JUST YOUR CONTRIBUTIONS

A: RECORDS- I USE TO KEEP MY RECORDS

Q: WELL WHAT WAS THE RECORD YOU SAID YOUR SECRETARY

A: OH THAT WAS A LISTING OF WHAT HAD BEEN PAID TO SEVERAL POLITICIANS THROUGH A FEW MONTHS

Q: OF REAL CONTRIBUTIONS?

A: MINE AND IT ALSO HAD EVERYBODY - BUT IT WAS ONLY FOR A SHORT PERIOD OF THE TIME, MAYBE A FEW MONTHS AND IN THIS CASE THE AFFAIRS EVEN INCLUDING THE MONEY ORDERS (I THINK THAT INCLUDED SOME MONEY ORDERS)

Q: WAS THAT A GOVERNMENT EXHIBIT - THAT'S NOT SOMETHING WE'VE SEEN I DON'T THINK

A: I DON'T RECALL, BUT I SAW THE PRINTING BUT I DON'T RECALL IF HE WAS ____(?) AN EXHIBIT OR NOT BECAUSE HE WAS VERY COMPLETE

Q: HAVE YOU SEEN IT

Q: I'VE SEEN IT LISTED BUT I DON'T KNOW WHOSE EXHIBIT IT WAS, I DON'T KNOW IF IT IS THE GOVERNMENT'S OR

Q: THERE WAS SOMETHING THAT SIMON (I THINK) ENTERED AS AN EXHIBIT.

A: WHO

Q: SIMON'S LAWYER

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A: SIMON - OOH, I SEE

Q: THERE WAS SUPPOSEDLY A LISTING OF YOUR CONTRIBUTION - DOES THAT RING A BELL

A: YES, THAT WAS WHEN WE WON '1984 FOR THE _____(?)

Q: DID YOU GET UP VERY EARLY THIS MORNING

A: I WENT TO BED VERY LATE TOO

Q: DO YOU KNOW SOMEONE NAMED NIELSON?

A: YES, THAT WAS SIMON'S LAWYER. LAST NIGHT A FRIEND OF MINE WAS CROSSING THE STREET AND A CAR HIT HIM SO SINCE HE HAD JUST GOTTEN HIT BELOW THE KNEE THE AMBULANCE TOOK HIM TO THE HOSPITAL SO I WAS WITH HIM UNTIL 2:00 A.M. IN THE MORNING - BECAUSE HE REALLY DIDN'T HAVE ANYBODY TO TAKE CARE OF HIM AND THEN I TOOK HIM HOME BUT HE CANNOT BEND THE KNEE. THAT WAS LIKE AT 7:00 AND WE WERE FROM 8:00 P.M OR 7:30 P.M. TO 2:00 IN THE HOSPITAL EMERGENCY BEFORE -- YOU KNOW HOW HOSPITALS ARE

Q: WHICH ONE WERE YOU AT?

A: WE WERE IN A NEW HOSPITAL **COLUMBIA PRESBYTERIAN** THAT'S A NEW HOSPITAL - NEW BRANCH AT 22ND AND BROADWAY - SO LUCKLY HE AS OK - HE COULD HAVE GOTTEN KILLED VERY EASILY, SOMEBODY WAS GOING FULL SPEED - A TAXI DRIVER

A: ALL THE OTHER PEOPLE WERE KEPT IN THE DARK

Q: INCLUDING CEIL

A: NO CEIL KNEW ABOUT THE FHJ SHE WAS

Q: WHAT WAS RIVERA'S JOB

A: HE USE TO BE SECRETARY OF THE COMPANY. I THINK HE ALSO BECAME TREASURER FOR A TIME AND A MEMBER OF THE BOARD OF

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DIRECTORS

Q: IS HE SOMEONE YOU SOLICITED FOR A CONTRIBUTION

A: IT MAY HAVE HAPPENED BUT I DON'T THINK SO

Q: IF HE WAS SOMEONE WHO WE FOUND OUT CONTRIBUTED COULD WE INFER THAT HE WAS REIMBURSED LIKE EVERYBODY ELSE

A: YES, THAT IS FOR SURE

Q: OK, WE'RE GOING TO MOVE ALONG TO WHO WAS AWARE AND I THINK WHAT YOU'VE BEEN SAYING IS THAT IN TERMS OF THE OFFICERS, TONY, JOHN, FRED, YOURSELF, CEIL, LARRY, THEY ALL KNEW ABOUT FHJ AND THEY ALL KNEW THAT THEY WERE GETTING REIMBURSED CONTRIBUTIONS

Q: AND JOHN MARIOTTA AND LARRY SHORTEN, TONY AND YOURSELF. I THINK YOU SAID THERE MAY HAVE BEEN OTHER PEOPLE WHO KNEW THAT THERE WAS SOURCES FOR CASH BUT MAY NOT HAVE KNOWN THE DETAILS INSIDE THE COMPANY

Q: ARE ANY OF THE INDIVIDUALS INVOLVED BECAUSE IT SEEMS TO ME THAT THERE IS A LOT OF INVOLVEMENT BY A LOT OF DIFFERENT PEOPLE, A LOT OF MEETINGS THAT WENT ON WITH BIAGGI, GARCIA. NONE OF THE CONGRESSMEN KNEW ABOUT THE FJH ACCOUNT.

A: NO

Q: NONE OF THE CONGRESSMEN HAD REASON TO BELIEVE THAT CONTRIBUTIONS MIGHT HAVE BEEN COMING FROM A PARTICULAR, I MEAN NOT WHAT THEY TOLD YOU, BUT FROM THE CIRCUMSTANCES SHOULD HAVE BEEN ABLE TO READ LIKE IN OTHER WORDS MAYBE THEY GOT SO MUCH NUMEROUS CONTRIBUTIONS THAT THEY HAVE TO SAY

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A: BECAUSE THEY KNEW THAT ALL OF US WERE WEALTHY INDIVIDUALS. JOHN MARIOTTA HAS SOLD A LOT OF STOCK. JOE NEGLIA AND FRED, JUST FROM THE SALE OF STOCK, THE FIRST AMOUNT OF SALES (TAX?) THAT I HAD WAS $500,000. I HAVE SOLD A LOT OF STOCK, YOU MONEY THAT HAS SOLD A LOT OF STOCK. JOHN THE FIRST ONE THAT HE HAD WAS ALMOST $2 MILLION, 8 HUNDRED THOUSAND AND THE SAME WITH FRED SO THESE INDIVIDUALS PROBABLY THOUGHT THAT WE DID IT BECAUSE WE LOVED THEM SO MUCH.

Q: WELL TELL US ACTUALLY IN MORE DETAIL ABOUT EHRLICH'S RELATIONSHIP WITH THE COMPANY IN TERMS OF THE INTERACTIONS THAT YOU'VE HAD RELATING TO FHJ ACTIVITIES

A: WITH PEOPLE OUTSIDE THE COMPANY?

Q: EHRLICH

A: OH EHRLICH, HE WOULDN'T KNOW BECAUSE WE NEVER TOLD HIM THAT THAT ACCOUNT, THE FHJ ACCOUNT EXISTED.

Q: OK WHEN YOU SAY THAT YOU WERE WEALTHY AND INDIVIDUALS, YOU WOULD HAVE BEEN WEALTHY ASIDE FROM WEDTECH

A: NO, I STARTED THE SALES OF THE STOCK OF WEDTECH BUT AN OUTSIDER WOULD HAVE BEEN WEALTHY OR WE WOULD HAVE BEEN WEALTHY WITHOUT THE NEED TO HAVE GONE FHJ. EHRLICH WAS NOT AWARE OF THE EXISTENCE OF THE FHJ ACCOUNT

Q: BUT YOU SAID THAT HE WAS AWARE THAT YOU GUYS WERE COMING UP WITH CASH FROM - SECRET CASH, RIGHT

A: NO, BECAUSE THE CASHIER COULD GO TO THE BANK AND CASH A CHECK FOR $2-3-5,000 FROM YOUR OWN FUNDS. I HAD IN MY ACCOUNT SOMETIMES $100,000 AT THE BANK AND I COULDN'T GO

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OUT AND ISSUE A CHECK. WHAT I'M SAYING IS THAT THEY PROBABLY REALIZED THEMSELVES THAT WE MIGHT HAVE KICKBACKS FROM SOMEBODY BUT THEY DIDN'T KNOW WHERE AND THEY DIDN'T KNOW HOW WE HANDLED IT, I MEAN THAT'S MY ASSUMPTION, NOT BECAUSE THEY TOLD ME

Q: SO IN OTHER WORDS NO ONE EVER DISCUSSED WHERE THE MONEY CAME FROM AT ALL, YOU NEVER DISCUSSED THE FHJ OUTSIDE OF THAT INNER CIRCLE

Q: APART FROM THE FHJ ACCOUNT, THE SPECIFIC ACCOUNT

A: LET ME TELL YOU WHO KNOWS THAT ACCOUNT SYSTEM - PAT SIMON,

Q: HE KNEW THAT IT EXISTED

A: TARPAGLIA, HIS LAWYER, BECAUSE AT ONE POINT HE TOLD ME TO GIVE US A KICKBACK TO BE PUT INTO THAT ACCOUNT AND THEY SAID NO, BECAUSE THAT ACCOUNT IS VERY DANGEROUS AND ONE OF THESE DAYS SOMETHING COULD HAPPEN.

Q: WELL SIMON WAS ACTUALLY GETTING CHECKS FROM THE FHJ ACCOUNT WASN'T HE?

A: YOU'RE CONFUSING SIMON, SIMON WAS THE MAFAI GUY, TARPAGLIA WAS HIS LAWYER AND SIMON USED TO BE THE PRESIDENT OF THE BRONX

Q: HOW DO YOU SPELL THE ONE WITH THE "T", T-A-R-P-A-G-L-I-A

A: GINA WAS EHRLICH'S SECRETARY.

Q: OK, SO THESE ARE NOT THE SAME PEOPLE, SO THIS ONE, WHAT IS HIS FIRST NAME?

A: JOHN TARPAGLIA, HE WORKS AS SIMON'S COUNCIL, THAT'S REALLY WHAT HE IS.

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Q: I BELIEVE IT

A: HE ONLY HAS ONE CLIENT, SIMON

Q: SO THEY KNEW OF THE FJH ACCOUNT AND ASIDE FROM KNOWING ABOUT THE FHJ, KNOWING OF ITS EXISTENCE, THAT THERE WAS A SLUSH FUND, THAT THEY KNEW THAT SOME OF THE POLITICAL REIMBURSEMENTS FOR CONTRIBUTION WERE COMING FROM THAT.

A: I DIDN'T KNOW THAT THEY KNEW THAT. THEY KNEW THAT THE ACCOUNT EXISTED BECAUSE WE TOLD THEM TO GIVE US A CHECK AND THEN WHEN THEY COUNTED THEY REFUSED BECAUSE IT WAS TODAY NEWS. THEY PREFER TO DEVELOP THE CASH.

Q: YOU TOLD US EARLIER THAT BEFORE CONGRESSMAN ADDABBO DIED YOU MET HIM AND YOU SAID TO HIM THAT WE'LL GIVE YOU $50,000 JUST TELL US HOW. WHAT YOU DO THINK HE THOUGHT WHEN YOU TOLD HIM THAT. WHAT ASSUMPTIONS DO YOU THINK HE HAD ABOUT WHERE THE MONEY WAS COMING FROM?

A: HE JUST SMILED BUT HE SAID WORDS LIKE "I'LL TALK TO YOU IN THE FUTURE", HE WAS VERY SICK BY THAT TIME AND WE ALREADY HAD DONE ILLEGAL FUNDING FOR HIM THAT WAS NEVER REPORTED. HE NEVER REPORTED AND WE NEVER REPORTED - LIKE ALL THOSE TELEVISION ADS AND RADIO, TAXIS ETC.

Q: DO YOU THINK HE THOUGHT THAT THE MONEY WAS COMING OUT OF SOMEBODY'S PERSONAL ACCOUNT?

A: NO HE PROBABLY THOUGHT LIKE EVERYBODY DOES THAT WE ARE WEALTHY INDIVIDUALS. I DON'T KNOW WHAT WENT THROUGH HIS MIND BUT JUST BECAUSE WE WERE COMING OUT WITH CASH DOESN'T MEAN THAT WE HAD A SLUSH FUND. DO YOU THINK THAT ____ HAD A SLUSH FUND? ONLY TIME WILL TELL.

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Q: YOU'RE MORE IMAGINATIVE THAT SOME OTHER FOLKS IN HOW YOU REIMBURSED CAMPAIGN CONTRIBUTIONS. I MEAN THE USUAL DYNAMIC CLEARLY IS THAT SOMETIMES THE PEOPLE DON'T WANT TO KNOW IT'S NOT SOMETHING THEY PAY ATTENTION TO BUT WHEN YOU LOOK AT THE PATTERN OF CONTRIBUTIONS OF HOW LONG IT WENT ON OR HOW CLOSELY TIED IT WAS TO EFFORTS THAT YOU WERE ASKING THE MEMBERS TO MAKE ON BEHALF OF THE COMPANY WHAT WE'RE TRYING TO FLUSH OUT A LITTLE BIT IS YOUR BEST RECOLLECTION ABOUT WHAT THEIR STATE OF KNOWLEDGE ACTUALLY WAS

A: OF THE POLITICIANS THEMSELVES

Q: YES

A: THEY KNEW THAT WE'RE WORKING WITH BROOKWURST ALL THE TIME. THAT'S AN ABSOLUTE GIVEN. THEY KNEW THAT IN ALMOST ALL THE CASES OF THE POLITICIANS THAT WE WORK WITH WITHIN THE NORMAL CHANNELS WE WENT TO THE MAXIMUM. PEOPLE LIKE BIAGGI, ADDABBO, GARCIA, SIMON THEY KNEW THAT WE WERE DOING THINGS OUTSIDE THE NORMAL CHANNELS - ADDITIONAL FUNDING. THEY KNEW BUT DIDN'T WANT TO ASK WHICH IS BETTER, WAS THE INTELLIGENT WAY.

Q: BECAUSE YOU SAID THEY SAW YOU AT ALL THESE EVENTS SO SUPPOSE YOU HAVE FIVE DINNERS AND THEY ARE A CERTAIN PRICE FOR TICKETS, AND YOU SEE THE SAME PERSON AT EVERY DINNER

A: NO, YOU SEE ALL THE SAME INDIVIDUALS THAT USED TO GO TO THE LIBERAL DINNERS, THE MOST OF THEM WERE DEMOCRATIC DINNERS, CONSERVATIVE DINNERS, REPUBLICAN DINNERS - THE

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SAME GROUP OF BUSINESS MEN AT ALL THE PLACES. SAME GROUP OF PEOPLE. SOMETIMES INTERACTING THREE TIMES A WEEK.

Q: AT SOME LEVEL THEY MUST HAVE THOUGHT WELL THIS PERSON MUT BE OVER HIS LUNCH BY NOW

A: THEY HAVE DIFFERENT MEANS OF GETTING THE MONEY OUT OF THE COMPANY TO REIMBURSE THESE GUYS BECAUSE CERTAIN ONES FROM A LIST OF PEOPLE THAT I KNOW THEY WERE GOING TO SACRIFICE THEIR SALARIES, ALL THEIR PERSONAL INCOME TO GIVE EACH ONE OF THESE INDIVIDUALS $4000, $5000, OR $10,000 EVERY YEAR NOT ONLY ONE BUT SEVERAL.

Q: DO YOU WANT TO GIVE US SOME NAMES

A: YOU KNOW YOU TAKE PEOPLE FOR EXAMPLE THAT ARE IN THE 8A PROGRAM IN THE SBA. THE BIG COMPANIES THAT HAVE GROUP CONTRACTS. IF I WERE AN INVESTIGATOR FOR ANY AGENTS I KNOW ALL THE TRICKS THAT ARE PLAYED AT THIS GAME. YOU KNOW I HAVE BEEN A WITNESS TO ALL THESE TRICKS. WE DID A LOT OF TRICKS. YOU TELL ME AND I HAVE BEEN IN THE MIDDLE OF LAWYERS AND PROSECUTORS FOR THE LAST FOUR AND A HALF YEARS. I KNOW HOW EACH ONE, MAYBE 25-30-40 INDIVIDUALS LOOK FOR WHAT KIND OF DOCUMENTATION, WHAT ARE THE TRIAL DETAILS, SO YOU GIVE ME A COMPANY AND I'LL TELL YOU WHAT'S HAPPENING, I'LL NEED ONE OR TWO DAYS FOR ANALYSIS AND I'LL LET YOU KNOW WHAT HAPPENS, BECAUSE THERE ARE WAYS OF KNOWING - LIKE IN THIS AREA OF THE SBA - YOU GO TO A 8A CONTRACTOR, THE BIGGEST ONES AND THEN YOU SEE WHAT PEOPLE THEY HAVE RELATIONS TO, YOU DEVELOP

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AN ANALYSIS WITH THOSE THINGS YOU START WITH THE ACCOUNTS, THE ACCOUNTS WHERE THE CHECKS ARE GOING, THERE ARE MANY WAYS OF FINDING THOSE THINGS OUT - MANY WAYS. HOW DO THE BIG CONTRACTORS DO IT - HOW DO THEY CATCH THIS GUY KICKING - WHAT METHOD WAS USED - ONLY POLITICAL CONTRIBUTIONS

Q: SO AT SOME LEVEL MOST OF THE POLITICIANS PROBABLY KNEW THAT BECAUSE OF ALL THE TIMES THEY SAW YOU AT VARIOUS FUNCTIONS YOU WOULD HAVE TO PRESUME THAT YOU EXCEEDED YOUR LIMIT AT SOME POINT AND TIME BECAUSE IT WOULD JUST ADD UP TO TOO MUCH MONEY PER YEAR.

A: THERE ARE THINGS THAT THEY DO THAT APPARENTLY ARE OUTSIDE THE LIMITS SO THEY DON'T COUNT. LIKE IN THE CASE OF GARCIA WE USED TO GO TO SOME AFFAIRS - I DON'T THINK THEY REPORTED THOSE THINGS. I DON'T KNOW WHAT MEANS THAT THEY USE BECAUSE ALL THEY NEEDED WAS TO GET A FRIENDLY BANK AND THEY WERE VERY RELATED WITH THESE PEOPLE AT THAT BANK. THEY COULD OVERDRAW THE ACCOUNTS, THEY COULD DO A LOT OF THINGS SO IN THE SAME WAY BUSINESS PEOPLE BECOME UNETHICAL. IT'S A LOT OF POLITICIANS MORE THAN ANYONE ELSE - THEY'RE SMART PEOPLE AND THEY KNOW WHAT THEY'RE AFTER, NOT ONLY DO THEY HAVE A BIG EGO BUT ALSO THE NEED FOR A BIG POCKET

Q: BIBI FIGUEROA, AT THE BANK, WOULD SHE HAVE BEEN A PERSON WHO WOULD HAVE KNOWN WHAT WAS GOING ON IN THAT ACCOUNT?

A: SHE USE TO CHANGE ALL THE CHECKS WITHOUT QUESTIONING THEM, FROM HER PROSPECTIVE SHE WAS NOT COMMITTING ANY

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CRIME, BECAUSE I DON'T THINK SHE EVER CHANGED A CHECK FOR MORE THAN $9,000

Q: YOU SAY SHE NEVER DEALT WITH ANY CHECKS THAT HAD TO BE REPORTED

A: CORRECT, SO WHAT KIND DID SHE COMMIT?

Q: IT'S FAIR TO SAY, IT'S NOT IN OUR JURISDICTION

A: NO BUT WHAT I'M SAYING IS LOOKING I DON'T SEE THAT SHE COMMITTED ANY CRIME BESIDES HER HUSBAND WAS WORKING FOR US AND WE AT ONE TIME GAVE HIM $5,000 BONUS ETC. AND HUSBAND WAS WORKING FOR US.

Q: WHAT WAS HER HUSBAND'S NAME?

A: I DON'T EVEN RECALL. IT MUST HAVE BEEN SOMEBODY BY THE NAME OF FIGEROUA

Q: HE WAS AN OFFICER?

A: NO

Q: WHEN YOU GIVE US A LIST OF POLITICIANS (WE'RE TALKING ABOUT A PRETTY LONG LIST), YOU SAID THAT QUICK PRO PRO IS VERY CLEAR, CAN YOU GIVE US A LIST IN ORDER AS TO WHICH IT WAS THE CLEARST AND DOWN

A: TAKE GARCIA FOR EXAMPLE - IN THE GARCIA CASE THE POSTAL CONTENTS WERE THE MOST CLEAR REFLECTION PLUS OTHER FAVORS WITH THE BANKS, BUT THE POSTAL CONTACTS WERE THE MOST RELEVANT COMING OUT TO HIM. THE CASE OF THE DEVEL WAS THE ENGIN CONTRACT AND THE PONTOON CONTRACT LATER ON. IN THE CASE OF D'AMATO HE WAS ALMOST EVERYTHING THAT WE KNEW THAT THE COMPANY WOULD _____ THE CONTRACT. THE PONTOON CONTRACT - THE SUBORDINATION FROM THE

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ECONOMIC DEVELOPMENT AGENCY, THE OPTIONS FOR THE PONTOONS AND THEN THE APPROPRIATIONS THAT HE WORKED WORK, LIKE INDIVIDUAL - CAMPBELL AND WARNER. THERE IS A LETTER THAT WAS AN EXHIBIT (DO YOU SEE THAT LETTER). THAT LETTER IS AN EXHIBIT WHERE THEY WORK WITH APPROPRIATION SO YOU SEE WE'RE ONLY TWO COMPANIES THERE AND THE QUID PRO QUOS WERE INNUMERABLE

Q: ACTUALLY, EHRLICH WOULD BE THE BEST WITNESS AS FAR AS D'AMATO'S KNOWLEDGE AT QUID PRO QUO

A: HE COULD BE THE BEST WITNESS BECAUSE HE WAS CLOSER TO HIM THAN I WAS.

Q: AND MOST OF THE TIME IT WAS EHRLICH AND BIAGGI WHO SET UP ALL THESE VARIOUS MEETINGS. IT WOULDN'T BE AN UNUSUAL PRACTICE TO INITIATE MEETINGS, ETC.

A: WE WEREN'T TO QUESTION ETHICS

Q: OK

Q: BUT AS FAR AS THE CAMPAIGN MONEY THAT ALWAYS CAME FROM THE REQUEST FOR - YOU NEVER INITIATED MAKING CONTRIBUTIONS

A: NO, IT WAS EHRLICH PRIMARILLY THROUGH BIAGGI, EHRLICH USE TO TELL ME THE CONGRESSMAN TELLS ME THE SENATOR IS ASKING FOR THIS OR THAT TODAY - LIKE IN THE CASE OF *MONALARIA REMEMBER* - EHRLICH TOLD ME THE SENATOR TOLD THE CONGRESSMAN NOT TO GIVE THE MONEY TO HIM BECAUSE YOU PEOPLE ARE OVER THE LIMIT. HE HAS RECEIVED TO MUCH MONEY FROM YOU HE WANTS THE MONEY TO GO TO SUSAN - YOU KNOW THINGS OF THAT SORT

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Q: WELL, DID THE MONEY ORDERS EVER GO TO EHRLICH

A: YES AND MOST OF THE TIME HE USE TO RECEIVE THEM. IN A FEW EXCEPTIONS I'M TRYING TO RECALL WHEN WE MAY HAVE GIVEN IT TO SOMEBODY ELSE

Q: BUT DO YOU HAVE A SPECIFIC MEMORY OF ANY INSTANCES WHERE IT WAS DONE BY MONEY ORDERS RATHER THAN PERSONAL CHECKS WHERE THE MONEY ORDERS WERE GIVEN TO EHRLICH

A: YES

Q: AND THAT MIGHT HAVE BEEN FOR BIAGGI OR FOR D'AMATO

A: FOR D'AMATO MORE THAN ANYBODY ELSE

Q: MONEY ORDERS MORE FOR D'AMATO

A: FOR BIAGGI, BIAGGI AND THE CONTRIBUTIONS WERE VERY, VERY RARE, ONCE A YEAR

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Q: YOU GO AROUND AND COLLECT ALL THE CONTRIBUTIONS AND TAKE TO THAT INDIVIDUAL AND THEY GIVE IT TO WHOEVER OR WHEREVER ITS SUPPOSED TO GO.

A: YES.

Q: WELL DID YOU EVER HAVE ANY DISCUSSIONS WITH EHRLICH ABOUT THE FORM OF THESE CONTRIBUTIONS ABOUT IT BEING BY A PERSONAL CHECK AS OPPOSED TO VIA MONEY ORDER?

A: NO. HE JUST REQUEST THE CHECK CERTAIN AMOUNT OF MONEY OR TABLE OF CHECK OR WHATEVER.

Q: DID HE EVER MAKE ANY COMMENT TO YOU ON GETTING THE MONEY ORDERS INSTEAD OF CHECKS.

A: NO. WE DECIDED THAT I WAS IN THE SENATE ROOM BEFORE

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HE WAS TAKEN TO TRIAL AND HE WAS FOUND GUILTY. THEY HAD TO PUT HIM IN A SANITARIUM. BECAUSE HE COLLAPSED MENTALLY VERY BAD SHAPE HE COULDN'T TAKE IT.

Q: AND THEN HE WENT TO JAIL?

A: YES.

Q: IS HE STILL IN JAIL?

A: YES.

Q: OH WERE YOU SAYING YOU THOUGHT HIS SENTENCE HAD BEEN REDUCED

A: YES, BUT HE IS STILL IN THERE.

Q: IS HE COOPERATING NOW?

A: THE LAST THAT I HEAR FROM THE GOVERNMENT WAS THAT HE WAS.

Q: YES.

Q: I WANT TO ASK IF THERE WAS A PARTICULAR EVENT CALLED THE INNER CIRCLE AFFAIR. WHERE THERE IS A LITTLE BIT OF CONFUSION. AT THAT PARTICULAR AFFAIR...

A: THE INNER CIRCLE THAT WAS

Q: WITH RESPECT TO THE INNER CIRCLE AFFAIR THERE IS MENTION OF PAYMENT OF MEMBERSHIPS FOR THE NEGLIA WHAT IS IT JOE AND PETER?

A: YES

Q: WERE THOSE CHECKS IN THE NAME OF PETER AND JOE?

A: YES

Q: BUT YOU GAVE THEM THE MONEY?

A: WE BOUGHT THE MONEY ORDERS FOR THEM, I THINK THEY WERE MONEY ORDERS, WEREN'T THEY MONEY ORDERS.

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Q: NO, I THINK THEY WERE CHECKS

A: NO, I THINK THEY WERE MONEY ORDERS

Q: OK, HERE WE GO.

A: HAVE YOU EXAMINED THE CHECKS?

Q: NO, WE DIDN'T KNOW UNTIL LATE THAT WE WERE READING THIS

A: NINE CHECKS

Q: BUT IT'S BANK CHECKS

A: YES WHICH IS A MONEY ORDER A TYPE OF MONEY ORDER LIKE AN OFFICIAL CHECKS

Q: LIKE A CASHIER'S CHECK, A BANK CHECK IS LIKE A MONEY ORDER

Q: OK AND THEN THERE SOMEPLACE ELSE. SO THIS WOULD HAVE BEEN RECORDED AS IN THE NAME OF PETER AND JOE, IT WOULD HAVE HAD THEIR NAME ON IT.

A: YES

Q: BUT THE MONEY THE SOURCE OF THE MONEY WOULD HAVE BEEN FROM THE FHJ ACCOUNT?

A: YES

Q: AND WHAT WAS THEIR KNOWLEDGE ABOUT THIS TRANSACTION?

A: THEY KNEW THAT WHAT WE WERE DOING WAS NOT RIGHT WHICH WE WERE BUYING THE MONEY ORDERS FOR THEM. HAVE YOU SEEN THOSE CHECKS?

Q: NO

Q: NO NOT YET.

Q: IT WAS EHRLICH WHO ASKED YOU TO GET THE MEMBERSHIPS FOR THEM OR DID NEGLIA TELL EHRLICH TO TELL YOU TO

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GET THE MEMBERSHIPS

A: YES, I THINK JOHN NEGLIA DEPOSIT EHRLICH AND EHRLICH TOLD ME AND I COMPLIED

Q: NOW HE NEGLIA DIDN'T KNOW ABOUT THE FHJ ACCOUNT

A: NO

Q: BUT, WOULD THEY BE THE TYPE OF WHO MIGHT HAVE KNOWN YOU WERE DOING THINGS, DOING THINGS UNDER THE TABLE?

A: THEY KNEW THAT WE WERE DOING ILLEGAL THINGS BUT THEY DIDN'T KNOW SPECIFICALLY HOW WE GOT THOSE FUNDS AS I TOLD YOU BEFORE THEY MAY HAVE FIGURED OUT THAT WE JUST TOOK THE MONEY OUT OF THE BANK ACCOUNT FOR PERSONAL USE AND THAT WE BOUGHT THAT. LEGAL MONEY

Q: NOW THERE WERE OTHER CONTRIBUTIONS THAT YOU PASSED TO THE NEGLIAS.

A: A FEW, YES, MEMBERSHIPS IN THAT CLUB OVER THERE AGAIN BANQUETS THEY USED TO HAVE SEVERAL AFFAIRS WHERE YOU HAD TO BUY TABLES AND SEATS AND COCKTAIL PARTIES AND PAY FOR THEM I DON'T KNOW HOW THEY ACCOUNTED FOR THOSE FUNDS.

Q: BUT IN ANY OF THOSE OTHER CIRCUMSTANCES WAS IT A SITUATION WHERE YOU PAY THE MONEY BUT SOMEBODY ELSE'S NAME WENT ON THE MONEY ORDER

A: YES AND THEY WERE SUPPOSED TO BE FOR THE REPUBLICAN PARTY OF THE STATE OF NEW YORK OR FOR THE

Q: ANY D'AMATO FUNDRAISERS

A: NO BY THE WAY THAT THERE WAS A BIG CONFLICT OF INTEREST BETWEEN JIM CLARK WHO WAS THE HEAD OF THE

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REPUBLICAN PARTY IN NEW YORK STATE AND D'AMATO BECAUSE BOTH OF THEM WERE FIGHTING FOR THE LEADERSHIP OF THE PARTY AND ACTUALLY D'AMATO WON AND THREW JIM CLARK OUT OF THE POWER SO THEY WERE LIKE VINEGAR AND OIL

Q: AND SO I THOUGHT YOU SAID THAT PETER NEGLIA WAS A BIG FUNDRAISER FOR D'AMATO

A: NO, NO NOT PETER NEGLIA THAT WAS THE ITALIAN NAME I THINK THAT IS THE NAME WE HAVEN'T BEEN ABLE TO DEVELOP CORRECTLY THAT YOU WERE GOING TO LOOK FOR GAGLIANO

Q: DO YOU REMEMBER THE NAMES OF PEOPLE YOU MIGHT HAVE BOUGHT TICKETS FOR, OR BOUGHT MEMBERSHIPS FOR

A: NO

Q: AND THEY WERE VERY MUCH AWARE THAT THEY TOLD HIM THATS HOW THEY SHOULD DO IT, THEY WERE VERY AWARE THAT THEIR NAMES WERE BEING USED EVEN THOUGH THEY WEREN'T THE SOUCE OF FUNDS

A: TOTALLY

A: NEGLIA'S SENTENCE WAS ALSO REDUCED ARE YOU AWARE OF THAT, ON APPEAL

Q: IT WAS A CONSULTING FEE THAT WAS PAID TO GARCIA'S WIFE

A: THATS THE ONE THAT WAS OUTSIDE THE BOOKS

Q: WHAT WAS THAT FOR

A: THAT WAS FOR AN AGREEMENT WHERE THE CONGRESSMAN ASKED TO PAY HERE $4,000 A MONTH THROUGH AN INTERMEDIARY IN

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PUERTO RICO A LAWYER BY THE NAME OF RALPH MALONE AND THEN HE WOULD GIVE SEND THE MONEY BACK TO HER HERE IN THE STATES, SO THAT WAY WE WOULD BE PAYING FOR POLITICAL SERVICES SECRETLY WITHOUT ANYBODY KNOWING IT THAT WAS ONE OF THE MAJOR CHARGES AT THEIR TRIAL. DO YOU CONSIDER THAT A POLITICAL CONTRIBUTION

Q: WELL DO YOU HAVE ANY KNOWLEDGE OR DID IT JUST GO TO THE WIFE AS PERSONAL MONEY

A: IT WENT TO BOTH OF THEM

Q: AS PERSONAL MONEY

A: YES

Q: FOR PERSONAL PURPOSES

A: YES

Q: AMONG LOTS AND LOTS OF OTHER PERSONAL MONEY

Q: AND THE LOANS TO GARCIA

A: THEY WERE ALSO FOR PERSONAL PURPOSES

Q: SO FAR WE DON'T CONSIDER THOSE TO BE POLITICAL CAMPAIGN

A: THE LOANS

Q: NOT YET

A: NO THEY WERE FOR PERSONAL EXPENSES I MEAN HOW WHERE DO YOU DRAW THE LINE

Q: WELL WHAT ABOUT THE TIMING OF THEM WAS THERE A PARTICULAR TIME. DO YOU REMEMBER OR RECALL THE TIME THAT THEY WERE MADE

A: WHAT, THE LOANS?

Q: YES

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A: THEY WERE MADE JUST BEFORE HE TOOK A TRIP TO THE MIDDLE EAST AND HE NEEDED VACATION MONEY

Q: OK. WE ALREADY DEALT WITH THE UNION PAYMENTS, SO THAT WASN'T TO ANY POLITICAL FUNDS OF THE UNION. THE PAYMENT TO THE UNIONS THAT WAS NOT TO THE POLITICAL FUND IT WAS JUST PAID DIRECTLY TO THE OFFICERS

A: THAT FOR GENERAL PERSONAL EXPENSES

Q: DO YOU KNOW IF THE UNION OFFICERS MADE ANY CONTRIBUTIONS

A: DO ANY OF THE MEMBERS ____ THEIR OWN MOTHER'S FUNERAL. ACTUALLY CONTRIBUTE TO THEIR OWN MOTHER'S FUNERAL. ONE OF THEM DISAPPEARED AFTER THE APPEAL FAILED. HIS LAWYER SAID THAT HE HAD DIED. BUT THEY COULD NOT PRESENT PROOF THAT HE HAD DIED SO THEY HAVE A WARRANT FOR HIS ARREST IF HE EVER APPEARS.

Q: I JUST WANTED TO KNOW IN GENERAL SENSE THE CONTRIBUTION THAT WE HAVE ON OUR SHEETS THAT ARE ON THE PUBLIC RECORD WE CAN TOTAL THOSE UP BUT HOW MUCH DO YOU IMAGINE OR CAN SPECULATE ON A FIGURE FROM 1981 TO 1986 THAT WENT THROUGH THE OTHER MECHANISM OF

A: THROUGH OTHER MECHANISMS

Q: NO, MONEY ORDERS

Q: MONEY ORDERS

A: OH THE MONEY ORDERS

Q: YOU KNOW, BECAUSE I MEAN JUST SORT OF A BALL PARK FIGURE

A: IT COULD HAVE BEEN AS MUCH AS THIS ____ HERE. BUT IT

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IS IMPOSSIBLE TO SAY. ITS REALLY IMPOSSIBLE TO SAY. I WOULD SAY IT COULD HAVE BEEN AS MUCH AS THIS.

Q: WELL DID YOU HAVE A SENSE THAT YOU WERE DOING AS MUCH IN MONEY ORDERS AS YOU WERE IN PERSONAL CHECKS

A: YES. BUT IT WOULD BE IMPOSSIBLE TO KNOW THE EXACT AMOUNT. WE USED TO DO THOSE THINGS AND THROW AWAY THE COPY AND EVERYTHING ELSE

Q: YES. WELL CLEARLY SOME OF IT IS ON THE NOTES THAT TONY GUARIGLIA KEPT, BUT THEN THE ONLY QUESTION IS TO KNOW WHAT SPAN OF TIME IS INVOLVED

A: AND THATS NOT COMPLETELY IT

Q: NO

A: THOSE RECORDS ARE VERY INCOMPLETE

Q: RIGHT. DO YOU KNOW WHAT THIS WAS, THAT WAS A GOVERNMENT EXHIBIT

Q: IS THAT A COVER TO A BOOK THAT TONY GUARIGLIA KEPT HIS NOTES IN.

Q: I'M NOT SURE

Q: THERE WAS A BOOK AND ALL IT SHOWED WAS PAGES FOR WHO CAME TO VISIT

Q: OH VISITS, RIGHT. AND I THOUGHT WE HAD SOME PAGES OF IT

A: OH YES

THE GOVERNMENT USED IT AS A VERY IMPORTANT EXHIBIT IN THE BIAGGI TRIAL AND THE GARCIA TOO.

Q: WHY WAS IT IMPORTANT

A: BECAUSE THERE WERE DAYS WHEN THERE WAS ACTUAL

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BUSINESS TRANSACTIONS LIKE WITH BIAGGI

Q: THAT THEY WERE ABLE TO POINT TO VISITS

A: THAT HE WAS THERE ON THAT DAY YES. SIGNED BY HIM, SAME WITH GARCIA

Q: DID D'AMATO EVER VISIT

A: YES SEVERAL TIMES, HE GAVE A SPEECHES THERE. HE HAD BEEN RESPONSIBLE FOR GETTING THE PONTOON CONTRACT ACTUALLY HE HAD A VERY IMPORTANT ENCOUNTER WITH MARK BRAGG. MARK BRAGG USED TO BE THE PARTNER IN NOFZIGER'S FIRM AND WHEN WE WERE, WHEN OUT GOT THE PONTOON CONTRACT THE WHITE HOUSE WANTED TO GET CREDIT FOR IT. MARK AND NOFSINGER ORGANIZED TO GIVE ALL THE CREDIT TO THE WHITE HOUSE. D'AMATO WANTED THE CREDIT FOR HIM. SO HE PASSED THROUGH THE HALL (ONE OF THE HALLS OF THE COMPANY) ON HIS WAY TO GIVE THE SPEECH WHEN HE SAW MARK BRAGG. HE SAID TELL MR. NOFZIGER HE DOESN'T CONTROL THE GOVERNMENT. WE DO

Q: I THINK THAT IT WAS AT THE PRESS CONFERENCE

A: JUST BEFORE THE PRESS CONFERENCE. I SAW THAT NOFZIGER IS BACK IN POLITICS AGAIN. HE WAS SO POWERFUL THAT AT THE TIME WHEN THE PROBLEM WITH THE TAXES CAME IN 1981 I THINK 1981 OR 1982 THAT REAGAN WANTED TO CHANGE THE ENTIRE TAX INSTRUCTIONS. THEY TOLD HIM WITHOUT NOFZIGER HE COULD NOT DO IT AND THEY BROUGHT HIM OUT OF RETIREMENT JUST TO WORK THEM ON THE PASSAGE OF THE NEW TAX ACT IN 1982 OR 1983 WHENEVER THAT WAS

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Q: WHAT DOCUMENTS DID YOU GIVE TO THE FBI OR THE US ATTORNEY'S OFFICE THAT RELATES TO THIS

A: EVERYTHING. THEY TOOK ALL MY RECORDS I DON'T HAVE ANY CHECKS I DON'T HAVE ANY DOCUMENTS

Q: WHAT THINGS DID THEY TAKE THAT RELATE TO THE POLITICAL CONTRIBUTIONS

A: THE CHECKS AND THE PRINTOUTS

Q: WHEN YOU SAY THE PRINTOUT YOU'RE TALKING ABOUT THE THING THAT YOUR SECRETARY PREPARES

A: YES AND THE CHECKS WHAT ELSE IS

Q: YOUR CHECKS YOUR PERSONAL CHECKS

A: MY PERSONAL CHECKS, AND I DON'T KNOW WHERE THEY FOUND, BECAUSE I SAW THE GOVERNMENT'S HALL? SOME MONEY ORDERS FOR D'AMATO

Q: THATS NOT FROM YOUR RECORDS

A: I DON'T KNOW WHERE THEY GOT THAT FROM I DON'T RECALL WHERE THEY COME FROM. I BROUGHT MANY RECORDS THERE EVERYTHING THAT WAS ON MY DESKS THAT WAS AT THE OFFICE EVERTHING WAS GIVEN TO THEM AS OF THIS MOMENT I HAVE NOTHING

Q: NOW WITH THAT YOU'VE PERSUADED US, I'M JUST TRYING TO FIGURE OUT IS WHAT THE UNIVERSE OF SUCH THINGS ARE. WHAT OTHER SORTS OF RECORDS DID YOU HAVE THAT YOU TURNED OVER THAT RELATE TO THE POLITICAL CONTRIBUTIONS

A: ONLY THE CHECKS

Q: WAS THERE ANY CORRESPONDENCE RELATING TO THE

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POLITICAL CONTRIBUTIONS

A: YES, SOME CORRESPONDENCE LIKE THANK YOU LETTERS REQUESTS, GENERAL REQUESTS AND NOTHING ELSE

Q: DID YOU EVER WRITE COVER LETTERS OR NOTES ALONG WITH CONTRIBUTIONS YOU WERE PASSING ON

A: ON OCCASION, BUT NOTHING FANCY

Q: NOTHING THAT YOU HAD TO HAVE COPIES OF.

A: NO

Q: WHO WAS THE PERSON AT WEDTECH WHO HAD GENERAL REPONSIBILITY FOR FINANCES FOR LEGITIMATE CHECKS THAT THE COMPANY WROTE

A: LEGITIMATE CHECKS FOR ALL THE VENDORS AND EVERYBODY ELSE. TONY GUARIGLIA

Q: SO FOR EXAMPLE IF IN THE INSTANCE OF IN THE RARE INSTANCES WHERE REVERSEMENTS WERE CARRIED OUT BY BOGUS SAY TRAVEL VOUCHERS WHOSE THE PERSON WHO WOULD HAVE SIGNED THE CHECK

A: WHO DO YOU MEAN, I MAY HAVE SIGNED THE CHECK BUT THE GUARDIAN OF THE ARCHIVES

Q: OH DID YOU HAVE SIGNATURE AUTHORITY OVER COMPANY CHECKS

A: YES

Q: WHO ELSE DID

A: NEUBERGER, MARIOTTA, GUARIGLIA, SHORTEN, CEIL

Q: ALL OF YOU SIGNED CHECKS

A: YES

Q: COULD I ASK YOU A QUESTION ON THE PROGRESS PAYMENTS.

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WERE ANY OF THE PROGRESS PAYMENTS USED TO FUND THE FHJ OR THAT WAS JUST THE WAY FOR THE COMPANY TO GENERALLY GET MONEY

A: YES THAT WAS THE WAY FOR THE COMPANY TO GENERALLY GET MONEY INTO THE COMPANY'S ACCOUNTS BUT THEN FROM THERE WE DID WRITE CHECKS TO THE FHJ ACCOUNT FOR THE COMPANY'S ACCOUNT REMEMBER DURING THOSE YEARS 80, 81 AND 82 CHECKS WENT DIRECTLY ON THE COMPANY'S CHECKING ACCOUNT TO THE FHJ ACCOUNT

Q: AND THE SOURCE OF THAT WAS ALSO THE PROGRESS

A: YES. WE ALTERED PROGRESS THINGS

Q: ALTERED. AND WHEN YOU SAY ALTERED YOU MEAN

A: FALSIFIED

Q: TO MAKE IT LOOK LIKE YOU WERE QUALIFIED FOR THE NEXT PAYMENT WHEN THAT WAS NOT IN FACT THE CASE

A: WHEN IN ESSENCE WE WERE NOT

Q: SO THE FALSIFIED INVOICES WERE SUBMITTED FOR THE PROGRESS PAYMENTS DEPOSITED INTO THE COMPANY'S ACCOUNT AT WHICH TIME FALSIFIED CHECKS WERE ISSUED SO THE MONEY WAS DEPOSITED IN THE FHJ ACCOUNT BUT ALL THE RECORDS MADE IT LOOK LIKE IT WAS GOING SOMEWHERE ELSE

A: CORRECT

Q: SOUNDS LIKE A LOT OF EFFORT. THEN WHEN THE PAYMENTS THAT WERE MADE TO THE VENDORS WHO INFLATED THE PRICES SO THAT THEY COULD REFUND THE PAYMENT THOSE WERE FROM PROGRESS PAYMENTS OR WERE THEY FROM OTHER THINGS.

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A: SOME OF THAT WAS. MOST OF THE EQUIPMENT OR THE EQUIPMENT THAT WE BOUGHT WHERE THE PRICES WERE INFLATED WAS MONEY RECEIVED AS A GRANT FROM THE FEDERAL GOVERNMENT IN THE SENSE OF SO CALLED BUSINESS DEVELOPMENT FUNDS WHICH IS A PROGRAM THAT COMES UNDER THE JURISDICTION OF THE 8A PROGRAM AND COMPANIES GET FUNDS TO WRITE SPECIFIC AGREEMENT TO MANUFACTURE A SPECIFIC CONTRACT AND THOSE FUNDS WERE UTILIZED TO PAY PEOPLE LIKE ____ TO INFLATE INVOICES AND TO GET KICKBACKS

Q: SO THE EQUIPMENT COMPANY WAS THERE TWO WAYS TWO SOURCES OF MONEY THAT WERE USED IT WAS THE PROGRESS PAYMENT PLUS THIS GRANT MONEY FROM THE GOVERNMENT UNDER THE 8A

A: YOU KNOW THAT IN LAW I UNDERSTAND THEY TEACH YOU SOMETHING THAT FUNDS ARE INTERMINGLED AND THAT THERE HAVE BEEN SEVERAL CASES WHERE YOU CAN NEVER REALLY SAY THAT ONCE THE FUNDS GO INTO AN ACCOUNT YOU CANNOT SAY THIS IS FOR THIS AND THIS IS FOR THAT CAUSE IN ESSENCE ONCE THEY GO IN THERE IT BECOMES LIKE A POOL.

Q: OK SO THAT WAS FOR THE SOURCE OF FUND FOR THE EQUIPMENT SALES THEN YOU HAD THE TIME PERIOD WHEN YOU WERE WORKING THROUGH THE BROTHER-IN-LAW AND THAT WAS THE CONSTRUCTION COMPANY AND WAS THAT ALSO USED IN PROGRESS PAYMENTS AND GRANT MONEY

A: NO. BY THE TIME WE WERE NOT DOING PROGRESS PAYMENTS ANY MORE. ILLEGAL PROGRESS PAYMENTS HAD STOPPED IN

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JANUARY OF 1983 THAT WAS SOMETHING THAT WAS DONE AND WAS KNOWN TO ME AND TO I DON'T KNOW IF TO THE OTHER OFFICERS BUT I DID KNOW THEY WERE ALSO FOOLING AROUND IN 1986 BUT I DID NOT HAVE ANY KNOWLEDGE OF THAT. SOME LOWER EMPLOYEES WERE FOOLING AROUND WITH PROGRESS PAYMENT AGAIN BUT THAT WAS NOT KNOWN TO ME

Q: AND SO WELL WAS IT GRANT MONEY OR MONEY THAT CAME INTO THE COMPANY THROUGH THIS GRANT PROGRAM

A: FOR WHAT

Q: THAT PAID FOR THE CONSTRUCTION

A: NO THERE WAS NO MONEY PUBLIC MONEY THAT WE GOT FROM THE SALE OF SECURITIES, STOCKS OR BONDS. NO GRANT MONEY WAS USED FOR CONSTRUCTION

Q: OR THE ELECTRIC

A: OR THE ELECTRIC

Q: LOOKS LIKE THE POPCORN POPPING, YOU KNOW WHEN ITS ALMOST DONE THEN MORE AND MORE TIME ELAPSES BETWEEN EACH POP AND MORE SPACE ELAPSED BETWEEN QUESTION WHEN WE'RE COMING TO THE END. HOW ARE YOU FEELING?

A: THE COFFEE HAS DONE A GOOD JOB

Q: FOR SOME OF THE PEOPLE WHOSE NAMES I SAW I JUST WANTED TO KNOW IF THEY WERE POSSIBLE CONTRIBUTORS...

A: CANDIDATES FOR INDICTMENT. 27 PEOPLE SO FAR HAVE BEEN INDICTED IN THIS CASE

Q: 27

Q: MILLARD BOGARTHOUSE COULD THAT HAVE BEEN A NAME YOU COULD HAVE USED FOR CONTRIBUTIONS

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A: NO. THAT WAS IN 1987 THATS BEFORE THE END OF THE...

Q: ONLY KIDDING

A: DO YOU REMEMBER MILLARD BOGARTHOUSE. THAT WAS A SWEDISH PASSPORT

Q: I KNOW, ONLY KIDDING

A: SO WE HAVE DONE A FEW THINGS MORE THAN

Q: YES

Q: DID WE HEAR ABOUT KEN SELLER, DID HEAR ABOUT HIM AT ALL

Q: NO WE HAVE ACTUALLY SPENT MUCH TIME AT ALL TALKING ABOUT THE ASSISTANTS TO THESE VARIOUS PEOPLE

Q: YOU KNOW LIKE HALF THE HATHAWAYS AND THE AND THE SMEALLIES AND SEELIMEYERS

A: OH YES. ZIGAMY HE USED TO BE THE MAIN GUY FOR D'AMATO UNTIL THEY HAD A LITTLE PROBLEM AND THEY SPLIT IN 83 OR 84 SOMEWHERE AROUND THERE

Q: THESE ARE ALL PEOPLE THAT YOU WORKED CLOSELY WITH IN LIKE DRAFTING THE LETTERS THAT THE MEMBERS WOULD SIGN AND THAT SORT OF THING BUT WERE THEY MOSTLY ISSUE PEOPLE

A: YES SO FAR AS I'M AWARE NO MONEY OR TRANSFER HANDS WITH THESE PEOPLE THEY WERE DOING IT ON A PURELY MOTIVATIONAL BASIS I DON'T THINK THERE WAS ANYTHING

Q: DO YOU THINK THEY WERE UNAWARE OF THE MONEY THAT WEDTECH HAD GIVEN THE PERSON THEY WERE WORKING FOR

A: I MEAN D'AMATO SPECIFICALLY WITH THESE THE EXCEPTION OF ZIGAMY, LIKE HATHAWAY, AND THE OTHER PEOPLE THEY

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WERE DOING IT AS PART OF THEIR JOB UNRELATING TO ANYONE

ZIGAMY DID KNOW WE HAD MADE CONTRIBUTIONS AND WE WERE HEAVILY INVOLVED. I UNDERSTAND ZIGAMY HAS A FEW PROBLEMS

Q: YOU SAY HE DID KNOW, ZIGAMY DID KNOW

A: HE KNEW THAT WE WERE CONTRIBUTING TO D'AMATO IN SEVERAL WAYS. ACTUALLY IN 86 HE ALMOST BECAME A CONSULTANT TO US WHEN HE WAS A MEMBER OF THE NATIONAL REPUBLICAN COMMITTEE AND SOMEBODY PROBABLY TOLD HIM THAT WE WERE GOING TO BE IN VERY TROUBLED WATERS AND HE RETURNED THE FIRST $5,000 THAT WE SENT TO HIM

Q: ZIGAMY KNEW THAT

A: YES AS FAR AS I'M AWARE

Q: AND SMEALLIE

A: SAME SITUATION AS ____(?) NICE GUYS

Q: DAVID WILSON

A: DAVID WILSON WAS VERY CLOSE TO GENERAL CASTELLANO, I THINK THEY DID IT MOSTLY OUT OF FRIENDSHIP TO HIM AND HIS INTERCONNECTING WITH ADDABBO. I DON'T KNOW WHAT KIND OF INDIVIDUAL HE IS OTHERWISE. I TRY TO PERCEIVE THE SITUATION IN THE WAY I SAW IT AS RELATING TO US I DON'T KNOW HOW IT IS WITH OTHER PEOPLE I DO THINK HE DID IT OUT OF FRIENDSHIP WITH CASTILANO AND WITH AND BECAUSE HE DID USED TO LIKE ADDABBO A LOT

Q: WHO WERE THE PEOPLE, WHEN THIS WHOLE THING STARTED AND MARK GREEN FIRST FILING A COMPLAINT, WHO WERE THE

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D'AMATO PEOPLE THAT WEDTECH EMPLOYED.

A: THEY WERE EMPLOYEES OF D'AMATO AT HIS PLACE AND D'AMATO TOLD THEM TO DO WHATEVER NOT TO WORK WITH US AND SOLVE OUR PROBLEMS...

Q: I'M THINKING OF THE SUGGESTION THAT STAFFERS OF D'AMATO WERE EMPLOYED AS CONSULTANTS. IS THAT...

A: NO ZIGAMY WAS THE ONLY ONE THAT WE SENT A CHECK TO, HE CASHED IT BUT HE RETURNED HIS PERSONAL CHECK AND HE GOT OUT OF THE PICTURE BECAUSE SOMEBODY MAY HAVE TIPPED HIM OFF IN EARLY 1986 AND THERE WAS A BIG INVESTIGATION OF WEDTECH COMING DOWN THE LINE SO FOR THAT REASON HE RETURNED THE CHECK

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In The Matter Of	)	
	)	
Mario Moreno	)	MUR 2639
Senator Alfonse D'Amato	)	
D'Amato in '86 and	)	
Arthur Jaspan, as treasurer	)	
Friends of Senator D'Amato and	)	
Jack Libert, as treasurer	)	

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On January 31, 1989, the Commission found reason to believe Mario Moreno violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f in connection with the apparent corporate reimbursement of contributions to the 1986 campaign of Senator Alfonse D'Amato. The Commission decided to take no action at that time against Senator D'Amato and his campaign committees. Also on that date, the Commission approved a subpoena and order to Mr. Moreno to produce certain documents and answer written questions. The subpoena required Mr. Moreno to appear for deposition.

Comprehensive Investigative Report #2 informed the Commission of Mr. Moreno's submission of answers to the Commission's written questions and Mr. Moreno's inability to submit the documents requested by the Commission because such documents were in the hands of the U.S. Attorney in the Wedtech criminal prosecution. Comprehensive Investigative Report #3 informed the Commission of the Assistant United States Attorney's ("AUSA") failure to provide

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promised materials and further actions by this Office to secure documents and information in this matter.

In Comprehensive Investigative Report #4, this Office informed the Commission of further telephone and written inquiries made to the U.S. Attorney requesting the investigatory materials needed to pursue the case. Meanwhile, this Office encountered difficulties in locating the whereabouts of Mr. Moreno.

In subsequent telephone conversations with the AUSA, it was determined that due to the size and number of documents in the case and because the information was difficult to locate, a copy of the trial digest would be sent to assist this Office in locating relevant testimony and exhibits. Additionally, with the assistance of the AUSA, this Office was able to make contact with Mr. Moreno who has no permanent address.

After receipt and analysis of the Biaggi trial digest, it was decided that review of the actual Biaggi trial transcripts was necessary. On November 2, 1990, staff members of this office went to New York to review and collect documents and materials relevant to the Commission's inquiry in the matter.

Upon return to this Office, the excerpts of Mr. Moreno's testimony and trial exhibits were reviewed. Shortly thereafter, we began the process of locating Mr. Moreno so that he could appear for an interview. In January 1991, Mr. Moreno appeared for an interview which was taped. Subsequently, Mr. Moreno's taped interview was transcribed by this Office.

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During this time period, we also sought certain documents from the AUSA that were not available at the time staff members went to New York. In response to telephone and written inquiries about these documents, the AUSA sent a limited response in April 1991. (Attachment 4). The response for documents was limited because, according to the AUSA, some documents cited in the Biaggi trial transcripts had been obtained pursuant to grand jury subpoena but were never received in evidence and so consequently were prohibited from disclosure. The AUSA also stated that the bulk of checks in the trial were provided pursuant to cooperation agreements with the U.S. Attorney and that if we obtained signed releases from the cooperating Wedtech officers the U.S. Attorney's Office would make these documents available to the Commission for inspection and copying. (Attachment 4, p. 92).

In sum, the Commission's investigation has been continually frustrated by the ongoing criminal cases involving Wedtech.[1/] Significantly, however, the bribery and extortion theories pursued in the Wedtech criminal proceedings have raised only incidentally the apparently massive FECA violations engaged in by the Wedtech officers. Therefore, although the transactions in question span a period of years in the past, to vindicate the FECA interest in

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1/ Most recently, the retrial of former Rep. Robert Garcia was completed earlier this month. Garcia had been convicted in his first trial, but his conviction was overturned by a panel of the U.S. Court of Appeals for the Second Circuit in United States v. Garcia, 907 F.2d 380 (2d Cir. 1990).

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this matter and disclose on the public record the full extent of the illegal contribution reimbursement activities, we cannot recommend the Commission close the matter. Instead, what follows is a complete description of our present knowledge about the scheme and additional findings against the principal persons involved.

II. COMMISSION'S INVESTIGATION

Summary Of The Matter

The thrust of the Commission's investigation thus far has been to shed light on the alleged excessive contributions or contributions made in the name of others by Mario Moreno. To this end the Commission has received answers to the Commission's written questions (Attachment 1, pp. 1-4), excerpts of Mr. Moreno's testimony and selected exhibits in the Biaggi trial (Attachment 2, pp. 5-33), excerpts of the transcript of Mr. Moreno's interview with staff members (Attachment 3, pp. 34-91) and selected checks of Mr. Moreno from the AUSA (Attachment 4, pp. 92-111).

The evidence obtained by this Office indicates that Wedtech Officers may have conspired to violate federal election law by using corporate funds in their "FHJ" account to make contributions to federal candidates through themselves, employees, family

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members and friends.[2/] The discussion below outlines the Wedtech scheme of payment for and reimbursement of these political contributions as drawn from the submissions and the accounts of Mr. Moreno. The outline is comprised of the following topical headings: Wedtech Corporation, Wedtech Officers and the FHJ Account, the FHJ Account and Wedtech Payment or Reimbursement of Political Contributions, Participants in Wedtech Scheme, and Legal Analysis.

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. (Attachment 3, pp. 34-35). This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. (Attachment 2, p. 7 and Attachment 3, p. 76). In 1981, Mr. Moreno entered into a

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2/ The "FHJ" account, as discussed infra, was a secret account funded by corporate kickbacks and used by Wedtech officers to make contributions to federal candidates.

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secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech. (Attachment 3, pp. 35-36).

In 1983, Welbilt Electric Die Corporation went public and its name was changed to Wedtech. Congressman Biaggi and Bernard Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public. (Attachment 3, pp. 36-37).

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts, suspension assemblies, pontoon and pontoon options. (Attachment 3, pp. 37-38). According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract. (Attachment 3, pp. 37-38).

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee.

B. Wedtech Officers and the FHJ Account

Mr. Moreno has indicated in his response, in his testimony at the Biaggi trials and in his interview with this Office, that political contributions were paid by a corporate account called

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FHJ that was created and maintained by Wedtech officers. Mr. Moreno has identified several officers of the Wedtech corporation as forming the core of the Wedtech conspiracy to violate the law. (Attachment 3, pp. 39, 40, 41, 42, 43, 44 and 45). The names and positions of the Wedtech officers relevant to this inquiry are as follows:

1. John Mariotta - President of Wedtech through 1985; Chairman and Chief Executive Officer until February 1986. The Section 8(A) qualification was based on Mr. Mariotta.

2. Fred Neuberger - Vice President until 1983; President 1983-1985; Vice Chairman of the Board until 1986, when he became Chairman.

3. Mario Moreno - Treasurer from 1981-1983; Vice President of Operations 1983; Executive Vice President 1983-1985; Deputy Vice Chairman 1985-1986; Vice Chairman 1986 to 1987; member of the Board 1979 to 1987.

4. Anthony Guariglia - Chief Financial Officer; President and Chief Operating Officer 1985 until 1986.

5. Lawrence Shorten - Treasurer until 1983; Chief Financial Officer until 1986.

6. Richard Bluestine - became an officer, Senior Vice President for Corporate Development, in 1983 for six or seven months until he was fired.

7. Ceil Grandwotter (Lewis) - Assistant Treasurer from around 1983 until 1986.

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8. Jonah Paolercio - Assistant Treasurer from about 1980-1983.

These individuals were identified as officers by Mr. Moreno based on his recollections. A list of Wedtech corporate directors and officers derived from a Standard and Poor Index is similar to Mr. Moreno's list of officers at Wedtech (with dates and titles of the Officers after the company went public in 1983). (Attachment 5, p. 112). Though dates and title may differ somewhat from Mr. Moreno's recollections, with the exception of Ceil Grandwotter and Jonah Paolercio, the individuals identified by Mr. Moreno were officers in one capacity or another at Wedtech according to the Standard and Poor Index.

The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger, Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976. (Attachment 3, p. 76). According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. (Attachment 2, pp. 7-8; Attachment 3, p. 76). Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes

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related to certain services important to the company. (Attachment 3, pp. 56-57, 59, 68-69, 70-71 and 83).

-The FHJ account was funded by kickbacks to the FHJ account. A number of kickback schemes were used by Wedtech during its existence to get monies into this account. In the beginning Wedtech would get kickbacks from suppliers by increasing the amount of the invoices and receiving the excess amount back in the form of a check that was deposited to the FHJ account. (Attachment 3, p. 79). In 1980, Jonah Paolercio came up with the idea of securing extra funds by falsifying invoices to receive funds from the government before they were actually due. (Attachment 2, pp. 5-6; Attachment 3, p. 44). This kickback scheme continued until 1983. Later, Wedtech entered into a kickback agreement with an equipment supplier, Henry Zeitzel, by which Wedtech received kickbacks in cash from the Zeitzel company for goods priced higher than their normal cost. (Attachment 2, pp. 12-13; Attachment 3, p. 79). Additionally, during 1980-1982 Welbilt checks were deposited directly into the FHJ account and the records were altered to show the payee as some other corporation. (Id.)

During 1983, Zeitzel became the main equipment supplier for Wedtech and Wedtech received kickbacks from Zeitzel in the form of checks deposited to the FHJ account. (Attachment 2, pp. 14-15). This practice continued from 1983-1985. In 1984-1986, most of the monies in the FHJ account came from kickbacks received through

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construction and electrical companies owned by Reynaldo Berney, Mr. Moreno's brother-in-law. (Attachment 2, p. 25; Attachment 3, p. 80). For their services to Wedtech, both Zeitzel and Mr. Berney were given a share of the kickback money. (Attachment 3, p. 83). Some of these kickbacks, however, were also deposited to an account located in London called ITEK. (Attachment 3, pp. 80-81). Mr. Moreno states that the ITEK account in London was used for personal expenses only. (Id.) Mr. Moreno estimates that over four to five million went into the FHJ account during the time it was in use. (Attachment 2, p. 25).

According to Mr. Moreno, the FHJ account was ultra secret and only Ceil Grandwotter (Assistant Treasurer) and the officers who benefited from the account knew of its existence. (Attachment 3, p. 60-61). The officers who participated and benefited personally from the FHJ account varied during the years 1979-1986. The funds in the FHJ account were distributed according to a fixed distribution formula that varied depending on the number of persons in the group at the time.

Mr. Moreno indicates that though he found out about the secret account in 1979, he did not participate in the FHJ account until 1981. (Attachment 3, pp. 35-36 and 67). Prior to 1981, the funds in the FHJ account were distributed based on a formula of 50% for both Mr. Mariotta and Mr. Neuberger. When Mr. Moreno became a secret partner in 1981 and until October 1983, the distribution of funds in the account was 45.5% for Mr. Mariotta,

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45.5% for Mr. Neuberger and 9% for Mr. Moreno. In late October 1983, the distribution changed to take into account new officers. At that time the account was based on the following distribution: 25% for Mr. Mariotta, 25% for Mr. Neuberger, 12.5% for Mr. Moreno, 12.5% for Mr. Guariglia, 12.5% for Larry Shorten and 12.5% for Mr. Bluestine. In May of 1984, Mr. Bluestine left Wedtech after six or seven months which caused the following change in the distribution of funds ratio: 27.5% for Mr. Mariotta, 27.5% for Mr. Neuberger, 15% each for Mr. Moreno, Mr. Guariglia and Mr. Shorten. (Attachment 2, pp. 9, 16; Attachment 3, p. 82).

The FHJ account was originally controlled by Mr. Neuberger and only he had signature authority. Later, Ms. Grandwotter was keeper of the account, had signature authority and could write checks on the account or withdraw money. (Attachment 2, 24). Until the arrival of Mr. Guariglia, Ms. Grandwotter did the day to day bookkeeping for the FHJ account and took care of all the financial transactions relating to the account. (Attachment 2, pp. 10-11). When Mr. Guariglia took over finances for Wedtech, the maintenance of the FHJ account was conducted by both Mr. Guariglia and Ms. Grandwotter. Mr. Guariglia recorded most transactions and kept the books on the FHJ account and Ms. Grandwotter wrote checks, went to the bank and retained the actual documents such as checks and deposit slips. (Attachment 3, p. 84).

Those officers who needed money or wanted to make a

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withdrawal from the account would tell Ms. Grandwotter who told Mr. Guariglia so he could do the accounting. (Id.) Ms. Grandwotter would make out the checks to cash at the bank or make out checks to pay the creditors of the officers (e.g. American Express). (Attachment 3, p. 77). Though Ms. Grandwotter did not receive a share in the FHJ account, she did receive company stock and in the end she received 5% of each payment for her services. (Attachment 3, p. 78).

In 1986 prior to bankruptcy, Ms. Grandwotter was told by Mr. Moreno and others to destroy the records relating to the FHJ account. (Attachment 2, p. 22). Ms. Grandwotter and Mr. Guariglia destroyed FHJ records but it is unclear as to how many records were destroyed. (Attachment 2, pp. 21 and 23). A few pages of the FHJ Ledger, discussed infra, were obtained from the AUSA.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. (Attachment 1, p. 1-4). Indeed, all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from the FHJ account. According to Mr. Moreno, the Wedtech officers knew that the company could not contribute to federal candidates directly and also knew about the Act's limitation on individual contributions to political

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committees. (Attachment 3, p. 74-75).

In order to circumvent the requirements of the Act, therefore, the Wedtech officers used a variety of methods. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate. It also appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system. For this reason, it is difficult to identify with precision which method was used for particular kinds of transactions. Based on the recollections of Mr. Moreno, the discussion below is generally true for the methods used and the types of transactions involved.

With respect to reimbursement of political contributions, Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer. (Attachment 3, p. 59). The usual scenario seemed to be that when Wedtech officers were within their contribution limit, they would use personal checks to make contributions to political committees. (Attachment 3, p. 49). Exceptions to this general rule occurred, however, in instances where individuals were short of cash. In such instances a check

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was drawn on the FHJ account, the check was cashed, and the contribution was made by way of money order. (Attachment 3, p. 52).

Officers who made contributions by personal check were reimbursed from the FHJ account. (Attachment 3, p. 58). Refunds were done in several ways. If money was available in the FHJ account a direct reimbursement was possible. If no monies were available, then the officer received a credit in the FHJ Account so they would be reimbursed when monies did become available. In other cases, instead of receiving a reimbursement directly, officers could direct that the refund go towards the payment of vendors (e.g. American Express). (Attachment 3, p. 58-59).

The FHJ account was also used to reimburse political contributions made by employees of Wedtech and family members of the Wedtech officers. Mr. Moreno stated that in a few instances employees of Wedtech were asked to write checks and were subsequently reimbursed in cash. (Attachment 3, p. 75). Spouses of Wedtech officers were asked to write out checks to political committees and the reimbursement went to the Wedtech officer. (Attachment 3, p. 57-58). Relatives of Wedtech officers, on the other hand, wrote checks to the political committee and were later reimbursed in cash from the FHJ account via the Wedtech officer. (Attachment 3, p. 81).

According to Mr. Moreno, rather than reimbursement of

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contributions, many of the political contributions were paid for with monies that came directly from the FHJ account. (Attachment 3, pp. 45-46). In other words, checks drawn on the FHJ account were cashed by Ms. Grandwotter, the cash was used to buy money orders, and the contributions was made via a money order. (Id.) Mr. Moreno stated that if the money orders were less than $1,000, they did not have to provide names to the bank. (Id.) In many cases, the money orders used to effect contributions were not made in the name of an officer but under a fictitious name. Mr. Moreno explained that after receiving the blank money orders, Ms. Grandwotter and others (the officers) would invent names to place at the bottom of the check. (Attachment 3, pp. 46-47, 51-52). Since the names were invented, Mr. Moreno was unable to recall specific names used to make contributions via the money orders. (Id.)

Mr. Moreno indicated that sometimes money orders were made out directly to political campaigns but that in most instances the money orders were made out to organizations giving affairs for the benefit of a particular politician. (Attachment 3, pp. 47-48 and 54-55). Mr. Moreno stated that Wedtech bought a number of tables at these affairs and that his understanding was that after expenses were paid a certain portion of the proceeds went to the particular politician. (Attachment 3, p. 48). Mr. Moreno indicated that sometimes cash (FHJ) was also used to buy tables at these affairs. (Id.) Mr. Moreno recalled

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attending a number of affairs or receptions for Representatives Biaggi, Garcia, Addabbo and Senator D'Amato where Wedtech had bought tables. (Attachment 3, p. 50).

Mr. Moreno explained the use of the FHJ account to make in-kind contributions to a federal candidates. Mr. Moreno recalled that during the 1982 and 1984 elections, the money from the FHJ account was used to rent taxis and to provide for Spanish TV and radio spots advocating the election of Congressman Addabbo. (Attachment 3, pp. 52-53). Mr. Moreno stated that between $30,000 to $40,000 was spent on such services. (Id.) The vendors were paid in cash and the cash came directly from the FHJ account or Mr. Moreno was subsequently reimbursed from the FHJ account.

As noted, Mr. Guariglia dealt primarily with the accounting and keeping of the books on the FHJ account and Ms. Grandwotter was generally responsible for the signing of checks, the cashing of checks, and the buying of the money orders. Moreover, Wedtech officers sharing in the FHJ account kept a running record of their own contributions. (Attachment 3, p. 86). Several ledger pages of the FHJ account appear to have survived the destruction of the FHJ records, discussed supra. A sample page attached to the report gives a brief glimpse of the accounting system used by the Wedtech officers for the FHJ account. (Attachment 2, pp. 32-33).

All monies deposited in the FHJ account were allocated to

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the officers according to the formula for distribution of FHJ funds. According to Mr. Moreno, debits from the FHJ account for personal expenses and debits for political contributions were treated differently. Mr. Moreno explained that disbursements for personal expenses were debited entirely against the officer's individual share, while political contributions were divided up among those who shared in the account. (Attachment 3, p. 83, 84-85 and Attachment 2, pp. 32-33).

D. Participants and Political Contributions in Wedtech Scheme

1. Participants

Mr. Moreno has asserted that any contributions on the public record made by Wedtech officers, employees, family and friends were reimbursed or paid for with funds from the FHJ account.[3/] This Office has done an internal review of records on file at the Commission and have identified the following contributions made by the individuals below as being possibly related to the Wedtech reimbursement scheme.

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3/ As discussed, infra, Mr. Moreno believed that Mr. Mariotta was the exception to this rule because on some occasions he did not receive reimbursements for his contributions.

NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
BERNEY, MARTHA	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
BERNEY, MARTHA	25-MAR-1986	$1,000.00	D'AMATO	APR-Q	86
	SUBTOTAL:	**$2,000**			
BERNEY, REYNALDO	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
BERNEY, REYNALDO	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
	SUBTOTAL:	**$2,000**			
BLUESTINE, ELINOR	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$2,000**			
BLUESTINE, RICHARD	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$2,000**			
LEWIS, CEIL	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
GRANDWOTTER, CEIL	12-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	16-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	29-SEP-1980	$500.00	DNC	OCT-Q	80
GRANDWOTTER, CEIL	16-MAY-1983	$1,000.00	BIAGGI	MY	83
GRANDWOTTER, CEIL	20-MAY-1983	$1,250.00	GARCIA	MY	83
GRANDWOTTER, CEIL	06-SEP-1983	$500.00	ADDABBO	YE	83
GRANDWOTTER, CEIL	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$6,250**			

NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
GUARIGLIA, ANTHONY	06-SEP-1983	$500.00	ADDABBO	YE	83
GUARIGLIA, ANTHONY	27-DEC-1983	$1,000.00	D'AMATO	YE	83
GUARIGLIA, ANTHONY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
GUARIGLIA, ANTHONY	23-MAY-1984	$1,000.00	BIAGGI	JULY-Q	84
GUARIGLIA, ANTHONY	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
GUARIGLIA, ANTHONY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
GUARIGLIA, ANTHONY	22-OCT-1984	$2,000.00	VICTORY '84	PG-30	84
GUARIGLIA, ANTHONY	05-MAR-1985	$1,000.00	DOLE/SENATE	MY	85
GUARIGLIA, ANTHONY	19-APR-1985	$750.00	ADDABBO	MY	85
GUARIGLIA, ANTHONY	*19-JUL-1985*	$500.00	ASPIN	YE	85
GUARIGLIA, ANTHONY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$750.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$250.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
GUARIGLIA, ANTHONY	27-MAR-1986	-$750.00	ADDABBO	APR-Q	86

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GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	**$14,000**			
GUARIGLIA, CYNTHIA	19-APR-1985	$750.00	ADDABBO	MY	85
	SUBTOTAL:	**$750**			
GUARIGLIA, LOUISE	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, LOUISE	02-JUL-1984	$500.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	**$1,500**			
GUARIGLIA, NICHOLAS	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, NICHOLAS	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	**$2,000**			

NAME	**DATE**	**AMOUNT**	**CANDIDATE**	**RPT**	**YR**
MARIOTTA, JENNIE	07-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MARIOTTA, JENNIE	20-OCT-1984	$1,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	20-OCT-1984	$2,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	08-MAY-1979	$500.00	FERNANDEZ(PREZ)	JULY-Q	79
MARIOTTA, JENNIE	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MARIOTTA, JENNIE	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JENNIE	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
	SUBTOTAL:	**$9,750**			
MARIOTTA, JOHN	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MARIOTTA, JOHN	07-DEC-1979	$1,000.00	CARTER/MONDALE	YE	79
MARIOTTA, JOHN	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JOHN	29-SEP-1980	$500.00	DNC	OCT-Q	80
MARIOTTA, JOHN	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
MARIOTTA, JOHN	06-NOV-1980	$1,000.00	DNC	PST-G	80
MARIOTTA, JOHN	18-NOV-1980	$500.00	AMER/CHANGE PAC	PST-G	80
MARIOTTA, JOHN	20-JAN-1981	$500.00	NRCC-C	MY	81
MARIOTTA, JOHN	14-AUG-1981	$1,000.00	NRCC-C	YE	81
MARIOTTA, JOHN	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	01-MAR-1982	$1,000.00	NRCC-C	APR-Q	82
MARIOTTA, JOHN	04-MAR-1982	$500.00	RNC-C	APR-Q	82
MARIOTTA, JOHN	16-JUN-1982	$1,000.00	LUJAN (CNGRSS)	JULY-Q	82
MARIOTTA, JOHN	06-SEP-1983	$500.00	ADDABBO	YE	83
MARIOTTA, JOHN	27-DEC-1983	$1,000.00	D'AMATO	YE	83
MARIOTTA, JOHN	07-FEB-1984	$750.00	GARCIA	APR-Q	84

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MARIOTTA, JOHN	06-MAR-1984	$10,000.00	SALUTE/ VICTORY	APR-Q	84
MARIOTTA, JOHN	19-APR-1984	$500.00	WARNER	JULY-Q	84
MARIOTTA, JOHN	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
MARIOTTA, JOHN	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
MARIOTTA, JOHN	14-MAY-1985	$3,000.00	'85 REP SEN-HSE		85
MARIOTTA, JOHN	25-NOV-1985	$500.00	GARCIA	YE	85
	SUBTOTAL:	**$31,000**			

NAME	**DATE**	**AMOUNT**	**CANDIDATE**	**RPT**	**YR**
MORENO, CARIDAD	02-APR-1984	$1,000.00	D'AMATO	MY	84
MORENO, CARIDAD	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	**$2,000**			
MORENO, MARIO	27-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MORENO, MARIO	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MORENO, MARIO	29-SEP-1980	$500.00	DNC	OCT-Q	80
MORENO, MARIO	11-OCT-1980	$500.00	DNC	PRE-G	80
MORENO, MARIO	07-NOV-1980	$1,000.00	GARCIA	PST-G	80
MORENO, MARIO	30-APR-1982	$500.00	ADDABBO	JULY-Q	82
MORENO, MARIO	27-MAY-1982	$1,000.00	BIAGGI	JULY-Q	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	26-FEB-1983	$500.00	TORRES	MY	83
MORENO, MARIO	09-FEB-1984	$750.00	GARCIA	APR-Q	84
MORENO, MARIO	06-MAR-1984	$10,000.00	SALUTE/VICTORY	APR-Q	84
MORENO, MARIO	18-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MORENO, MARIO	17-AUG-1984	$500.00	FUND DEM MAJ	SEPT-M	84
MORENO, MARIO	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
MORENO, MARIO	02-MAY-1985	$1,000.00	HOLLINGS	MY	85
MORENO, MARIO	29-MAY-1985	$1,000.00	BIAGGI	MY	85
MORENO, MARIO	17-JUN-1985	$1,000.00	GARCIA	MY	85
MORENO, MARIO	02-DEC-1985	$1,000.00	STRATTON	YE	85
MORENO, MARIO	20-DEC-1985	$1,000.00	ADDABBO	YE	85
MORENO, MARIO	20-MAR-1986	$1,000.00	GARCIA	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	16-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	22-SEP-1986	-$1,000.00	BARNES	OCT-Q	86
	SUBTOTAL:	**$32,750**			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
NEUBERGER, FRED	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	29-SEP-1980	$500.00	DNC	OCT-Q	80
NEUBERGER, FRED	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
NEUBERGER, FRED	18-NOV-1980	$500.00	AMER/CHNG PAC	PST-G	80
NEUBERGER, FRED	16-NOV-1981	$1,000.00	D'AMATO	YE	81
NEUBERGER, FRED	06-SEP-1983	$500.00	ADDABBO	YE	83
NEUBERGER, FRED	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	11-DEC-1985	$1,000.00	D'AMATO	YE	85
NEUBERGER, FRED	20-DEC-1985	$500.00	ADDABBO	YE	85
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
	SUBTOTAL:	**$12,000**			
PAOLERCIO, MICHAEL	12-APR-1986	$600.00	D'AMATO	JULY-Q	86
PAOLERCIO, MICHAEL	12-APR-1986	$1,000.00	D'AMATO	JULY-Q	86
	SUBTOTAL:	**$1,600**			
SHORTEN, LARRY	06-SEP-1983	$500.00	ADDABBO	YE	83
SHORTEN, LARRY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
SHORTEN, LARRY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
SHORTEN, LARRY	05-MAR-1985	$1,000.00	DOLE/SEN	MY	85
SHORTEN, LARRY	19-JUL-1985	$500.00	ASPIN	YE	85
SHORTEN, LARRY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
SHORTEN, LARRY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	**$8,000**			
SHORTEN, MRS. LARRY	17-AUG-1984	$2,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	**$2,000**			
	GRAND TOTAL:	**$131,600**			

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It is clear that the bulk of the contributions listed here were made by the inner circle of Wedtech officers who knew about and shared in the secret FHJ account (John Mariotta, Fred Neuberger, Mario Moreno, Anthony Guariglia, Richard Bluestine and Larry Shorten). It appears from the list that Ms. Grandwotter made several contributions to political committees as well. Additionally, each of the spouses of the officers with a share in the FHJ account also made contributions to federal candidate committees.[4/] Mr. Moreno has indicated that the above mentioned officers and Ms. Grandwotter knew that the company could not contribute to federal candidates and that each person was also aware of the contribution limits under the Act. (Attachment 3, pp. 74-75). While Mr. Moreno noted that he did not believe that the above list contained all the contributions made by Wedtech officers, he believed that the contributions of John Mariotta were particularly understated. (Attachment 3, pp. 72-73). Mr. Moreno explained that it was probable that Mr. Mariotta did not have many

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4/ Additionally, the list of political contributions contains other names that may have been invented. Specifically, Mr. Moreno notes that Cynthia Guariglia was the only relative of Mr. Guariglia he knew about and speculated that the other Guariglias listed (Louise and Nicholas) were invented names. (Attachment 3, p. 44). Furthermore, the 1986 contributions attributed to Michael Paolercio also appear to have been made under a fictitious name. Jonah Paolercio, a Wedtech Assistant Treasurer from 1980-1983, was not an employee at the time these contributions were made and the name of Michael Paolercio may have been invented by Wedtech officers to make these illegal contributions. (See Paolercio contributions, p. 22 of contributor chart).

of his contributions reimbursed by the FHJ account. (Id.)

Mr. Moreno has stated that his sisters (Martha Berney, Dianna Manzano and Cecilia Moreno) and his brother-in-law (Reynaldo Berney) also made contributions that were reimbursed with money from the FHJ account. (Attachment 3, pp. 81-82). These contributions were made at the request of Mr. Moreno. A search of the FEC database using the contributor index, however, disclose only contributions from Martha and Reynaldo Berney. No other contributions could be found for the other family members of Mr. Moreno.

Mr. Moreno identified other officers and employees that he recalled making occasional contributions through personal checks. Again, a search of the FEC database using the contributor index under the names of these individuals, did not reveal contributions by these individuals to political committees.

2. Political Contributions

While only the tip of the iceberg, the list of contributions that were probably reimbursed by the corporate FHJ account amounts to $131,600. The majority of the contributions listed here were made to the political committees of Representatives Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met

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on many occasions with these staff members to draft letters to help Wedtech win government contracts. (Attachment 2, p. 18).

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen. (Attachment 3, pp. 62-63). Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

The Biaggi trial transcripts and Mr. Moreno's interview point to the important role of Bernard Erhlich, a partner in the law firm of Biaggi (Richard) & Erhlich. Mr. Erhlich acted as a middle man for the setting up of meetings and the provision of access to congressmen and their staff. (Attachment 2, pp. 26-28). It also appears that Mr. Erhlich was also the middleman for much of the flow of contributions that went from Wedtech to the political committees. According to Mr. Moreno, Congressman Biaggi, Senator D'Amato and others would send requests for contributions through Mr. Erhlich who would convey their requests to Mr. Moreno at Wedtech and indicate the amount that was needed. (Attachment 2, pp. 17, 19-20, 29-31; Attachment 3, pp. 64-66, 90, 1245, 1252).

In many instances, Mr. Moreno would collect the checks or money orders from Wedtech officers in the amounts requested and deliver them to Mr. Erhlich. (Attachment 3, p. 90). Mr. Moreno

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stated that Mr. Erhlich did not know about the FHJ account but might have suspected kickbacks. (Attachment 3, pp. 88-89). Mr. Moreno noted that Mr. Erhlich never commented about the form of the contributions in terms of the receipt of money orders versus the receipt of personal checks. (Id.)

In conclusion, Mr. Moreno has indicated repeatedly that the existence of the FHJ account was not discussed with anyone outside of the inner circle of officers at Wedtech. Specifically, it was the opinion of Mr. Moreno that none of the congressmen or their staffers nor Mr. Erhlich knew about the FHJ account. (Attachment 3, p. 87-88, 91). Mr. Moreno was of the opinion that because the Wedtech officers were viewed as wealthy individuals, no one would suspect that the contributions were coming out of a special account. (Id.) However, Mr. Moreno indicated that it was his assumption that, based on the circumstances (use of money orders), individuals probably realized Wedtech was receiving kickbacks but the individuals did not know where or how Wedtech handled these transactions. (Attachment 4, pp. 88-89).

E. Legal Analysis

2 U.S.C. 441a(a)(1)(A) makes unlawful contributions made by individuals to candidates or political committees that exceed $1,000 per election. 2 U.S.C. § 441a(f) makes unlawful the receipt of contributions that exceed the limits of the Act by candidates or political committees.

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Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with a federal election or for a candidate or a political committee to knowingly accept or receive a contribution from any corporation. Furthermore, this Section makes it unlawful for an officer of a corporation to consent to such a contribution or expenditure.

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a candidate or a political committee to knowingly accept a contribution made by one person in the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other compensation to any person for his or her contribution to any federal candidate political committee. See Advisory Opinion 1986-41.

As set forth at 2 U.S.C. § 441c(a)(1), a federal government contractor is prohibited from directly or indirectly making any contribution of money or other things of value, or to promise expressly or impliedly to make any such contribution to any political party, committee or candidate for public office or to any person for any political purpose or use. The duration of the prohibition extends from commencement of negotiations until completion of performance or termination of negotiations. Id. In

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addition, it is unlawful for any person knowingly to solicit any such contribution from any such person for any such purpose during this time period. 2 U.S.C. § 441c(a)(2).

Based on the foregoing, this Office believes there is sufficient evidence to support further findings in this matter. First, Mr. Moreno's testimony and interview point to the FHJ account as the source of funds to make or reimburse political contributions by Wedtech officers, employees and family members. The FHJ account was clearly funded by corporate monies from direct payments from corporations, kickbacks from Wedtech vendors and funds from the federal government derived by falsifying invoices from federal government contracts. As a corporation and a federal government contractor, Wedtech was prohibited from expending funds in connection with a federal election. Consequently, there is reason to believe Wedtech knowingly and willfully violated 2 U.S.C. §§ 441b and 441c.

Second, it is apparent that an inner circle of Wedtech officers created the FHJ account, controlled the funds in the account and made decisions on how the funds should be used. This inner circle of officers knew about the Act's limitations and prohibitions and developed a scheme to circumvent the Act's requirements. The Wedtech inner circle solicited others to make illegal contributions, consented to the use of Wedtech funds to make contributions using invented names, and used Wedtech funds to reimburse contributions made by themselves and others.

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Accordingly, the Office of the General Counsel recommends that the Commission find reason to believe Mario Moreno, John Mariotta, Fred Neuberger, Anthony Guariglia, Larry Shorten, and Richard Bluestine knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.[5/]

While Mr. Moreno has indicated that Ceil Grandwotter (Lewis) and Jonah Paolercio were officers of Wedtech, it is unclear whether the positions of these individuals as Assistant Treasurers at Wedtech were high-level positions. The facts developed so far suggest that rather than executive or decision making duties, the duties of the Assistant Treasurer consisted of follow through activities after decisions were made by the inner circle owners of the FHJ account.

Although Ms. Grandwotter's status as an "officer" for purposes of personal liability under 441b is unclear, it is clear that Ms. Grandwotter was totally knowledgeable about the FHJ account and disbursements from the FHJ account for illegal contributions. Moreover, Ms. Grandwotter made contributions to political committees that were reimbursed by the FHJ account and she assisted Wedtech officers in making illegal contributions or reimbursements.

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5/ With respect to Mario Moreno, the Commission previously found reason to believe Mario Moreno violated 2 U.S.C. § 441f.

Accordingly, the Office of General Counsel recommends that the Commission find reason to believe Ceil Grandwotter knowingly and willfully violated 2 U.S.C. § 441f. Until further information is obtained establishing high-level decisionmaking responsibility by Ms. Grandwotter, the Office of the General Counsel recommends no findings of reason to believe Ceil Grandwotter violated 2 U.S.C. § 441b(a) at this time.

With respect to Jonah Paolercio, this Office makes no recommendations against him at this time based on the following circumstances. According to Mr. Moreno, Mr. Paolercio was employed by Wedtech up until 1983. Mr. Moreno has indicated that Mr. Paolercio's main contribution to Wedtech was his discovery of a way to get funds from the government by submitting falsified invoices for progress payments on government contracts. Mr. Moreno has also indicated that the FHJ Account and its use for the reimbursement or the making of political contributions were known only by the inner circle of officers and Ms. Grandwotter. Moreover, the review of contributions on the public record shows no contributions under the name of Jonah Paolercio during the period of his employment with Wedtech.

Based on the foregoing, it is not clear whether Mr. Paolercio was involved in the Wedtech contribution and reimbursement

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scheme.[6/] Accordingly, this Office makes no recommendations at this time against Jonah Paolercio.

It is the opinion of this Office that the Commission should not pursue the spouses of the Wedtech officers. This recommendation is based on the fact that the evidence does not suggest that the spouses knew about the FHJ account or that their husbands were being reimbursed for contributions with monies from the FHJ account. Accordingly, this Office does not recommend findings against Jenny Mariotta, Elinor Bluestine, Cynthia Guariglia, Caridad Moreno, Katherine Neuberger, Mrs. Larry Shorten.

Mr. Moreno's testimony and interview indicated that his family members had made contributions to federal candidates that were also reimbursed. Commission records only disclose contributions to political committees by Martha and Reynaldo Berney (sister and brother-in-law). It appears from Mr. Moreno's testimony and interview that Reynaldo Berney was also involved with Wedtech through his companies' involvement in the kickback scheme that funded the FHJ account. Moreover, Mr. Berney

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6/ As discussed supra, the timing of the Paolercio (Michael) contributions listed here (1986), when Jonah Paolercio was no longer employed at Wedtech, makes it likely that these contributions represent legal contributions made by individuals with the same last name or that these contributions were made under a fictitious name invented by the Wedtech inner circle.

received monies from Wedtech via the FHJ account for his participation in the kickback scheme.

Accordingly, the Office of the General Counsel recommends that the Commission find reason to believe Reynaldo Berney knowingly and willfully violated 2 U.S.C. § 441f by permitting his name to be used to make contributions to federal candidates. For the reason set forth with respect to the spouses of the Wedtech officers, this Office recommends no findings against Martha Berney at this time.

According to the record, it also appears that Bernard Erhlich had a central role in facilitating the making of illegal contributions by Wedtech, Wedtech officers and others. Mr. Erhlich worked closely with Wedtech officers in order to obtain government contracts. In many instances, Mr. Erhlich requested contributions on behalf of certain congressmen, directed that they be made in a certain amount, and then had Mr. Moreno deliver such monies to him at his office.

As noted, supra, the contributions included both personal checks and money orders. Based on the volume of the contributions, the fact that in many cases money orders rather than personal checks were used and because of Mr. Erhlich's close working relationship with Wedtech, it appears that Mr. Erhlich would have been aware of the probable illegal nature of the contributions being received and therefore assisted in the making of contributions in name of another. Furthermore, Mr. Erhlich

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knew Wedtech was a government contractor and solicitation of a government contractor is prohibited under the Act. For these reasons, this Office recommends that the Commission find reason to believe that Bernard Erhlich knowingly and willfully violated 2 U.S.C. §§ 441f and 441c.

Assessment of liability of the candidates (Reps. Addabbo, Biaggi, and Garcia and Senator D'Amato) connected with Wedtech's efforts to win government contracts is a bit problematic. Mr. Moreno has stated that the existence and purpose of the FHJ was not discussed with any of the candidates. While Mr. Moreno, speculates that individuals may have suspected kickbacks, this aspect was never discussed with any of the parties. Nevertheless, the nature of the transactions and relationships between Wedtech and Reps. Addabbo, Biaggi, and Garcia and Senator D'Amato is probative of the issue of whether these individuals had reason to suspect or to know political contributions to their campaigns came from funds of Wedtech.

In considering the circumstances of the matter as to whether to infer knowledge of illegality, the above-mentioned individuals appear to fall along a spectrum. On one side of the spectrum lies Representative Addabbo. Mr. Moreno's most incriminating evidence about potential violations of the Act relate to this individual. Mr. Moreno stated that "during two of his [Addabbo's] elections, I rented like about 15 taxis and I spent a lot of money on television and radio." According to Mr. Moreno, Wedtech funds

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were used to pay for approximately $40,000 in in-kind contributions (taxi service, TV and radio ads) on behalf of the Addabbo campaign in 1982 and 1984. (Attachment 3, pp. 52-53). Additionally, Mr. Moreno described in some detail the types of fundraising activities utilized by candidates to collect contributions on behalf of their political campaigns, and indicated that he and other Wedtech officers attended many receptions and cocktail parties on behalf of Congressman Addabbo. In the context of his discussion of political fundraising, Mr. Moreno spoke of a specific incident that had occurred prior to Congressman Addabbo's 1986 campaign. Mr. Moreno stated that

> My last conversation with him [Adabbo] before he died I told him at a cocktail, one of these cocktail parties in Queens, I told him, Congressman we have (only him and I talk) made an agreement with the company [Wedtech] that we are going to give you $50,000. You just let us know how you want it. (Attachment 3, p. 50).7/

Since Representative Addabbo is deceased, we made no recommendation as to his actions.

On the other side of the spectrum, is Senator D'Amato. According to the record, it is clear that Senator D'Amato worked diligently to assist Wedtech in obtaining government contracts, and was the beneficiary of at the minimum $14,000 in Wedtech reimbursed contributions. Mr. Moreno has indicated, however, that

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7/ Congressman Addabbo died in April 1986.

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while Wedtech had a close working relationship with D'Amato staffers and requests for contributions to Senator D'Amato came through Mr. Erhlich, Senator D'Amato always acted to distance himself away from a direct relationship or direct contact with Wedtech or the Wedtech officers. Consequently, the documentation reviewed thus far reveals no significant evidence that directly inculpates Senator D'Amato.[8/]

Congressmen Biaggi and Garcia fall somewhere in the middle of spectrum between these two candidates. The interactions of these Congressmen with Wedtech were much more direct and personal in nature. With respect to Congressman Biaggi, the record shows that he had obtained an interest in Wedtech through his holdings of stock when the company went public. Additionally, Congressman Biaggi met with Wedtech officials on numerous occasions (at least 150 times), (Attachment 2, p. 33A), and actively sought assistance for Wedtech contracts, particularly the assistance of Senator

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8/ Senator D'Amato, it appears, requested that certain staffers give assistance to Wedtech with respect to government contracts. D'Amato staffers worked with Wedtech officers and Mr. Erhlich to draft letters that were ultimately signed by Senator D'Amato. (Attachment 2, p. 33E, 33F-33H). Mr. Moreno also stated that on one occasion Mr. Erhlich had told him that Senator D'Amato had called Congressman Biaggi and indicated that Wedtech officers had already given him a lot of money. For this reason, Senator D'Amato then asked Congressman Biaggi to request payments from Wedtech officers for Susan Molinari who was running for Congress in Staten Island. (Attachment 2, pp. 33I-33J; p. 30). Additionally, Mr. Moreno stated that more money orders were given to Mr. Erhlich on behalf of Senator D'Amato's campaign than for any of the other candidates. (Attachment 3, p. 910).

D'Amato. Indeed, Mr. Erhlich, the middle man for political contributions, often introduced himself as Congressman Biaggi's partner and was often considered to have acted under his direction. (Attachment 2, pp. 27, 33B).

Congressman Garcia also had a direct and personal relationship with Wedtech officers. The record indicates that Congressman Garcia received monies from Wedtech directly that he used for both personal and political purposes. For example, Wedtech funded a $20,000 loan to Congressman Garcia and paid consultant fees to his wife. (Attachment 2, pp. 33E-33D). Congressman Garcia's wife was the usual source of the requests for political contributions from Wedtech to support Congressman Garcia's campaign, (Attachment 3, p. 91A-91B), and it appears that Congressman Garcia received political contributions directly from the FHJ account. According to Mr. Moreno's testimony, Congressman Garcia was once given $9,500 in cash for political contributions. (Attachment 3, p. 111). The $9,500 cash contribution from Wedtech to Congressman Garcia came out of the FHJ account and the political contribution was charged against each Wedtech officers' balance according to the formula for ownership in the FHJ account. (Attachment 2, p. 33K).

It is clear from the record, including their convictions for bribery and extortion, that the primary impetus for Congressmen Biaggi and Garcia's relationship with Wedtech was personal gain. Because of this focus, the criminal trials of these two

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individuals did not specifically address their knowledge of the source of funding for the campaign contributions (checks) procured from the Wedtech officers. Nonetheless, the close relationship of these individuals with Wedtech and their illegal receipt of Wedtech funds in these and other transactions do raise the strong inference that these individuals knew or suspected that the political contributions made to their campaigns in fact came from Wedtech itself. Furthermore, Congressmen Biaggi and Garcia were aware that Wedtech was a federal contractor and solicitation of a government contractor is prohibited by the Act.

Accordingly, the Office of General Counsel recommends the Commission find reason to believe Congressmen Biaggi and Garcia knowingly and willfully violated 2 U.S.C. §§ 441f, 441b, and 441c by: accepting contributions made in the name of another, by accepting corporate contributions on behalf of their political committees and by knowingly soliciting contributions from a government contractor.

F. Further Investigation of the Matter

It is the opinion of this Office that further investigation of this matter should be pursued in an informal manner, at least at the initial stage of contacting the new respondents. Due to the fact that documentary evidence is lacking, many of the respondents became cooperating government witnesses, many were convicted and imprisoned based on related transactions, and the long time since the transactions in question occurred, this Office

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believes this approach may result in access to the information necessary to resolve the matter at issue. If the above mentioned recommendations are approved we will send the attached Factual and Legal Analyses and appropriate letters. (Attachment 6) Nonetheless, this Office has attached a sample subpoena to appear for deposition and requests Commission authorization for deposition subpoenas as to each respondent. (Attachment 7). These subpoenas will be sent to respondents in the matter in the event that such action becomes necessary.

III. RECOMMENDATIONS

1. Find reason to believe Wedtech knowingly and willfully violated 2 U.S.C. §§ 441b and 441c.

2. Find reason to believe Mario Moreno, John Mariotta, Fred Neuberger, Anthony Guariglia, Richard Bluestine, Larry Shorten knowingly and willfully violated 2 U.S.C. § 441b(a) and 441f.

3. Find reason to believe Ceil Grandwotter knowingly and willfully violated 2 U.S.C. § 441f.

4. Find reason to believe Reynaldo Berney knowingly and willfully violated 2 U.S.C. § 441f

5. Find reason to believe Bernard Erhlich knowingly and willfully violated 2 U.S.C. §§ 441f and 441c.

6. Find reason to believe Representatives Mario Biaggi and Robert Garcia knowingly and willfully violated 2 U.S.C. §§ 441f, 441b and 441c.

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7. Approve the attached Factual and Legal Analyses; Subpoenas to Mario Moreno, John Mariotta, Fred Neuberger, Anthony Guariglia, Richard Bluestine, Larry Shorten, Ceil Grandwotter, Reynaldo Berney, Bernard Erhlich, Representatives Mario Biaggi and Robert Garcia; and appropriate letters.

3/12/92
Date

Lawrence M. Noble
General Counsel

Attachments
1. Moreno Response
2. Excerpts of Biaggi Trial Transcripts and Exhibits
3. Excerpts from Moreno Interview
4. Documents from AUSA
5. List of Wedtech Officers
6. Factual and Legal Analyses to Respondents
7. Sample Subpoena to Respondents

Staff Assigned: Deborah Curry

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MEMORANDUM

TO: LAWRENCE M. NOBLE
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS | DONNA ROACH
COMMISSION SECRETARY

DATE: MARCH 17, 1992

SUBJECT: MUR 2639 - GENERAL COUNSEL'S REPORT
DATED MARCH 12, 1992

The above-captioned document was circulated to the Commission on MONDAY, MARCH 16, 1992 at 11:00 a.m.

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

Commissioner Aikens	
Commissioner Elliott	XXX
Commissioner McDonald	
Commissioner McGarry	XXX
Commissioner Potter	
Commissioner Thomas	XXX

This matter will be placed on the meeting agenda for WEDNESDAY, MARCH 25, 1992.

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

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	MUR 2639
Mario Moreno;	)	
Senator Alfonse D'Amato;	)	
D'Amato in '86 and Arthur Jaspan, as treasurer;	)	
Friends of Senator D'Amato and Jack Libert, as treasurer.	)	

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on March 25, 1992, do hereby certify that the Commission took the following actions in MUR 2639:

1. Decided by a vote of 5-0 to

   a) Find reason to believe Wedtech knowingly and willfully violated 2 U.S.C. §§ 441b and 441c.

   b) Find reason to believe Mario Moreno, John Mariotta, Fred Neuberger, Anthony Guariglia, Richard Bluestine, and Larry Shorten knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

   c) Find reason to believe Ceil Grandwotter knowingly and willfully violated 2 U.S.C. § 441f.

(continued)

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d) Find reason to believe Reynaldo Berney knowingly and willfully violated 2 U.S.C. § 441f

e) Find reason to believe Representatives Mario Biaggi and Robert Garcia knowingly and willfully violated 2 U.S.C. §§ 441f, 441b, and 441c.

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

2 Decided by a vote of 4-1 to reject recommendation 5 in the General Counsel's report dated March 12, 1992, and instead find reason to believe that Bernard Erhlich violated 2 U.S.C. §§ 441f and 441c.

Commissioners Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Aikens dissented; Commissioner Potter was not present.

(continued)

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3 Decided by a vote of 5-0 to approve appropriate Factual and Legal Analyses; Subpoenas to Mario Moreno, John Mariotta, Fred Neuberger; Anthony Guariglia, Richard Bluestine, Larry Shorten, Ceil Grandwotter, Reynaldo Berney, Bernard Erhlich, Representatives Mario Biaggi, and Robert Garcia; and send appropriate letters pursuant to the actions noted above and the meeting discussion.

Commissioners Aikens, Elliott, McDonald, McGarry, and Thomas voted affirmatively for the decision; Commissioner Potter was not present.

Attest:

3/27/92
Date

Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1992

Robert Garcia
540 Concord Ave
Bronx, NY 10455

RE: MUR 2639
Robert Garcia

Dear Mr. Garica:

On March 25, 1992, the Federal Election Commission found that there is reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b, 441f, and 441c, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan Aikens

Joan D. Aikens
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Robert Garcia MUR 2639

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

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech.

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In 1983, Welbilt Electric Die Corporation went public and its name was changed to Wedtech. Congressman Biaggi and Bernard Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts, suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract.

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee.

B. The FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers.[1/] The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred Neuberger,) Helen (Neuberger,

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1/ The "FHJ" account was a secret account funded by corporate kickbacks.

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Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976.

According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain services important to the company.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed, all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from the FHJ account

It appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate.

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With respect to reimbursement of political contributions, Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer. According to Mr. Moreno, rather than reimbursement of contributions, many of the political contributions were paid for with monies that came directly from the FHJ account. In other words, checks drawn on the FHJ account were cashed, the cash was used to buy money orders, and the contributions were made via a money order. Mr. Moreno stated that if the money orders were less than $1,000, they did not have to provide names to the bank. In many cases, the money orders used to effect contributions were not made in the name of an officer but under a fictitious name. Mr. Moreno explained that after receiving the blank money orders, invented names were placed at the bottom of the check.

Mr. Moreno indicated that sometimes money orders were made out directly to political campaigns but that in most instances the money orders were made out to organizations giving affairs for the benefit of a particular politician. Mr. Moreno stated that Wedtech bought a number of tables at these affairs and that his understanding was that after expenses were paid a certain portion of the proceeds went to the particular politician. Mr. Moreno indicated that sometimes cash (FHJ) was also used to buy tables at these affairs. Mr. Moreno recalled attending a

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number of affairs or receptions for Representatives Biaggi, Garcia, Addabbo and Senator D'Amato where Wedtech had bought tables.

D. Political Contributions in Wedtech Scheme

The majority of the contributions were made to the political committees of Representative Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met on many occasions with these staff members to draft letters to help Wedtech win government contracts.

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen. Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

Mr. Moreno has indicated repeatedly that the existence of the FHJ account was not discussed with anyone outside of the inner circle of officers at Wedtech. However, Mr. Moreno indicated that it was his assumption that, based on the circumstances (use of money orders), individuals probably realized Wedtech was receiving

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kickbacks but the individuals did not know where or how Wedtech handled these transactions.

E. Legal Analysis

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with a federal election or for a candidate or a political committee to knowingly accept or receive a contribution from any corporation. Furthermore, this Section makes it unlawful for an officer of a corporation to consent to such a contribution or expenditure.

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a candidate or a political committee to knowingly accept a contribution made by one person in the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other compensation to any person for his or her contribution to any federal candidate political committee. See Advisory Opinion 1986-41.

As set forth at 2 U.S.C. § 441c(a)(1), a federal government contractor is prohibited from directly or indirectly making any contribution of money or other things of value, or to promise expressly or impliedly to make any such contribution to any political party, committee or candidate for public office or to

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any person for any political purpose or use. The duration of the prohibition extends from commencement of negotiations until completion of performance or termination of negotiations. Id. In addition, it is unlawful for any person knowingly to solicit any such contribution from any such person for any such purpose during this time period. 2 U.S.C. § 441c(a)(2)

Mr. Moreno has pointed to the FHJ account as the source of funds to make or reimburse political contributions by Wedtech officers, employees and family members. The FHJ account was clearly funded by corporate monies from kickbacks on Wedtech contracts.

According to Mr. Moreno, Congressman Garcia had a direct and personal relationship with Wedtech. Congressman Garcia received monies from Wedtech directly that he used for both personal and political purposes. For example, Wedtech funded a $20,000 loan to Congressman Garcia and paid consultant fees to his wife. Congressman Garcia's wife was the usual source of the requests for political contributions from Wedtech to support Congressman Garcia's campaign and it appears that Congressman Garcia received political contributions directly from the FHJ account. According to Mr. Moreno, Congressman Garcia was once given $9,500 in cash for political contributions. The $9,500 cash contributions from Wedtech to Congressman Garcia came out of the FHJ account.

The close and direct relationship of Congressman Garcia with Wedtech and his illegal receipt of Wedtech funds in these and

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other transactions raise the strong inference that Congressman Garcia knew or suspected that the political contributions made to his campaign in fact came from Wedtech itself. Furthermore, Congressman Garcia was aware that Wedtech was a federal contractor and solicitation of a government contractor is prohibited by the Act.

Accordingly, there is reason to believe Congressman Robert Garcia knowingly and willfully violated 2 U.S.C. §§ 441f 441b, and 441c: by accepting contributions in the name of another, by accepting corporate contributions on behalf of his political committee, and by knowingly soliciting contributions from a government contractor.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8,1992

Bernard Ehrlich
Mianus Drive
Bedford, NY 10506

RE: MUR 2639
Bernard Ehrlich

Dear Mr. Ehrlich:

On March 25, 1992, the Federal Election Commission found that there is reason to believe you violated 2 U.S.C. §§ 441f and 441c, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan Aikens

Joan D. Aikens
Chairman

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Bernard Ehrlich MUR 2639

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

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech.

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In 1983, Welbilt Electric Die Corporation went public and its name was changed to Wedtech. Congressman Biaggi and Bernard Ehrlich of the law firm of Biaggi and Ehrlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts, suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract.

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee.

B. The FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers.[1/] The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger,

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1/ The "FHJ" account was a secret account funded by corporate kickbacks.

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Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976.

According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain services important to the company.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed, all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from the FHJ account.

It appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate.

With respect to reimbursement of political contributions,

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Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer. According to Mr. Moreno, rather than reimbursement of contributions, many of the political contributions were paid for with monies that came directly from the FHJ account. In other words, checks drawn on the FHJ account were cashed, the cash was used to buy money orders, and the contributions were made via a money order. Mr. Moreno stated that if the money orders were less than $1,000, they did not have to provide names to the bank. In many cases, the money orders used to effect contributions were not made in the name of an officer but under a fictitious name. Mr. Moreno explained that after receiving the blank money orders, invented names were placed at the bottom of the check.

Mr. Moreno indicated that sometimes money orders were made out directly to political campaigns but that in most instances the money orders were made out to organizations giving affairs for the benefit of a particular politician. Mr. Moreno stated that Wedtech bought a number of tables at these affairs and that his understanding was that after expenses were paid a certain portion of the proceeds went to the particular politician. Mr. Moreno indicated that sometimes cash (FHJ) was also used to buy tables at these affairs. Mr. Moreno recalled attending a number of affairs or receptions for Representatives Biaggi,

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Garcia, Addabbo and Senator D'Amato where Wedtech had bought tables.

D. Political Contributions in Wedtech Scheme

The majority of the contributions were made to the political committees of Representative Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met on many occasions with these staff members to draft letters to help Wedtech win government contracts.

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen. Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

The Biaggi trial transcripts and Mr. Moreno point to the important role of Bernard Ehrlich, a partner in the law firm of Biaggi (Richard) & Ehrlich. Mr. Ehrlich acted as a middle man for the setting up of meetings and the provision of access to congressmen and their staff. It also appears that Mr. Ehrlich was also the middleman for much of the flow of contributions that went

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from Wedtech to the political committees. According to Mr. Moreno, Congressman Biaggi, Senator D'Amato and others would send requests for contributions through Mr. Ehrlich and would convey their requests to Mr. Moreno at Wedtech and indicate the amount that was needed.

In many instances, Mr. Moreno would collect the checks or money orders from Wedtech officers in the amounts requested and deliver them to Mr. Ehrlich. Mr. Moreno stated that Mr. Ehrlich did not know about the FHJ account but might have suspected kickbacks. Mr. Moreno noted that Mr. Ehrlich never commented about the form of the contributions in terms of the receipt of money orders versus the receipt of personal checks. Mr. Moreno indicated that it was his assumption that, based on the circumstances (use of money orders), individuals probably realized Wedtech was receiving kickbacks but the individuals did not know where or how Wedtech handled these transactions.

E. Legal Analysis

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a candidate or a political committee to knowingly accept a contribution made by one person in the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other

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compensation to any person for his or her contribution to any federal candidate political committee See Advisory Opinion 1986-41.

As set forth at 2 U.S.C. § 441c(a)(1), a federal government contractor is prohibited from directly or indirectly making any contribution of money or other things of value, or to promise expressly or impliedly to make any such contribution to any political party, committee or candidate for public office or to any person for any political purpose or use. The duration of the prohibition extends from commencement of negotiations until completion of performance or termination of negotiations. Id. In addition, it is unlawful for any person knowingly to solicit any such contribution from any such person for any such purpose during this time period. 2 U.S.C. § 441c(a)(2).

Mr. Moreno has pointed to the FHJ account as the source of funds to make or reimburse political contributions by Wedtech officers, employees and family members. The FHJ account was clearly funded by corporate monies from kickbacks on Wedtech contracts.

According to the record, it appears that Bernard Ehrlich had a central role in facilitating the making of illegal contributions by Wedtech, Wedtech officers and others. Mr. Ehrlich worked closely with Wedtech officers in order to obtain government contracts. In many instances, Mr. Ehrlich requested contributions on behalf of certain congressmen, directed that they be made in a

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certain amount, and then had Mr. Moreno deliver such monies to him at his office.

As noted, supra, the contributions included both personal checks and money orders. Based on the volume of the contributions, the fact that in many cases money orders rather than personal checks were used and because of Mr Ehrlich's close working relationship with Wedtech, it appears that Mr. Ehrlich would have been aware of the actual source of the contributions being received and therefore assisted in the making of contributions in name of another.

Furthermore, Mr. Ehrlich knew Wedtech was a government contractor and solicitation of a government contractor is prohibited under the Act. For these reasons, there is reason to believe that Bernard Ehrlich violated 2 U.S.C. §§ 441f and 441c.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1992

Reynaldo Berney
42-57 27th Street
Long Island, NY 11101

RE: MUR 2639
Reynaldo Berney

Dear Mr. Berney:

On March 25, 1992, the Federal Election Commission found that there is reason to believe you knowingly and willfully violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan Aikens

Joan D. Aikens
Chairman

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Reynaldo Berney MUR 2639

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

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech.

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In 1983, Welbilt Electric Die Corporation went public and its name was changed to Wedtech. Congressman Biaggi and Bernard Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts, suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract.

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee

B. The FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers.[1/] The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger,

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1/ The "FHJ" account was a secret account funded by corporate kickbacks.

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Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976

According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain services important to the company.

The FHJ account was funded by kickbacks to the FHJ account. A number of kickback schemes were used by Wedtech during its existence to get monies into this account. In the beginning Wedtech would get kickbacks from suppliers by increasing the amount of the invoices and receiving the excess amount back in the form of a check that was deposited to the FHJ account. This kickback scheme continued until 1983. Later, Wedtech entered into a kickback agreement with an equipment supplier, Henry Zeitzel, by which Wedtech received kickbacks in cash from the Zeitzel company for goods priced higher than their normal cost.

During 1984-1986, most of the monies in the FHJ account came from kickbacks received through construction and electrical companies owned by Reynaldo Berney, Mr. Moreno's brother-in-law. For his services to Wedtech, Mr. Berney was given a share of the kickback money.

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C. **The FHJ Account and Payment or Reimbursement of Political Contributions**

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed, all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from the FHJ account

With respect to reimbursement of political contributions, Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer.

Relatives of Wedtech officers, according to Mr. Moreno, wrote checks to the political committee and were later reimbursed in cash from the FHJ account.

D. **Political Contributions in Wedtech Scheme**

Mr. Moreno has asserted that any contributions on the public record made by relatives of Wedtech officers were reimbursed or paid for with funds from the FHJ account. According to records on file at the Commission, the following contributions made by the individual below were possibly related to the Wedtech reimbursement scheme.

NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
BERNEY, REYNALDO	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
BERNEY, REYNALDO	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
	TOTAL:	$2,000			

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E. Legal Analysis

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a political committee to knowingly accept a contribution made by one person in the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other compensation to any person for his or her contribution to any federal candidate political committee. See Advisory Opinion 1986-41.

Mr. Moreno has pointed to the FHJ account as the source of funds to make or reimburse political contributions by family members. The FHJ account was clearly funded by corporate monies from kickbacks on Wedtech contracts.

Mr. Moreno indicated that his family members had made contributions to federal candidates that were also reimbursed. Commission records disclose contributions to political committees by Reynaldo Berney (Mr. Moreno's brother-in-law). According to Mr. Moreno, Reynaldo Berney was also involved with Wedtech through his companies' involvement in the kickback scheme that funded the FHJ account. Moreover, Mr. Berney received monies from Wedtech via the FHJ account for his participation in the kickback scheme.

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Therefore, there is reason to believe Reynaldo Berney knowingly and willfully violated 2 U.S.C. § 441f by permitting his name to be used to make contributions to federal candidates.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1992

Ceil Grandwotter
2385 Barker Ave.
Bronx, NY 10467

RE: MUR 2639
Ceil Grandwotter

Dear Ms. Grandwotter:

On March 25, 1992, the Federal Election Commission found that there is reason to believe you knowingly and willfully violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan Aikens

Joan D. Aikens
Chairman

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Ceil Grandwotter MUR 2639

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

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech.

In 1983, Welbilt Electric Die Corporation went public and its

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name was changed to Wedtech. Congressman Biaggi and Bernard Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract.

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee.

B. Wedtech Officers and the FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers.[1/] Mr. Moreno has identified several officers of the Wedtech corporation as forming the core of the Wedtech conspiracy to violate the law. The names and positions of the Wedtech officers were as follows:

1/ The "FHJ" account was a secret account funded by corporate kickbacks.

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1. John Mariotta President of Wedtech through 1985; Chairman and Chief Executive Officer until February 1986. The Section 8(A) qualification was based on Mr. Mariotta

2. Fred Neuberger - Vice President until 1983; President 1983-1985; Vice Chairman of the Board until 1986, when he became Chairman.

3. Mario Moreno - Treasurer from 1981-1983; Vice President of Operations 1983; Executive Vice President 1983-1985; Deputy Vice Chairman 1985-1986; Vice Chairman 1986 to 1987; member of the Board 1979 to 1987.

4. Anthony Guariglia - Chief Financial Officer; President and Chief Operating Officer 1985 until 1986.

5. Lawrence Shorten - Treasurer until 1983; Chief Financial Officer until 1986.

6. Richard Bluestine - became an officer, Senior Vice President for Corporate Development, in 1983 for six or seven months until he was fired.

7. Ceil Grandwotter Lewis) - Assistant Treasurer from around 1983 until 1986.

8. Jonah Paolercio - Assistant Treasurer from about 1980-1983.

These individuals were identified as officers by Mr. Moreno. A list of Wedtech corporate directors and officers derived from a Standard and Poor Index is similar to Mr. Moreno's list of officers at Wedtech (with dates and titles of the Officers after

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the company went public in 1983). Though dates and title may differ somewhat from Mr. Moreno's recollections, with the exception of Ceil Grandwotter and Jonah Paolercio, the individuals identified by Mr. Moreno were officers in one capacity or another at Wedtech according to the Standard and Poor Index

The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger, Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976. According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain services important to the company.

The FHJ account was funded by kickbacks to the FHJ account. A number of kickback schemes were used by Wedtech during its existence to get monies into this account. In the beginning Wedtech would get kickbacks from suppliers by increasing the amount of the invoices and receiving the excess amount back in the form of a check that was deposited to the FHJ account.
In 1980, Jonah Paolercio came up with the idea of securing extra

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funds by falsifying invoices to receive funds from the government before they were actually due. This kickback scheme continued until 1983. Later, Wedtech entered into a kickback agreement with an equipment supplier, Henry Zeitzel, by which Wedtech received kickbacks in cash from the Zeitzel company for goods priced higher than their normal cost. Additionally, during 1980-1982 Welbilt checks were deposited directly into the FHJ account and the records were altered to show the payee as some other corporation.

During 1983, Zeitzel became the main equipment supplier for Wedtech and Wedtech received kickbacks from Zeitzel in the form of checks deposited to the FHJ account. This practice continued from 1983-1985. In 1984-1986, most of the monies in the FHJ account came from kickbacks received through construction and electrical companies owned by Reynaldo Berney, Mr. Moreno's brother-in-law. For their services to Wedtech, both Zeitzel and Mr. Berney were given a share of the kickback money. Some of these kickbacks, however, were also deposited to an account located in London called ITEK. Mr. Moreno states that the ITEK account in London was used for personal expenses only. Mr. Moreno estimates that over four to five million went into the FHJ account during the time it was in use.

According to Mr. Moreno, the FHJ account was ultra secret and only Ceil Grandwotter (Assistant Treasurer) and the officers who benefited from the account knew of its existence. The officers who participated and benefited personally from the FHJ account

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varied during the years 1979-1986. The funds in the FHJ account were distributed according to a fixed distribution formula that varied depending on the number of persons in the group at the time.

Mr. Moreno indicates that though he found out about the secret account in 1979, he did not participate in the FHJ account until 1981. Prior to 1981, the funds in the FHJ account were distributed based on a formula of 50% for both Mr. Mariotta and Mr. Neuberger. When Mr. Moreno became a secret partner in 1981 and until October 1983, the distribution of funds in the account was 45.5% for Mr. Mariotta, 45.5% for Mr. Neuberger and 9% for Mr. Moreno. In late October 1983, the distribution changed to take into account new officers. At that time the account was based on the following distribution: 25% for Mr. Mariotta, 25% for Mr. Neuberger, 12.5% for Mr. Moreno, 12.5% for Mr. Guariglia, 12.5% for Larry Shorten and 12.5% for Mr. Bluestine. In May of 1984, Mr. Bluestine left Wedtech after six or seven months which caused the following change in the distribution of funds ratio: 27.5% for Mr. Mariotta, 27.5% for Mr. Neuberger, 15% each for Mr. Moreno, Mr. Guariglia and Mr. Shorten.

The FHJ account was originally controlled by Mr. Neuberger and only he had signature authority. Later, Ms. Grandwotter was keeper of the account, had signature authority and could write checks on the account or withdraw money. Until the arrival of Mr. Guariglia, Ms. Grandwotter did the day to day bookkeeping for

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the FHJ account and took care of all the financial transactions relating to the account. When Mr. Guariglia took over finances for Wedtech, the maintenance of the FHJ account was conducted by both Mr. Guariglia and Ms. Grandwotter. Mr. Guariglia recorded most transactions and kept the books on the FHJ account and Ms. Grandwotter wrote checks, went to the bank and retained the actual documents such as checks and deposit slips.

Those officers who needed money or wanted to make a withdrawal from the account would tell Ms. Grandwotter who told Mr. Guariglia so he could do the accounting. Ms. Grandwotter would make out the checks to cash at the bank or make out checks to pay the creditors of the officers (e.g. American Express). Though Ms. Grandwotter did not receive a share in the FHJ account, she did receive company stock and in the end she received 5% of each payment for her services.

In 1986 prior to bankruptcy, Ms. Grandwotter was told by Mr. Moreno and others to destroy the records relating to the FHJ account. Ms. Grandwotter and Mr. Guariglia destroyed FHJ records but it is unclear as to how many records were destroyed.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed, all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from

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the FHJ account. According to Mr. Moreno, the Wedtech officers knew that the company could not contribute to federal candidates directly and also knew about the Act's limitation on individual contributions to political committees.

In order to circumvent the requirements of the Act, therefore, the Wedtech officers used a variety of methods. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate. It also appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system.

With respect to reimbursement of political contributions, Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer. The usual scenario seemed to be that when Wedtech officers were within their contribution limit, they would use personal checks to make contributions to political committees. Exceptions to this general rule occurred, however, in instances where individuals were short of cash. In such instances a check was drawn on the FHJ account, the check was cashed, and the contribution was made by way of money order.

Officers who made contributions by personal check were

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reimbursed from the FHJ account. Refunds were done in several ways. If money was available in the FHJ account a direct reimbursement was possible. If no monies were available, then the officer received a credit in the FHJ Account so they would be reimbursed when monies did become available. In other cases, instead of receiving a reimbursement directly, officers could direct that the refund go towards the payment of vendors (e.g. American Express)

The FHJ account was also used to reimburse political contributions made by employees of Wedtech and family members of the Wedtech officers. Mr. Moreno stated that in a few instances employees of Wedtech were asked to write checks and were subsequently reimbursed in cash. Spouses of Wedtech officers were asked to write out checks to political committees and the reimbursement went to the Wedtech officer. Relatives of Wedtech officers, on the other hand, wrote checks to the political committee and were later reimbursed in cash from the FHJ account via the Wedtech officer

According to Mr. Moreno, rather than reimbursement of contributions, many of the political contributions were paid for with monies that came directly from the FHJ account.
In other words, checks drawn on the FHJ account were cashed by Ms. Grandwotter, the cash was used to buy money orders, and the contributions was made via a money order. Mr. Moreno stated that if the money orders were less than $1,000, they did not

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have to provide names to the bank. In many cases, the money orders used to effect contributions were not made in the name of an officer but under a fictitious name. Mr. Moreno explained that after receiving the blank money orders, Ms. Grandwotter and others (the officers) would invent names to place at the bottom of the check. Since the names were invented, Mr. Moreno was unable to recall specific names used to make contributions via the money orders.

Mr. Moreno indicated that sometimes money orders were made out directly to political campaigns but that in most instances the money orders were made out to organizations giving affairs for the benefit of a particular politician. Mr. Moreno stated that Wedtech bought a number of tables at these affairs and that his understanding was that after expenses were paid a certain portion of the proceeds went to the particular politician. Mr. Moreno indicated that sometimes cash (FHJ) was also used to buy tables at these affairs. Mr. Moreno recalled attending a number of affairs or receptions for Representatives Biaggi, Garcia, Addabbo and Senator D'Amato where Wedtech had bought tables.

Mr. Moreno explained the use of the FHJ account to make in-kind contributions to a federal candidates. Mr. Moreno recalled that during the 1982 and 1984 elections, the money from the FHJ account was used to rent taxis and to provide for Spanish TV and radio spots advocating the election of

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Congressman Addabbo. Mr. Moreno stated that between $30,000 to $40,000 was spent on such services. The vendors were paid in cash and the cash came directly from the FHJ account or Mr. Moreno was subsequently reimbursed from the FHJ account.

As noted, Mr. Guariglia dealt primarily with the accounting and keeping of the books on the FHJ account and Ms. Grandwotter was generally responsible for the signing of checks, the cashing of checks, and the buying of the money orders. Moreover, Wedtech officers sharing in the FHJ account kept a running record of their own contributions. Several ledger pages of the FHJ account appear to have survived the destruction of the FHJ records.

All monies deposited in the FHJ account were allocated to the officers according to the formula for distribution of FHJ funds. According to Mr. Moreno, debits from the FHJ account for personal expenses and debits for political contributions were treated differently. Mr. Moreno explained that disbursements for personal expenses were debited entirely against the officer's individual share, while political contributions were divided up among those who shared in the account.

D. Participants and Political Contributions in Wedtech Scheme

1. Participants

Mr. Moreno has asserted that any contributions on the public record made by Wedtech officers, employees, family and

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friends were reimbursed or paid for with funds from the FHJ account. According to records on file at the Commission, the following contributions made by the individual below were possibly related to the Wedtech reimbursement scheme

NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
LEWIS, CEIL	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
GRANDWOTTER, CEIL	12-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	16-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	29-SEP-1980	$500.00	DNC	OCT-Q	80
GRANDWOTTER, CEIL	16-MAY-1983	$1,000.00	BIAGGI	MY	83
GRANDWOTTER, CEIL	20-MAY-1983	$1,250.00	GARCIA	MY	83
GRANDWOTTER, CEIL	06-SEP-1983	$500.00	ADDABBO	YE	83
GRANDWOTTER, CEIL	03-APR-1984	$1,000.00	ADDABBO		84
	TOTAL:	$6,250			

2. Political Contributions

The contributions listed here were made to the political committees of Representatives Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met on many occasions with these staff members to draft letters to help Wedtech win government contracts.

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen.

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Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

E. Legal Analysis

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with a federal election or for a political committee to knowingly accept or receive a contribution from any corporation. Furthermore, this Section makes it unlawful for an officer of a corporation to consent to such a contribution or expenditure

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a political committee to knowingly accept a contribution made by one person in the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other compensation to any person for his or her contribution to any federal candidate political committee. See Advisory Opinion 1986-41

While Mr. Moreno has indicated that Ceil Grandwotter (Lewis was an officer of Wedtech, it is unclear whether the positions of the Assistant Treasurer was a high-level position. The facts developed so far suggest that rather than executive or decision

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making duties, the duties of the Assistant Treasurer consisted of follow through activities after decisions were made by the inner circle owners of the FHJ account

Although Ms. Grandwotter's status as an "officer" for purposes of personal liability under 441b is unclear, it is clear that Ms. Grandwotter was totally knowledgeable about the FHJ account and disbursements from the FHJ account for illegal contributions. Moreover, Ms. Grandwotter made contributions to political committees that were reimbursed by the FHJ account and she assisted Wedtech officers in making illegal contributions or reimbursements.

Therefore, there is reason to believe Ceil Grandwotter knowingly and willfully violated 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1992

Lawrence Shorten
440 East 88th Street
New York, NY 10028

RE: MUR 2639
Lawrence Shorten

Dear Mr. Shorten:

On March 25, 1992, the Federal Election Commission found that there is reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan Aikens

Joan D. Aikens
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Larry Shorten MUR 2639

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

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech.

In 1983, Welbilt Electric Die Corporation went public and its name was changed to Wedtech. Congressman Biaggi and Bernard

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Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts, suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract.

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee.

B. Wedtech Officers and the FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers. Mr. Moreno has identified several officers of the Wedtech corporation as forming the core of the Wedtech conspiracy to violate the law. According to Mr. Moreno, the names and positions of the Wedtech officers were as follows:

1. John Mariotta - President of Wedtech through 1985; Chairman and Chief Executive Officer until February 1986. The Section 8(A) qualification was based on Mr. Mariotta.

2. Fred Neuberger - Vice President until 1983; President 1983-1985; Vice Chairman of the Board until 1986, when he became Chairman.

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3. Mario Moreno - Treasurer from 1981-1983; Vice President of Operations 1983; Executive Vice President 1983-1985; Deputy Vice Chairman 1985-1986; Vice Chairman 1986 to 1987; member of the Board 1979 to 1987.

4. Anthony Guariglia - Chief Financial Officer; President and Chief Operating Officer 1985 until 1986

5. Lawrence Shorten - Treasurer until 1983; Chief Financial Officer until 1986.

6. Richard Bluestine - became an officer, Senior Vice President for Corporate Development, in 1983 for six or seven months until he was fired

7. Ceil Grandwotter (Lewis) - Assistant Treasurer from around 1983 until 1986.

8. Jonah Paolercio - Assistant Treasurer from about 1980-1983.

The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger, Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976. According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain

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services important to the company.

The FHJ account was funded by kickbacks to the FHJ account. A number of kickback schemes were used by Wedtech during its existence to get monies into this account. In the beginning Wedtech would get kickbacks from suppliers by increasing the amount of the invoices and receiving the excess amount back in the form of a check that was deposited to the FHJ account. In 1980, Jonah Paolercio came up with the idea of securing extra funds by falsifying invoices to receive funds from the government before they were actually due. This kickback scheme continued until 1983. Later, Wedtech entered into a kickback agreement with an equipment supplier, Henry Zeitzel, by which Wedtech received kickbacks in cash from the Zeitzel company for goods priced higher than their normal cost. Additionally, during 1980-1982 Welbilt checks were deposited directly into the FHJ account and the records were altered to show the payee as some other corporation.

During 1983, Zeitzel became the main equipment supplier for Wedtech and Wedtech received kickbacks from Zeitzel in the form of checks deposited to the FHJ account. This practice continued from 1983-1985. In 1984-1986, most of the monies in the FHJ account came from kickbacks received through construction and electrical companies owned by Reynaldo Berney, Mr. Moreno's brother-in-law. For their services to Wedtech, both Zeitzel and Mr. Berney were given a share of the kickback money. Some of these kickbacks however, were also deposited to an account located in London called ITEK. Mr. Moreno states that the ITEK account in London was used for personal expenses only. Mr. Moreno estimates that

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over four to five million went into the FHJ account during the time it was in use.

According to Mr. Moreno, the FHJ account was ultra secret and only Ceil Grandwotter (Assistant Treasurer) and the officers who benefited from the account knew of its existence. The officers who participated and benefited personally from the FHJ account varied during the years 1979-1986. The funds in the FHJ account were distributed according to a fixed distribution formula that varied depending on the number of persons in the group at the time.

Mr. Moreno indicates that though he found out about the secret account in 1979, he did not participate in the FHJ account until 1981. Prior to 1981, the funds in the FHJ account were distributed based on a formula of 50% for both Mr. Mariotta and Mr. Neuberger. When Mr. Moreno became a secret partner in 1981 and until October 1983, the distribution of funds in the account was 45.5% for Mr. Mariotta, 45.5% for Mr. Neuberger and 9% for Mr. Moreno. In late October 1983, the distribution changed to take into account new officers. At that time the account was based on the following distribution: 25% for Mr. Mariotta, 25% for Mr. Neuberger, 12.5% for Mr. Moreno, 12.5% for Mr. Guariglia, 12.5% for Larry Shorten and 12.5% for Mr. Bluestine. In May of 1984, Mr. Bluestine left Wedtech after six or seven months which caused the following change in the distribution of funds ratio: 27.5% for Mr. Mariotta, 27.5% for Mr. Neuberger, 15% each for Mr. Moreno, Mr. Guariglia and Mr. Shorten.

The FHJ account was originally controlled by Mr. Neuberger

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and only he had signature authority. Later, Ms. Grandwotter was keeper of the account, had signature authority and could write checks on the account or withdraw money. Until the arrival of Mr. Guariglia, Ms. Grandwotter did the day to day bookkeeping for the FHJ account and took care of all the financial transactions relating to the account. When Mr. Guariglia took over finances for Wedtech, the maintenance of the FHJ account was conducted by both Mr. Guariglia and Ms. Grandwotter. Ms. Guariglia recorded most transactions and kept the books on the FHJ account and Ms. Grandwotter wrote checks, went to the bank and retained the actual documents such as checks and deposit slips.

Those officers who needed money or wanted to make a withdrawal from the account would tell Ms. Grandwotter who told Mr. Guariglia so he could do the accounting. Ms. Grandwotter would make out the checks to cash at the bank or make out checks to pay the creditors of the officers (e.g. American Express). Though Ms. Grandwotter did not receive a share in the FHJ account, she did receive company stock and in the end she received 5% of each payment for her services.

In 1986 prior to bankruptcy, Ms. Grandwotter was told by Mr. Moreno and others to destroy the records relating to the FHJ account. Ms. Grandwotter and Mr. Guariglia destroyed FHJ records but it is unclear as to how many records were destroyed.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed,

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all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from the FHJ account. According to Mr. Moreno, the Wedtech officers knew that the company could not contribute to federal candidates directly and also knew about the Act's limitation on individual contributions to political committees.

In order to circumvent the requirements of the Act, therefore, the Wedtech officers used a variety of methods. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate. It also appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system.

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Mr. Moreno explained the use of the FHJ account to make in-kind contributions to a federal candidates. Mr. Moreno recalled that during the 1982 and 1984 elections, the money from the FHJ account was used to rent taxis and to provide for Spanish TV and radio spots advocating the election of Congressman Addabbo. Mr. Moreno stated that between $30,000 to $40,000 was spent on such services. The vendors were paid in cash and the cash came directly from the FHJ account or Mr. Moreno was subsequently reimbursed from the FHJ account.

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D. Participants and Political Contributions in Wedtech Scheme

1. Participants

Mr. Moreno has asserted that any contributions on the public record made by Wedtech officers, employees, family and friends were reimbursed or paid for with funds from the FHJ account. According to records on file at the Commission, the following contributions made by the individuals below were possibly related to the Wedtech reimbursement scheme.

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
BERNEY, MARTHA	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
BERNEY, MARTHA	25-MAR-1986	$1,000.00	D'AMATO	APR-Q	86
	SUBTOTAL:	**$2,000**			
BERNEY, REYNALDO	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
BERNEY, REYNALDO	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
	SUBTOTAL:	**$2,000**			
BLUESTINE, ELINOR	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$2,000**			
BLUESTINE, RICHARD	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$2,000**			
LEWIS, CEIL	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
GRANDWOTTER, CEIL	12-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	16-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	29-SEP-1980	$500.00	DNC	OCT-Q	80
GRANDWOTTER, CEIL	16-MAY-1983	$1,000.00	BIAGGI	MY	83
GRANDWOTTER, CEIL	20-MAY-1983	$1,250.00	GARCIA	MY	83
GRANDWOTTER, CEIL	06-SEP-1983	$500.00	ADDABBO	YE	83
GRANDWOTTER, CEIL	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$6,250**			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
GUARIGLIA, ANTHONY	06-SEP-1983	$500.00	ADDABBO	YE	83
GUARIGLIA, ANTHONY	27-DEC-1983	$1,000.00	D'AMATO	YE	83
GUARIGLIA, ANTHONY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
GUARIGLIA, ANTHONY	23-MAY-1984	$1,000.00	BIAGGI	JULY-Q	84
GUARIGLIA, ANTHONY	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
GUARIGLIA, ANTHONY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
GUARIGLIA, ANTHONY	22-OCT-1984	$2,000.00	VICTORY '84	PG-30	84
GUARIGLIA, ANTHONY	05-MAR-1985	$1,000.00	DOLE/SENATE	MY	85
GUARIGLIA, ANTHONY	19-APR-1985	$750.00	ADDABBO	MY	85
GUARIGLIA, ANTHONY	19-JUL-1985	$500.00	ASPIN	YE	85
GUARIGLIA, ANTHONY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$750.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$250.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
GUARIGLIA, ANTHONY	27-MAR-1986	-$750.00	ADDABBO	APR-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	$14,000			
GUARIGLIA, CYNTHIA	19-APR-1985	$750.00	ADDABBO	MY	85
	SUBTOTAL:	$750			
GUARIGLIA, LOUISE	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, LOUISE	02-JUL-1984	$500.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	$1,500			
GUARIGLIA, NICHOLAS	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, NICHOLAS	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	$2,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MARIOTTA, JENNIE	07-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MARIOTTA, JENNIE	20-OCT-1984	$1,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	20-OCT-1984	$2,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	08-MAY-1979	$500.00	FERNANDEZ(PREZ)	JULY-Q	79
MARIOTTA, JENNIE	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MARIOTTA, JENNIE	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JENNIE	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
	SUBTOTAL:	$9,750			
MARIOTTA, JOHN	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MARIOTTA, JOHN	07-DEC-1979	$1,000.00	CARTER/MONDALE	YE	79
MARIOTTA, JOHN	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JOHN	29-SEP-1980	$500.00	DNC	OCT-Q	80
MARIOTTA, JOHN	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
MARIOTTA, JOHN	06-NOV-1980	$1,000.00	DNC	PST-G	80
MARIOTTA, JOHN	18-NOV-1980	$500.00	AMER/CHANGE PAC	PST-G	80
MARIOTTA, JOHN	20-JAN-1981	$500.00	NRCC-C	MY	81
MARIOTTA, JOHN	14-AUG-1981	$1,000.00	NRCC-C	YE	81
MARIOTTA, JOHN	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	01-MAR-1982	$1,000.00	NRCC-C	APR-Q	82
MARIOTTA, JOHN	04-MAR-1982	$500.00	RNC-C	APR-Q	82
MARIOTTA, JOHN	16-JUN-1982	$1,000.00	LUJAN (CNGRSS)	JULY-Q	82
MARIOTTA, JOHN	06-SEP-1983	$500.00	ADDABBO	YE	83
MARIOTTA, JOHN	27-DEC-1983	$1,000.00	D'AMATO	YE	83
MARIOTTA, JOHN	07-FEB-1984	$750.00	GARCIA	APR-Q	84
MARIOTTA, JOHN	06-MAR-1984	$10,000.00	SALUTE/ VICTORY	APR-Q	84
MARIOTTA, JOHN	19-APR-1984	$500.00	WARNER	JULY-Q	84
MARIOTTA, JOHN	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
MARIOTTA, JOHN	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
MARIOTTA, JOHN	14-MAY-1985	$3,000.00	'85 REP SEN-HSE		85
MARIOTTA, JOHN	25-NOV-1985	$500.00	GARCIA	YE	85
	SUBTOTAL:	$31,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MORENO, CARIDAD	02-APR-1984	$1,000.00	D'AMATO	MY	84
MORENO, CARIDAD	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	$2,000			
MORENO, MARIO	27-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MORENO, MARIO	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MORENO, MARIO	29-SEP-1980	$500.00	DNC	OCT-Q	80
MORENO, MARIO	11-OCT-1980	$500.00	DNC	PRE-G	80
MORENO, MARIO	07-NOV-1980	$1,000.00	GARCIA	PST-G	80
MORENO, MARIO	30-APR-1982	$500.00	ADDABBO	JULY-Q	82
MORENO, MARIO	27-MAY-1982	$1,000.00	BIAGGI	JULY-Q	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	26-FEB-1983	$500.00	TORRES	MY	83
MORENO, MARIO	09-FEB-1984	$750.00	GARCIA	APR-Q	84
MORENO, MARIO	06-MAR-1984	$10,000.00	SALUTE/VICTORY	APR-Q	84
MORENO, MARIO	18-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MORENO, MARIO	17-AUG-1984	$500.00	FUND DEM MAJ	SEPT-M	84
MORENO, MARIO	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
MORENO, MARIO	02-MAY-1985	$1,000.00	HOLLINGS	MY	85
MORENO, MARIO	29-MAY-1985	$1,000.00	BIAGGI	MY	85
MORENO, MARIO	17-JUN-1985	$1,000.00	GARCIA	MY	85
MORENO, MARIO	02-DEC-1985	$1,000.00	STRATTON	YE	85
MORENO, MARIO	20-DEC-1985	$1,000.00	ADDABBO	YE	85
MORENO, MARIO	20-MAR-1986	$1,000.00	GARCIA	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	16-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	22-SEP-1986	-$1,000.00	BARNES	OCT-Q	86
	SUBTOTAL:	$32,750			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
NEUBERGER, FRED	28-SEP-1979	$1,000:00	GARCIA	OCT-Q	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	29-SEP-1980	$500.00	DNC	OCT-Q	80
NEUBERGER, FRED	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
NEUBERGER, FRED	18-NOV-1980	$500.00	AMER/CHNG PAC	PST-G	80
NEUBERGER, FRED	16-NOV-1981	$1,000.00	D'AMATO	YE	81
NEUBERGER, FRED	06-SEP-1983	$500.00	ADDABBO	YE	83
NEUBERGER, FRED	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	11-DEC-1985	$1,000.00	D'AMATO	YE	85
NEUBERGER, FRED	20-DEC-1985	$500.00	ADDABBO	YE	85
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
	SUBTOTAL:	**$12,000**			
PAOLERCIO, MICHAEL	12-APR-1986	$600.00	D'AMATO	JULY-Q	86
PAOLERCIO, MICHAEL	12-APR-1986	$1,000.00	D'AMATO	JULY-Q	86
	SUBTOTAL:	**$1,600**			
SHORTEN, LARRY	06-SEP-1983	$500.00	ADDABBO	YE	83
SHORTEN, LARRY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
SHORTEN, LARRY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
SHORTEN, LARRY	05-MAR-1985	$1,000.00	DOLE/SEN	MY	85
SHORTEN, LARRY	19-JUL-1985	$500.00	ASPIN	YE	85
SHORTEN, LARRY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
SHORTEN, LARRY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	**$8,000**			
SHORTEN, MRS. LARRY	17-AUG-1984	$2,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	**$2,000**			
	GRAND TOTAL:	**$131,600**			

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It is clear that the bulk of the contributions listed here were made by the inner circle of Wedtech officers who knew about and shared in the secret FHJ account (John Mariotta, Fred Neuberger, Mario Moreno, Anthony Guariglia, Richard Bluestine and Larry Shorten). It appears from the list that Ms. Grandwotter made several contributions to political committees as well Additionally, each of the spouses of the officers with a share in the FHJ account also made contributions to federal candidate committees. Mr. Moreno has indicated that the above mentioned officers and Ms. Grandwotter knew that the company could not contribute to federal candidates and that each person was also aware of the contribution limits under the Act. While Mr. Moreno noted that he did not believe that the above list contained all the contributions made by Wedtech officers, he believed that the contributions of John Mariotta were particularly understated. Mr. Moreno explained that it was probable that Mr. Mariotta did not have many of his contributions reimbursed by the FHJ account.

Mr. Moreno has stated that his sisters (Martha Berney, Dianna Manzano and Cecilia Moreno) and his brother-in-law (Reynaldo Berney) also made contributions that were reimbursed with money from the FHJ account. These contributions were made at the request of Mr. Moreno.

Mr. Moreno identified other officers and employees that he recalled making occasional contributions through personal checks.

2. Political Contributions

While only the tip of the iceberg, the list of contributions that were probably reimbursed by the corporate FHJ account amounts

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to $131,600. The majority of the contributions listed here were made to the political committees of Representatives Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met on many occasions with these staff members to draft letters to help Wedtech win government contracts.

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen. Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

The Biaggi trial transcripts and Mr. Moreno point to the important role of Bernard Erhlich, a partner in the law firm of Biaggi (Richard) & Erhlich. Mr. Erhlich acted as a middle man for the setting up of meetings and the provision of access to congressmen and their staff. It also appears that Mr. Erhlich was also the middleman for much of the flow of contributions that went from Wedtech to the political committees. According to Mr. Moreno, Congressman Biaggi, Senator D'Amato and others would send requests for contributions through Mr. Erhlich who would convey their requests to Mr. Moreno at Wedtech and indicate the amount that was needed.

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In many instances, Mr. Moreno would collect the checks or money orders from Wedtech officers in the amounts requested and deliver them to Mr. Erhlich. Mr. Moreno stated that Mr. Erhlich did not know about the FHJ account but might have suspected kickbacks. Mr. Moreno noted that Mr. Erhlich never commented about the form of the contributions in terms of the receipt of money orders versus the receipt of personal checks.

E. Legal Analysis

2 U.S.C. 441a(a)(1)(A) makes unlawful contributions made by individuals to candidates or political committees that exceed $1,000 per election. 2 U.S.C. § 441a(f) makes unlawful the receipt of contributions that exceed the limits of the Act by candidates or political committees.

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with a federal election or for a political committee to knowingly accept or receive a contribution from any corporation. Furthermore, this Section makes it unlawful for an officer of a corporation to consent to such a contribution or expenditure.

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a political committee to knowingly accept a contribution made by one person in the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other

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compensation to any person for his or her contribution to any federal candidate political committee. See Advisory Opinion 1986-41.

It is apparent that an inner circle of Wedtech officers created the FHJ account, controlled the funds in the account and made decisions on how the funds should be used. This inner circle of officers knew about the Act's limitations and prohibitions and developed a scheme to circumvent the Act's requirements. The Wedtech inner circle solicited others to make illegal contributions, consented to the use of Wedtech funds to make contributions using invented names, and used Wedtech funds to reimburse contributions made by themselves and others. Accordingly, there is reason to believe Larry Shorten knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1992

Richard Bluestine
57 Round Tree Drive
Melville, NY 11747

RE: MUR 2639
Richard Bluestine

Dear Mr. Bluestine:

On March 25, 1992, the Federal Election Commission found that there is reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan Aikens

Joan D. Aikens
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Richard Bluestine MUR 2639

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

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech.

In 1983, Welbilt Electric Die Corporation went public and its name was changed to Wedtech. Congressman Biaggi and Bernard

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Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts, suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract.

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee.

B. Wedtech Officers and the FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers. Mr. Moreno has identified several officers of the Wedtech corporation as forming the core of the Wedtech conspiracy to violate the law. According to Mr. Moreno, the names and positions of the Wedtech officers were as follows:

1. John Mariotta - President of Wedtech through 1985; Chairman and Chief Executive Officer until February 1986. The Section 8(A) qualification was based on Mr. Mariotta.

2. Fred Neuberger - Vice President until 1983; President 1983-1985; Vice Chairman of the Board until 1986, when he became Chairman.

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3. Mario Moreno - Treasurer from 1981-1983; Vice President of Operations 1983; Executive Vice President 1983-1985; Deputy Vice Chairman 1985-1986; Vice Chairman 1986 to 1987; member of the Board 1979 to 1987.

4. Anthony Guariglia - Chief Financial Officer; President and Chief Operating Officer 1985 until 1986.

5. Lawrence Shorten - Treasurer until 1983; Chief Financial Officer until 1986.

6. Richard Bluestine - became an officer, Senior Vice President for Corporate Development, in 1983 for six or seven months until he was fired

7. Ceil Grandwotter (Lewis) - Assistant Treasurer from around 1983 until 1986.

8. Jonah Paolercio - Assistant Treasurer from about 1980-1983.

The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger, Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976. According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain

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services important to the company.

The FHJ account was funded by kickbacks to the FHJ account. A number of kickback schemes were used by Wedtech during its existence to get monies into this account. In the beginning Wedtech would get kickbacks from suppliers by increasing the amount of the invoices and receiving the excess amount back in the form of a check that was deposited to the FHJ account. In 1980, Jonah Paolercio came up with the idea of securing extra funds by falsifying invoices to receive funds from the government before they were actually due. This kickback scheme continued until 1983. Later, Wedtech entered into a kickback agreement with an equipment supplier, Henry Zeitzel, by which Wedtech received kickbacks in cash from the Zeitzel company for goods priced higher than their normal cost. Additionally, during 1980-1982 Welbilt checks were deposited directly into the FHJ account and the records were altered to show the payee as some other corporation.

During 1983, Zeitzel became the main equipment supplier for Wedtech and Wedtech received kickbacks from Zeitzel in the form of checks deposited to the FHJ account. This practice continued from 1983-1985. In 1984-1986, most of the monies in the FHJ account came from kickbacks received through construction and electrical companies owned by Reynaldo Berney, Mr. Moreno's brother-in-law. For their services to Wedtech, both Zeitzel and Mr. Berney were given a share of the kickback money. Some of these kickbacks, however, were also deposited to an account located in London called ITEK. Mr. Moreno states that the ITEK account in London was used for personal expenses only. Mr. Moreno estimates that

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over four to five million went into the FHJ account during the time it was in use.

According to Mr. Moreno, the FHJ account was ultra secret and only Ceil Grandwotter (Assistant Treasurer) and the officers who benefited from the account knew of its existence. The officers who participated and benefited personally from the FHJ account varied during the years 1979-1986. The funds in the FHJ account were distributed according to a fixed distribution formula that varied depending on the number of persons in the group at the time

Mr. Moreno indicates that though he found out about the secret account in 1979, he did not participate in the FHJ account until 1981. Prior to 1981, the funds in the FHJ account were distributed based on a formula of 50% for both Mr. Mariotta and Mr. Neuberger. When Mr. Moreno became a secret partner in 1981 and until October 1983, the distribution of funds in the account was 45.5% for Mr. Mariotta, 45.5% for Mr. Neuberger and 9% for Mr. Moreno. In late October 1983, the distribution changed to take into account new officers. At that time the account was based on the following distribution: 25% for Mr. Mariotta, 25% for Mr. Neuberger, 12.5% for Mr. Moreno, 12.5% for Mr. Guariglia, 12.5% for Larry Shorten and 12.5% for Mr. Bluestine. In May of 1984, Mr. Bluestine left Wedtech after six or seven months which caused the following change in the distribution of funds ratio: 27.5% for Mr. Mariotta, 27.5% for Mr. Neuberger, 15% each for Mr. Moreno, Mr. Guariglia and Mr. Shorten.

The FHJ account was originally controlled by Mr. Neuberger

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and only he had signature authority. Later, Ms. Grandwotter was keeper of the account, had signature authority and could write checks on the account or withdraw money. Until the arrival of Mr. Guariglia, Ms. Grandwotter did the day to day bookkeeping for the FHJ account and took care of all the financial transactions relating to the account. When Mr. Guariglia took over finances for Wedtech, the maintenance of the FHJ account was conducted by both Mr. Guariglia and Ms. Grandwotter. Ms. Guariglia recorded most transactions and kept the books on the FHJ account and Ms. Grandwotter wrote checks, went to the bank and retained the actual documents such as checks and deposit slips.

Those officers who needed money or wanted to make a withdrawal from the account would tell Ms. Grandwotter who told Mr. Guariglia so he could do the accounting. Ms. Grandwotter would make out the checks to cash at the bank or make out checks to pay the creditors of the officers (e.g. American Express). Though Ms. Grandwotter did not receive a share in the FHJ account, she did receive company stock and in the end she received 5% of each payment for her services.

In 1986 prior to bankruptcy, Ms. Grandwotter was told by Mr. Moreno and others to destroy the records relating to the FHJ account. Ms. Grandwotter and Mr. Guariglia destroyed FHJ records but it is unclear as to how many records were destroyed.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed,

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all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from the FHJ account. According to Mr. Moreno, the Wedtech officers knew that the company could not contribute to federal candidates directly and also knew about the Act's limitation on individual contributions to political committees.

In order to circumvent the requirements of the Act, therefore, the Wedtech officers used a variety of methods. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate. It also appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system.

With respect to reimbursement of political contributions, Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer. The usual scenario seemed to be that when Wedtech officers were within their contribution limit, they would use personal checks to make contributions to political committees. Exceptions to this general rule occurred, however, in instances where individuals were short of cash. In such instances a check was drawn on the FHJ account, the check was cashed, and the contribution was made by way of money order.

Officers who made contributions by personal check were

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reimbursed from the FHJ account. Refunds were done in several ways. If money was available in the FHJ account a direct reimbursement was possible. If no monies were available, then the officer received a credit in the FHJ Account so they would be reimbursed when monies did become available. In other cases, instead of receiving a reimbursement directly, officers could direct that the refund go towards the payment of vendors (e.g. American Express)

The FHJ account was also used to reimburse political contributions made by employees of Wedtech and family members of the Wedtech officers. Mr. Moreno stated that in a few instances employees of Wedtech were asked to write checks and were subsequently reimbursed in cash. Spouses of Wedtech officers were asked to write out checks to political committees and the reimbursement went to the Wedtech officer. Relatives of Wedtech officers, on the other hand, wrote checks to the political committee and were later reimbursed in cash from the FHJ account via the Wedtech officer.

According to Mr. Moreno, rather than reimbursement of contributions, many of the political contributions were paid for with monies that came directly from the FHJ account. In other words, checks drawn on the FHJ account were cashed by Ms. Grandwotter, the cash was used to buy money orders, and the contributions were made via a money order. Mr. Moreno stated that if the money orders were less than $1,000, they did not have to provide names to the bank. In many cases, the money orders used to effect contributions were not made in the name of

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an officer but under a fictitious name. Mr. Moreno explained that after receiving the blank money orders, Ms. Grandwotter and others (the officers) would invent names to place at the bottom of the check. Since the names were invented, Mr. Moreno was unable to recall specific names used to make contributions via the money orders.

Mr. Moreno indicated that sometimes money orders were made out directly to political campaigns but that in most instances the money orders were made out to organizations giving affairs for the benefit of a particular politician. Mr. Moreno stated that Wedtech bought a number of tables at these affairs and that his understanding was that after expenses were paid a certain portion of the proceeds went to the particular politician. Mr. Moreno indicated that sometimes cash (FHJ) was also used to buy tables at these affairs. Mr. Moreno recalled attending a number of affairs or receptions for Representatives Biaggi, Garcia, Addabbo and Senator D'Amato where Wedtech had bought tables.

Mr. Moreno explained the use of the FHJ account to make in-kind contributions to a federal candidates. Mr. Moreno recalled that during the 1982 and 1984 elections, the money from the FHJ account was used to rent taxis and to provide for Spanish TV and radio spots advocating the election of Congressman Addabbo. Mr. Moreno stated that between $30,000 to $40,000 was spent on such services. The vendors were paid in cash and the cash came directly from the FHJ account or Mr. Moreno was subsequently reimbursed from the FHJ account.

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As noted, Mr. Guariglia dealt primarily with the accounting and keeping of the books on the FHJ account and Ms. Grandwotter was generally responsible for the signing of checks, the cashing of checks, and the buying of the money orders. Moreover, Wedtech officers sharing in the FHJ account kept a running record of their own contributions. Several ledger pages of the FHJ account appear to have survived the destruction of the FHJ records

All monies deposited in the FHJ account were allocated to the officers according to the formula for distribution of FHJ funds. According to Mr. Moreno, debits from the FHJ account for personal expenses and debits for political contributions were treated differently. Mr. Moreno explained that disbursements for personal expenses were debited entirely against the officer's individual share, while political contributions were divided up among those who shared in the account.

D. Participants and Political Contributions in Wedtech Scheme

1. Participants

Mr. Moreno has asserted that any contributions on the public record made by Wedtech officers, employees, family and friends were reimbursed or paid for with funds from the FHJ account. According to records on file at the Commission, the following contributions made by the individuals below were possibly related to the Wedtech reimbursement scheme.

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
BERNEY, MARTHA	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
BERNEY, MARTHA	25-MAR-1986	$1,000.00	D'AMATO	APR-Q	86
	SUBTOTAL:	$2,000			
BERNEY, REYNALDO	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
BERNEY, REYNALDO	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
	SUBTOTAL:	$2,000			
BLUESTINE, ELINOR	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$2,000			
BLUESTINE, RICHARD	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$2,000			
LEWIS, CEIL	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
GRANDWOTTER, CEIL	12-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	16-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	29-SEP-1980	$500.00	DNC	OCT-Q	80
GRANDWOTTER, CEIL	16-MAY-1983	$1,000.00	BIAGGI	MY	83
GRANDWOTTER, CEIL	20-MAY-1983	$1,250.00	GARCIA	MY	83
GRANDWOTTER, CEIL	06-SEP-1983	$500.00	ADDABBO	YE	83
GRANDWOTTER, CEIL	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$6,250			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
GUARIGLIA, ANTHONY	06-SEP-1983	$500.00	ADDABBO	YE	83
GUARIGLIA, ANTHONY	27-DEC-1983	$1,000.00	D'AMATO	YE	83
GUARIGLIA, ANTHONY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
GUARIGLIA, ANTHONY	23-MAY-1984	$1,000.00	BIAGGI	JULY-Q	84
GUARIGLIA, ANTHONY	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
GUARIGLIA, ANTHONY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
GUARIGLIA, ANTHONY	22-OCT-1984	$2,000.00	VICTORY '84	PG-30	84
GUARIGLIA, ANTHONY	05-MAR-1985	$1,000.00	DOLE/SENATE	MY	85
GUARIGLIA, ANTHONY	19-APR-1985	$750.00	ADDABBO	MY	85
GUARIGLIA, ANTHONY	19-JUL-1985	$500.00	ASPIN	YE	85
GUARIGLIA, ANTHONY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$750.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$250.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
GUARIGLIA, ANTHONY	27-MAR-1986	-$750.00	ADDABBO	APR-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	$14,000			
GUARIGLIA, CYNTHIA	19-APR-1985	$750.00	ADDABBO	MY	85
	SUBTOTAL:	$750			
GUARIGLIA, LOUISE	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, LOUISE	02-JUL-1984	$500.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	$1,500			
GUARIGLIA, NICHOLAS	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, NICHOLAS	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	$2,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MARIOTTA, JENNIE	07-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MARIOTTA, JENNIE	20-OCT-1984	$1,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	20-OCT-1984	$2,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	08-MAY-1979	$500.00	FERNANDEZ(PREZ)	JULY-Q	79
MARIOTTA, JENNIE	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MARIOTTA, JENNIE	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JENNIE	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
	SUBTOTAL:	$9,750			
MARIOTTA, JOHN	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MARIOTTA, JOHN	07-DEC-1979	$1,000.00	CARTER/MONDALE	YE	79
MARIOTTA, JOHN	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JOHN	29-SEP-1980	$500.00	DNC	OCT-Q	80
MARIOTTA, JOHN	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
MARIOTTA, JOHN	06-NOV-1980	$1,000.00	DNC	PST-G	80
MARIOTTA, JOHN	18-NOV-1980	$500.00	AMER/CHANGE PAC	PST-G	80
MARIOTTA, JOHN	20-JAN-1981	$500.00	NRCC-C	MY	81
MARIOTTA, JOHN	14-AUG-1981	$1,000.00	NRCC-C	YE	81
MARIOTTA, JOHN	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	01-MAR-1982	$1,000.00	NRCC-C	APR-Q	82
MARIOTTA, JOHN	04-MAR-1982	$500.00	RNC-C	APR-Q	82
MARIOTTA, JOHN	16-JUN-1982	$1,000.00	LUJAN (CNGRSS)	JULY-Q	82
MARIOTTA, JOHN	06-SEP-1983	$500.00	ADDABBO	YE	83
MARIOTTA, JOHN	27-DEC-1983	$1,000.00	D'AMATO	YE	83
MARIOTTA, JOHN	07-FEB-1984	$750.00	GARCIA	APR-Q	84
MARIOTTA, JOHN	06-MAR-1984	$10,000.00	SALUTE/ VICTORY	APR-Q	84
MARIOTTA, JOHN	19-APR-1984	$500.00	WARNER	JULY-Q	84
MARIOTTA, JOHN	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
MARIOTTA, JOHN	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
MARIOTTA, JOHN	14-MAY-1985	$3,000.00	'85 REP SEN-HSE		85
MARIOTTA, JOHN	25-NOV-1985	$500.00	GARCIA	YE	85
	SUBTOTAL:	$31,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MORENO, CARIDAD	02-APR-1984	$1,000.00	D'AMATO	MY	84
MORENO, CARIDAD	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	$2,000			
MORENO, MARIO	27-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MORENO, MARIO	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MORENO, MARIO	29-SEP-1980	$500.00	DNC	OCT-Q	80
MORENO, MARIO	11-OCT-1980	$500.00	DNC	PRE-G	80
MORENO, MARIO	07-NOV-1980	$1,000.00	GARCIA	PST-G	80
MORENO, MARIO	30-APR-1982	$500.00	ADDABBO	JULY-Q	82
MORENO, MARIO	27-MAY-1982	$1,000.00	BIAGGI	JULY-Q	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	26-FEB-1983	$500.00	TORRES	MY	83
MORENO, MARIO	09-FEB-1984	$750.00	GARCIA	APR-Q	84
MORENO, MARIO	06-MAR-1984	$10,000.00	SALUTE/VICTORY	APR-Q	84
MORENO, MARIO	18-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MORENO, MARIO	17-AUG-1984	$500.00	FUND DEM MAJ	SEPT-M	84
MORENO, MARIO	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
MORENO, MARIO	02-MAY-1985	$1,000.00	HOLLINGS	MY	85
MORENO, MARIO	29-MAY-1985	$1,000.00	BIAGGI	MY	85
MORENO, MARIO	17-JUN-1985	$1,000.00	GARCIA	MY	85
MORENO, MARIO	02-DEC-1985	$1,000.00	STRATTON	YE	85
MORENO, MARIO	20-DEC-1985	$1,000.00	ADDABBO	YE	85
MORENO, MARIO	20-MAR-1986	$1,000.00	GARCIA	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	16-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	22-SEP-1986	-$1,000.00	BARNES	OCT-Q	86
	SUBTOTAL:	$32,750			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
NEUBERGER, FRED	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	29-SEP-1980	$500.00	DNC	OCT-Q	80
NEUBERGER, FRED	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
NEUBERGER, FRED	18-NOV-1980	$500.00	AMER/CHNG PAC	PST-G	80
NEUBERGER, FRED	16-NOV-1981	$1,000.00	D'AMATO	YE	81
NEUBERGER, FRED	06-SEP-1983	$500.00	ADDABBO	YE	83
NEUBERGER, FRED	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	11-DEC-1985	$1,000.00	D'AMATO	YE	85
NEUBERGER, FRED	20-DEC-1985	$500.00	ADDABBO	YE	85
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
	SUBTOTAL:	**$12,000**			
PAOLERCIO, MICHAEL	12-APR-1986	$600.00	D'AMATO	JULY-Q	86
PAOLERCIO, MICHAEL	12-APR-1986	$1,000.00	D'AMATO	JULY-Q	86
	SUBTOTAL:	**$1,600**			
SHORTEN, LARRY	06-SEP-1983	$500.00	ADDABBO	YE	83
SHORTEN, LARRY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
SHORTEN, LARRY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
SHORTEN, LARRY	05-MAR-1985	$1,000.00	DOLE/SEN	MY	85
SHORTEN, LARRY	19-JUL-1985	$500.00	ASPIN	YE	85
SHORTEN, LARRY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
SHORTEN, LARRY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	**$8,000**			
SHORTEN, MRS. LARRY	17-AUG-1984	$2,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	**$2,000**			
	GRAND TOTAL:	**$131,600**			

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It is clear that the bulk of the contributions listed here were made by the inner circle of Wedtech officers who knew about and shared in the secret FHJ account (John Mariotta, Fred Neuberger, Mario Moreno, Anthony Guariglia, Richard Bluestine and Larry Shorten). It appears from the list that Ms. Grandwotter made several contributions to political committees as well. Additionally, each of the spouses of the officers with a share in the FHJ account also made contributions to federal candidate committees. Mr. Moreno has indicated that the above mentioned officers and Ms. Grandwotter knew that the company could not contribute to federal candidates and that each person was also aware of the contribution limits under the Act. While Mr. Moreno noted that he did not believe that the above list contained all the contributions made by Wedtech officers, he believed that the contributions of John Mariotta were particularly understated. Mr. Moreno explained that it was probable that Mr. Mariotta did not have many of his contributions reimbursed by the FHJ account.

Mr. Moreno has stated that his sisters (Martha Berney, Dianna Manzano and Cecilia Moreno) and his brother-in-law (Reynaldo Berney) also made contributions that were reimbursed with money from the FHJ account. These contributions were made at the request of Mr. Moreno

Mr. Moreno identified other officers and employees that he recalled making occasional contributions through personal checks.

2. Political Contributions

While only the tip of the iceberg, the list of contributions that were probably reimbursed by the corporate FHJ account amounts

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to $131,600. The majority of the contributions listed here were made to the political committees of Representatives Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met on many occasions with these staff members to draft letters to help Wedtech win government contracts

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen. Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

The Biaggi trial transcripts and Mr. Moreno point to the important role of Bernard Erhlich, a partner in the law firm of Biaggi (Richard) & Erhlich. Mr. Erhlich acted as a middle man for the setting up of meetings and the provision of access to congressmen and their staff. It also appears that Mr. Erhlich was also the middleman for much of the flow of contributions that went from Wedtech to the political committees. According to Mr. Moreno, Congressman Biaggi, Senator D'Amato and others would send requests for contributions through Mr. Erhlich who would convey their requests to Mr. Moreno at Wedtech and indicate the amount that was needed.

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In many instances, Mr. Moreno would collect the checks or money orders from Wedtech officers in the amounts requested and deliver them to Mr. Erhlich. Mr. Moreno stated that Mr. Erhlich did not know about the FHJ account but might have suspected kickbacks. Mr. Moreno noted that Mr. Erhlich never commented about the form of the contributions in terms of the receipt of money orders versus the receipt of personal checks.

E. Legal Analysis

2 U.S.C. 441a(a)(1)(A) makes unlawful contributions made by individuals to candidates or political committees that exceed $1,000 per election. 2 U.S.C. § 441a(f) makes unlawful the receipt of contributions that exceed the limits of the Act by candidates or political committees.

Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any corporation to make a contribution in connection with a federal election or for a political committee to knowingly accept or receive a contribution from any corporation. Furthermore, this Section makes it unlawful for an officer of a corporation to consent to such a contribution or expenditure.

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a political committee to knowingly accept a contribution made by one person in the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other

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compensation to any person for his or her contribution to any federal candidate political committee. See Advisory Opinion 1986-41.

It is apparent that an inner circle of Wedtech officers created the FHJ account, controlled the funds in the account and made decisions on how the funds should be used. This inner circle of officers knew about the Act's limitations and prohibitions and developed a scheme to circumvent the Act's requirements. The Wedtech inner circle solicited others to make illegal contributions, consented to the use of Wedtech funds to make contributions using invented names, and used Wedtech funds to reimburse contributions made by themselves and others. Accordingly, there is reason to believe Richard Bluestine knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1992

Fred Neuberger
429 West Walnut Street
Long Beach, NY 11561

RE: MUR 2639
Fred Neuberger

Dear Mr. Neuberger:

On March 25, 1992, the Federal Election Commission found that there is reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan Aikens

Joan D. Aikens
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Fred Neuberger MUR 2639

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

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech.

In 1983, Welbilt Electric Die Corporation went public and its name was changed to Wedtech. Congressman Biaggi and Bernard

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Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract.

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee.

B. Wedtech Officers and the FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers. Mr. Moreno has identified several officers of the Wedtech corporation as forming the core of the Wedtech conspiracy to violate the law. According to Mr. Moreno, the names and positions of the Wedtech officers were as follows:

1. John Mariotta - President of Wedtech through 1985; Chairman and Chief Executive Officer until February 1986. The Section 8(A) qualification was based on Mr. Mariotta.

2. Fred Neuberger - Vice President until 1983; President 1983-1985; Vice Chairman of the Board until 1986, when he became Chairman.

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3. Mario Moreno - Treasurer from 1981-1983; Vice President of Operations 1983; Executive Vice President 1983-1985; Deputy Vice Chairman 1985-1986; Vice Chairman 1986 to 1987; member of the Board 1979 to 1987.

4. Anthony Guariglia - Chief Financial Officer; President and Chief Operating Officer 1985 until 1986.

5. Lawrence Shorten - Treasurer until 1983; Chief Financial Officer until 1986.

6. Richard Bluestine - became an officer, Senior Vice President for Corporate Development, in 1983 for six or seven months until he was fired.

7. Ceil Grandwotter (Lewis) - Assistant Treasurer from around 1983 until 1986.

8. Jonah Paolercio - Assistant Treasurer from about 1980-1983.

The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger, Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976. According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain

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services important to the company.

The FHJ account was funded by kickbacks to the FHJ account. A number of kickback schemes were used by Wedtech during its existence to get monies into this account. In the beginning Wedtech would get kickbacks from suppliers by increasing the amount of the invoices and receiving the excess amount back in the form of a check that was deposited to the FHJ account. In 1980, Jonah Paolercio came up with the idea of securing extra funds by falsifying invoices to receive funds from the government before they were actually due. This kickback scheme continued until 1983. Later, Wedtech entered into a kickback agreement with an equipment supplier, Henry Zeitzel, by which Wedtech received kickbacks in cash from the Zeitzel company for goods priced higher than their normal cost. Additionally, during 1980-1982 Welbilt checks were deposited directly into the FHJ account and the records were altered to show the payee as some other corporation.

During 1983, Zeitzel became the main equipment supplier for Wedtech and Wedtech received kickbacks from Zeitzel in the form of checks deposited to the FHJ account. This practice continued from 1983-1985. In 1984-1986, most of the monies in the FHJ account came from kickbacks received through construction and electrical companies owned by Reynaldo Berney, Mr. Moreno's brother-in-law. For their services to Wedtech, both Zeitzel and Mr. Berney were given a share of the kickback money. Some of these kickbacks, however, were also deposited to an account located in London called ITEK. Mr. Moreno states that the ITEK account in London was used for personal expenses only. Mr. Moreno estimates that

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over four to five million went into the FHJ account during the time it was in use.

According to Mr. Moreno, the FHJ account was ultra secret and only Ceil Grandwotter (Assistant Treasurer) and the officers who benefited from the account knew of its existence. The officers who participated and benefited personally from the FHJ account varied during the years 1979-1986. The funds in the FHJ account were distributed according to a fixed distribution formula that varied depending on the number of persons in the group at the time.

Mr. Moreno indicates that though he found out about the secret account in 1979, he did not participate in the FHJ account until 1981. Prior to 1981, the funds in the FHJ account were distributed based on a formula of 50% for both Mr. Mariotta and Mr. Neuberger. When Mr. Moreno became a secret partner in 1981 and until October 1983, the distribution of funds in the account was 45.5% for Mr. Mariotta, 45.5% for Mr. Neuberger and 9% for Mr. Moreno. In late October 1983, the distribution changed to take into account new officers. At that time the account was based on the following distribution: 25% for Mr. Mariotta, 25% for Mr. Neuberger, 12.5% for Mr. Moreno, 12.5% for Mr. Guariglia, 12.5% for Larry Shorten and 12.5% for Mr. Bluestine. In May of 1984, Mr. Bluestine left Wedtech after six or seven months which caused the following change in the distribution of funds ratio: 27.5% for Mr. Mariotta, 27.5% for Mr. Neuberger, 15% each for Mr. Moreno, Mr. Guariglia and Mr. Shorten.

The FHJ account was originally controlled by Mr. Neuberger

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and only he had signature authority. Later, Ms. Grandwotter was keeper of the account, had signature authority and could write checks on the account or withdraw money. Until the arrival of Mr. Guariglia, Ms. Grandwotter did the day to day bookkeeping for the FHJ account and took care of all the financial transactions relating to the account. When Mr. Guariglia took over finances for Wedtech, the maintenance of the FHJ account was conducted by both Mr. Guariglia and Ms. Grandwotter. Ms. Guariglia recorded most transactions and kept the books on the FHJ account and Ms. Grandwotter wrote checks, went to the bank and retained the actual documents such as checks and deposit slips.

Those officers who needed money or wanted to make a withdrawal from the account would tell Ms. Grandwotter who told Mr. Guariglia so he could do the accounting. Ms. Grandwotter would make out the checks to cash at the bank or make out checks to pay the creditors of the officers (e.g. American Express). Though Ms. Grandwotter did not receive a share in the FHJ account, she did receive company stock and in the end she received 5% of each payment for her services.

In 1986 prior to bankruptcy, Ms. Grandwotter was told by Mr. Moreno and others to destroy the records relating to the FHJ account. Ms. Grandwotter and Mr. Guariglia destroyed FHJ records but it is unclear as to how many records were destroyed.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed,

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all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from the FHJ account. According to Mr. Moreno, the Wedtech officers knew that the company could not contribute to federal candidates directly and also knew about the Act's limitation on individual contributions to political committees.

In order to circumvent the requirements of the Act, therefore, the Wedtech officers used a variety of methods. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate. It also appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system.

With respect to reimbursement of political contributions, Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer. The usual scenario seemed to be that when Wedtech officers were within their contribution limit, they would use personal checks to make contributions to political committees. Exceptions to this general rule occurred, however, in instances where individuals were short of cash. In such instances a check was drawn on the FHJ account, the check was cashed, and the contribution was made by way of money order.

Officers who made contributions by personal check were

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reimbursed from the FHJ account. Refunds were done in several ways. If money was available in the FHJ account a direct reimbursement was possible. If no monies were available, then the officer received a credit in the FHJ Account so they would be reimbursed when monies did become available. In other cases, instead of receiving a reimbursement directly, officers could direct that the refund go towards the payment of vendors (e.g. American Express)

The FHJ account was also used to reimburse political contributions made by employees of Wedtech and family members of the Wedtech officers. Mr. Moreno stated that in a few instances employees of Wedtech were asked to write checks and were subsequently reimbursed in cash. Spouses of Wedtech officers were asked to write out checks to political committees and the reimbursement went to the Wedtech officer. Relatives of Wedtech officers, on the other hand, wrote checks to the political committee and were later reimbursed in cash from the FHJ account via the Wedtech officer.

According to Mr. Moreno, rather than reimbursement of contributions, many of the political contributions were paid for with monies that came directly from the FHJ account. In other words, checks drawn on the FHJ account were cashed by Ms. Grandwotter, the cash was used to buy money orders, and the contributions were made via a money order. Mr. Moreno stated that if the money orders were less than $1,000, they did not have to provide names to the bank. In many cases, the money orders used to effect contributions were not made in the name of

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an officer but under a fictitious name. Mr. Moreno explained that after receiving the blank money orders, Ms. Grandwotter and others (the officers) would invent names to place at the bottom of the check. Since the names were invented, Mr. Moreno was unable to recall specific names used to make contributions via the money orders.

Mr. Moreno indicated that sometimes money orders were made out directly to political campaigns but that in most instances the money orders were made out to organizations giving affairs for the benefit of a particular politician. Mr. Moreno stated that Wedtech bought a number of tables at these affairs and that his understanding was that after expenses were paid a certain portion of the proceeds went to the particular politician. Mr. Moreno indicated that sometimes cash (FHJ) was also used to buy tables at these affairs. Mr. Moreno recalled attending a number of affairs or receptions for Representatives Biaggi, Garcia, Addabbo and Senator D'Amato where Wedtech had bought tables.

Mr. Moreno explained the use of the FHJ account to make in-kind contributions to a federal candidates. Mr. Moreno recalled that during the 1982 and 1984 elections, the money from the FHJ account was used to rent taxis and to provide for Spanish TV and radio spots advocating the election of Congressman Addabbo. Mr. Moreno stated that between $30,000 to $40,000 was spent on such services. The vendors were paid in cash and the cash came directly from the FHJ account or Mr. Moreno was subsequently reimbursed from the FHJ account.

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As noted, Mr. Guariglia dealt primarily with the accounting and keeping of the books on the FHJ account and Ms. Grandwotter was generally responsible for the signing of checks, the cashing of checks, and the buying of the money orders. Moreover, Wedtech officers sharing in the FHJ account kept a running record of their own contributions Several ledger pages of the FHJ account appear to have survived the destruction of the FHJ records.

All monies deposited in the FHJ account were allocated to the officers according to the formula for distribution of FHJ funds. According to Mr. Moreno, debits from the FHJ account for personal expenses and debits for political contributions were treated differently. Mr. Moreno explained that disbursements for personal expenses were debited entirely against the officer's individual share, while political contributions were divided up among those who shared in the account

D. Participants and Political Contributions in Wedtech Scheme

1. Participants

Mr. Moreno has asserted that any contributions on the public record made by Wedtech officers, employees, family and friends were reimbursed or paid for with funds from the FHJ account. According to records on file at the Commission, the following contributions made by the individuals below were possibly related to the Wedtech reimbursement scheme.

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
BERNEY, MARTHA	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
BERNEY, MARTHA	25-MAR-1986	$1,000.00	D'AMATO	APR-Q	86
	SUBTOTAL:	$2,000			
BERNEY, REYNALDO	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
BERNEY, REYNALDO	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
	SUBTOTAL:	$2,000			
BLUESTINE, ELINOR	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$2,000			
BLUESTINE, RICHARD	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$2,000			
LEWIS, CEIL	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
GRANDWOTTER, CEIL	12-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	16-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	29-SEP-1980	$500.00	DNC	OCT-Q	80
GRANDWOTTER, CEIL	16-MAY-1983	$1,000.00	BIAGGI	MY	83
GRANDWOTTER, CEIL	20-MAY-1983	$1,250.00	GARCIA	MY	83
GRANDWOTTER, CEIL	06-SEP-1983	$500.00	ADDABBO	YE	83
GRANDWOTTER, CEIL	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$6,250			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
GUARIGLIA, ANTHONY	06-SEP-1983	$500.00	ADDABBO	YE	83
GUARIGLIA, ANTHONY	27-DEC-1983	$1,000.00	D'AMATO	YE	83
GUARIGLIA, ANTHONY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
GUARIGLIA, ANTHONY	23-MAY-1984	$1,000.00	BIAGGI	JULY-Q	84
GUARIGLIA, ANTHONY	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
GUARIGLIA, ANTHONY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
GUARIGLIA, ANTHONY	22-OCT-1984	$2,000.00	VICTORY '84	PG-30	84
GUARIGLIA, ANTHONY	05-MAR-1985	$1,000.00	DOLE/SENATE	MY	85
GUARIGLIA, ANTHONY	19-APR-1985	$750.00	ADDABBO	MY	85
GUARIGLIA, ANTHONY	19-JUL-1985	$500.00	ASPIN	YE	85
GUARIGLIA, ANTHONY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$750.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$250.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
GUARIGLIA, ANTHONY	27-MAR-1986	-$750.00	ADDABBO	APR-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	$14,000			
GUARIGLIA, CYNTHIA	19-APR-1985	$750.00	ADDABBO	MY	85
	SUBTOTAL:	$750			
GUARIGLIA, LOUISE	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, LOUISE	02-JUL-1984	$500.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	$1,500			
GUARIGLIA, NICHOLAS	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, NICHOLAS	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	$2,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MARIOTTA, JENNIE	07-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MARIOTTA, JENNIE	20-OCT-1984	$1,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	20-OCT-1984	$2,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	08-MAY-1979	$500.00	FERNANDEZ(PREZ)	JULY-Q	79
MARIOTTA, JENNIE	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MARIOTTA, JENNIE	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JENNIE	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
	SUBTOTAL:	$9,750			
MARIOTTA, JOHN	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MARIOTTA, JOHN	07-DEC-1979	$1,000.00	CARTER/MONDALE	YE	79
MARIOTTA, JOHN	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JOHN	29-SEP-1980	$500.00	DNC	OCT-Q	80
MARIOTTA, JOHN	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
MARIOTTA, JOHN	06-NOV-1980	$1,000.00	DNC	PST-G	80
MARIOTTA, JOHN	18-NOV-1980	$500.00	AMER/CHANGE PAC	PST-G	80
MARIOTTA, JOHN	20-JAN-1981	$500.00	NRCC-C	MY	81
MARIOTTA, JOHN	14-AUG-1981	$1,000.00	NRCC-C	YE	81
MARIOTTA, JOHN	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	01-MAR-1982	$1,000.00	NRCC-C	APR-Q	82
MARIOTTA, JOHN	04-MAR-1982	$500.00	RNC-C	APR-Q	82
MARIOTTA, JOHN	16-JUN-1982	$1,000.00	LUJAN (CNGRSS)	JULY-Q	82
MARIOTTA, JOHN	06-SEP-1983	$500.00	ADDABBO	YE	83
MARIOTTA, JOHN	27-DEC-1983	$1,000.00	D'AMATO	YE	83
MARIOTTA, JOHN	07-FEB-1984	$750.00	GARCIA	APR-Q	84
MARIOTTA, JOHN	06-MAR-1984	$10,000.00	SALUTE/ VICTORY	APR-Q	84
MARIOTTA, JOHN	19-APR-1984	$500.00	WARNER	JULY-Q	84
MARIOTTA, JOHN	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
MARIOTTA, JOHN	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
MARIOTTA, JOHN	14-MAY-1985	$3,000.00	'85 REP SEN-HSE		85
MARIOTTA, JOHN	25-NOV-1985	$500.00	GARCIA	YE	85
	SUBTOTAL:	$31,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MORENO, CARIDAD	02-APR-1984	$1,000.00	D'AMATO	MY	84
MORENO, CARIDAD	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	$2,000			
MORENO, MARIO	27-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MORENO, MARIO	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MORENO, MARIO	29-SEP-1980	$500.00	DNC	OCT-Q	80
MORENO, MARIO	11-OCT-1980	$500.00	DNC	PRE-G	80
MORENO, MARIO	07-NOV-1980	$1,000.00	GARCIA	PST-G	80
MORENO, MARIO	30-APR-1982	$500.00	ADDABBO	JULY-Q	82
MORENO, MARIO	27-MAY-1982	$1,000.00	BIAGGI	JULY-Q	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	26-FEB-1983	$500.00	TORRES	MY	83
MORENO, MARIO	09-FEB-1984	$750.00	GARCIA	APR-Q	84
MORENO, MARIO	06-MAR-1984	$10,000.00	SALUTE/VICTORY	APR-Q	84
MORENO, MARIO	18-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MORENO, MARIO	17-AUG-1984	$500.00	FUND DEM MAJ	SEPT-M	84
MORENO, MARIO	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
MORENO, MARIO	02-MAY-1985	$1,000.00	HOLLINGS	MY	85
MORENO, MARIO	29-MAY-1985	$1,000.00	BIAGGI	MY	85
MORENO, MARIO	17-JUN-1985	$1,000.00	GARCIA	MY	85
MORENO, MARIO	02-DEC-1985	$1,000.00	STRATTON	YE	85
MORENO, MARIO	20-DEC-1985	$1,000.00	ADDABBO	YE	85
MORENO, MARIO	20-MAR-1986	$1,000.00	GARCIA	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	16-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	22-SEP-1986	-$1,000.00	BARNES	OCT-Q	86
	SUBTOTAL:	$32,750			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
NEUBERGER, FRED	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	29-SEP-1980	$500.00	DNC	OCT-Q	80
NEUBERGER, FRED	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
NEUBERGER, FRED	18-NOV-1980	$500.00	AMER/CHNG PAC	PST-G	80
NEUBERGER, FRED	16-NOV-1981	$1,000.00	D'AMATO	YE	81
NEUBERGER, FRED	06-SEP-1983	$500.00	ADDABBO	YE	83
NEUBERGER, FRED	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	11-DEC-1985	$1,000.00	D'AMATO	YE	85
NEUBERGER, FRED	20-DEC-1985	$500.00	ADDABBO	YE	85
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
	SUBTOTAL:	$12,000			
PAOLERCIO, MICHAEL	12-APR-1986	$600.00	D'AMATO	JULY-Q	86
PAOLERCIO, MICHAEL	12-APR-1986	$1,000.00	D'AMATO	JULY-Q	86
	SUBTOTAL:	$1,600			
SHORTEN, LARRY	06-SEP-1983	$500.00	ADDABBO	YE	83
SHORTEN, LARRY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
SHORTEN, LARRY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
SHORTEN, LARRY	05-MAR-1985	$1,000.00	DOLE/SEN	MY	85
SHORTEN, LARRY	19-JUL-1985	$500.00	ASPIN	YE	85
SHORTEN, LARRY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
SHORTEN, LARRY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	$8,000			
SHORTEN, MRS. LARRY	17-AUG-1984	$2,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	$2,000			
	GRAND TOTAL:	$131,600			

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It is clear that the bulk of the contributions listed here were made by the inner circle of Wedtech officers who knew about and shared in the secret FHJ account (John Mariotta, Fred Neuberger, Mario Moreno, Anthony Guariglia, Richard Bluestine and Larry Shorten). It appears from the list that Ms. Grandwotter made several contributions to political committees as well Additionally, each of the spouses of the officers with a share in the FHJ account also made contributions to federal candidate committees. Mr. Moreno has indicated that the above mentioned officers and Ms. Grandwotter knew that the company could not contribute to federal candidates and that each person was also aware of the contribution limits under the Act. While Mr. Moreno noted that he did not believe that the above list contained all the contributions made by Wedtech officers, he believed that the contributions of John Mariotta were particularly understated. Mr. Moreno explained that it was probable that Mr. Mariotta did not have many of his contributions reimbursed by the FHJ account.

Mr. Moreno has stated that his sisters (Martha Berney, Dianna Manzano and Cecilia Moreno) and his brother-in-law (Reynaldo Berney) also made contributions that were reimbursed with money from the FHJ account. These contributions were made at the request of Mr. Moreno.

Mr. Moreno identified other officers and employees that he recalled making occasional contributions through personal checks.

2. Political Contributions

While only the tip of the iceberg, the list of contributions that were probably reimbursed by the corporate FHJ account amounts

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to $131,600. The majority of the contributions listed here were made to the political committees of Representatives Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met on many occasions with these staff members to draft letters to help Wedtech win government contracts.

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen. Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

The Biaggi trial transcripts and Mr. Moreno point to the important role of Bernard Erhlich, a partner in the law firm of Biaggi (Richard) & Erhlich. Mr. Erhlich acted as a middle man for the setting up of meetings and the provision of access to congressmen and their staff. It also appears that Mr. Erhlich was also the middleman for much of the flow of contributions that went from Wedtech to the political committees. According to Mr. Moreno, Congressman Biaggi, Senator D'Amato and others would send requests for contributions through Mr. Erhlich who would convey their requests to Mr. Moreno at Wedtech and indicate the amount that was needed.

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In many instances, Mr. Moreno would collect the checks or money orders from Wedtech officers in the amounts requested and deliver them to Mr. Erhlich. Mr. Moreno stated that Mr. Erhlich did not know about the FHJ account but might have suspected kickbacks. Mr. Moreno noted that Mr. Erhlich never commented about the form of the contributions in terms of the receipt of money orders versus the receipt of personal checks.

E. Legal Analysis

2 U.S.C. 441a(a)(1)(A) makes unlawful contributions made by individuals to candidates or political committees that exceed $1,000 per election. 2 U.S.C. § 441a(f) makes unlawful the receipt of contributions that exceed the limits of the Act by candidates or political committees.

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with a federal election or for a political committee to knowingly accept or receive a contribution from any corporation. Furthermore, this Section makes it unlawful for an officer of a corporation to consent to such a contribution or expenditure.

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a political committee to knowingly accept a contribution made by one person in the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other

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compensation to any person for his or her contribution to any federal candidate political committee. See Advisory Opinion 1986-41.

It is apparent that an inner circle of Wedtech officers created the FHJ account, controlled the funds in the account and made decisions on how the funds should be used. This inner circle of officers knew about the Act's limitations and prohibitions and developed a scheme to circumvent the Act's requirements. The Wedtech inner circle solicited others to make illegal contributions, consented to the use of Wedtech funds to make contributions using invented names, and used Wedtech funds to reimburse contributions made by themselves and others. Accordingly, there is reason to believe Fred Neuberger knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1992

John Mariotta
100 Woodford Road
Scarsdale, NY 10583

RE: MUR 2639
John Mariotta

Dear Mr. Mariotta

On March 25, 1992, the Federal Election Commission found that there is reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan Aikens

Joan D. Aikens
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: John Mariotta MUR 2639

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

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech.

In 1983, Welbilt Electric Die Corporation went public and its name was changed to Wedtech. Congressman Biaggi and Bernard

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Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts, suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee

B. Wedtech Officers and the FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers. Mr. Moreno has identified several officers of the Wedtech corporation as forming the core of the Wedtech conspiracy to violate the law. According to Mr. Moreno, the names and positions of the Wedtech officers were as follows:

1. John Mariotta - President of Wedtech through 1985; Chairman and Chief Executive Officer until February 1986. The Section 8(A) qualification was based on Mr. Mariotta.

2. Fred Neuberger - Vice President until 1983; President 1983-1985 Vice Chairman of the Board until 1986, when he became Chairman.

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3. Mario Moreno - Treasurer from 1981-1983; Vice President of Operations 1983; Executive Vice President 1983-1985; Deputy Vice Chairman 1985-1986; Vice Chairman 1986 to 1987; member of the Board 1979 to 1987.

4. Anthony Guariglia - Chief Financial Officer; President and Chief Operating Officer 1985 until 1986.

5. Lawrence Shorten - Treasurer until 1983; Chief Financial Officer until 1986.

6. Richard Bluestine - became an officer, Senior Vice President for Corporate Development, in 1983 for six or seven months until he was fired.

7. Ceil Grandwotter (Lewis) - Assistant Treasurer from around 1983 until 1986.

8. Jonah Paolercio - Assistant Treasurer from about 1980-1983.

The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger, Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976. According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain

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services important to the company.

The FHJ account was funded by kickbacks to the FHJ account. A number of kickback schemes were used by Wedtech during its existence to get monies into this account. In the beginning Wedtech would get kickbacks from suppliers by increasing the amount of the invoices and receiving the excess amount back in the form of a check that was deposited to the FHJ account. In 1980, Jonah Paolercio came up with the idea of securing extra funds by falsifying invoices to receive funds from the government before they were actually due. This kickback scheme continued until 1983. Later, Wedtech entered into a kickback agreement with an equipment supplier, Henry Zeitzel, by which Wedtech received kickbacks in cash from the Zeitzel company for goods priced higher than their normal cost. Additionally, during 1980-1982 Welbilt checks were deposited directly into the FHJ account and the records were altered to show the payee as some other corporation.

During 1983, Zeitzel became the main equipment supplier for Wedtech and Wedtech received kickbacks from Zeitzel in the form of checks deposited to the FHJ account. This practice continued from 1983-1985. In 1984-1986, most of the monies in the FHJ account came from kickbacks received through construction and electrical companies owned by Reynaldo Berney, Mr. Moreno's brother-in-law. For their services to Wedtech, both Zeitzel and Mr. Berney were given a share of the kickback money. Some of these kickbacks, however, were also deposited to an account located in London called ITEK. Mr. Moreno states that the ITEK account in London was used for personal expenses only. Mr. Moreno estimates that

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over four to five million went into the FHJ account during the time it was in use.

According to Mr. Moreno, the FHJ account was ultra secret and only Ceil Grandwotter (Assistant Treasurer) and the officers who benefited from the account knew of its existence. The officers who participated and benefited personally from the FHJ account varied during the years 1979-1986. The funds in the FHJ account were distributed according to a fixed distribution formula that varied depending on the number of persons in the group at the time

Mr. Moreno indicates that though he found out about the secret account in 1979, he did not participate in the FHJ account until 1981. Prior to 1981, the funds in the FHJ account were distributed based on a formula of 50% for both Mr. Mariotta and Mr. Neuberger. When Mr. Moreno became a secret partner in 1981 and until October 1983, the distribution of funds in the account was 45.5% for Mr. Mariotta, 45.5% for Mr. Neuberger and 9% for Mr. Moreno. In late October 1983, the distribution changed to take into account new officers. At that time the account was based on the following distribution: 25% for Mr. Mariotta, 25% for Mr. Neuberger, 12.5% for Mr. Moreno, 12.5% for Mr. Guariglia, 12.5% for Larry Shorten and 12.5% for Mr. Bluestine. In May of 1984, Mr. Bluestine left Wedtech after six or seven months which caused the following change in the distribution of funds ratio: 27.5% for Mr. Mariotta, 27.5% for Mr. Neuberger, 15% each for Mr. Moreno, Mr. Guariglia and Mr. Shorten.

The FHJ account was originally controlled by Mr. Neuberger

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and only he had signature authority. Later, Ms. Grandwotter was keeper of the account, had signature authority and could write checks on the account or withdraw money. Until the arrival of Mr. Guariglia, Ms. Grandwotter did the day to day bookkeeping for the FHJ account and took care of all the financial transactions relating to the account. When Mr. Guariglia took over finances for Wedtech, the maintenance of the FHJ account was conducted by both Mr. Guariglia and Ms. Grandwotter. Ms. Guariglia recorded most transactions and kept the books on the FHJ account and Ms. Grandwotter wrote checks, went to the bank and retained the actual documents such as checks and deposit slips.

Those officers who needed money or wanted to make a withdrawal from the account would tell Ms. Grandwotter who told Mr. Guariglia so he could do the accounting. Ms. Grandwotter would make out the checks to cash at the bank or make out checks to pay the creditors of the officers (e.g. American Express). Though Ms. Grandwotter did not receive a share in the FHJ account, she did receive company stock and in the end she received 5% of each payment for her services.

In 1986 prior to bankruptcy, Ms. Grandwotter was told by Mr. Moreno and others to destroy the records relating to the FHJ account. Ms. Grandwotter and Mr. Guariglia destroyed FHJ records but it is unclear as to how many records were destroyed.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed,

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all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from the FHJ account. According to Mr. Moreno, the Wedtech officers knew that the company could not contribute to federal candidates directly and also knew about the Act's limitation on individual contributions to political committees

In order to circumvent the requirements of the Act, therefore, the Wedtech officers used a variety of methods. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate. It also appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system.

With respect to reimbursement of political contributions, Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer. The usual scenario seemed to be that when Wedtech officers were within their contribution limit, they would use personal checks to make contributions to political committees Exceptions to this general rule occurred, however, in instances where individuals were short of cash. In such instances a check was drawn on the FHJ account, the check was cashed, and the contribution was made by way of money order.

Officers who made contributions by personal check were

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reimbursed from the FHJ account. Refunds were done in several ways. If money was available in the FHJ account a direct reimbursement was possible. If no monies were available, then the officer received a credit in the FHJ Account so they would be reimbursed when monies did become available. In other cases, instead of receiving a reimbursement directly, officers could direct that the refund go towards the payment of vendors (e.g. American Express).

The FHJ account was also used to reimburse political contributions made by employees of Wedtech and family members of the Wedtech officers. Mr. Moreno stated that in a few instances employees of Wedtech were asked to write checks and were subsequently reimbursed in cash. Spouses of Wedtech officers were asked to write out checks to political committees and the reimbursement went to the Wedtech officer. Relatives of Wedtech officers, on the other hand, wrote checks to the political committee and were later reimbursed in cash from the FHJ account via the Wedtech officer.

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According to Mr. Moreno, rather than reimbursement of contributions, many of the political contributions were paid for with monies that came directly from the FHJ account. In other words, checks drawn on the FHJ account were cashed by Ms. Grandwotter, the cash was used to buy money orders, and the contributions were made via a money order. Mr. Moreno stated that if the money orders were less than $1,000, they did not have to provide names to the bank. In many cases, the money orders used to effect contributions were not made in the name of

an officer but under a fictitious name. Mr. Moreno explained that after receiving the blank money orders, Ms. Grandwotter and others (the officers) would invent names to place at the bottom of the check. Since the names were invented, Mr. Moreno was unable to recall specific names used to make contributions via the money orders.

Mr. Moreno indicated that sometimes money orders were made out directly to political campaigns but that in most instances the money orders were made out to organizations giving affairs for the benefit of a particular politician. Mr. Moreno stated that Wedtech bought a number of tables at these affairs and that his understanding was that after expenses were paid a certain portion of the proceeds went to the particular politician. Mr. Moreno indicated that sometimes cash (FHJ) was also used to buy tables at these affairs. Mr. Moreno recalled attending a number of affairs or receptions for Representatives Biaggi, Garcia, Addabbo and Senator D'Amato where Wedtech had bought tables.

Mr. Moreno explained the use of the FHJ account to make in-kind contributions to a federal candidates. Mr. Moreno recalled that during the 1982 and 1984 elections, the money from the FHJ account was used to rent taxis and to provide for Spanish TV and radio spots advocating the election of Congressman Addabbo. Mr. Moreno stated that between $30,000 to $40,000 was spent on such services. The vendors were paid in cash and the cash came directly from the FHJ account or Mr. Moreno was subsequently reimbursed from the FHJ account.

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As noted, Mr. Guariglia dealt primarily with the accounting and keeping of the books on the FHJ account and Ms. Grandwotter was generally responsible for the signing of checks, the cashing of checks, and the buying of the money orders. Moreover Wedtech officers sharing in the FHJ account kept a running record of their own contributions. Several ledger pages of the FHJ account appear to have survived the destruction of the FHJ records.

All monies deposited in the FHJ account were allocated to the officers according to the formula for distribution of FHJ funds. According to Mr. Moreno, debits from the FHJ account for personal expenses and debits for political contributions were treated differently. Mr. Moreno explained that disbursements for personal expenses were debited entirely against the officer's individual share, while political contributions were divided up among those who shared in the account.

D. Participants and Political Contributions in Wedtech Scheme

1. Participants

Mr. Moreno has asserted that any contributions on the public record made by Wedtech officers, employees, family and friends were reimbursed or paid for with funds from the FHJ account. According to records on file at the Commission, the following contributions made by the individuals below were possibly related to the Wedtech reimbursement scheme.

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
BERNEY, MARTHA	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
BERNEY, MARTHA	25-MAR-1986	$1,000.00	D'AMATO	APR-Q	86
	SUBTOTAL:	**$2,000**			
BERNEY, REYNALDO	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
BERNEY, REYNALDO	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
	SUBTOTAL:	**$2,000**			
BLUESTINE, ELINOR	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$2,000**			
BLUESTINE, RICHARD	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$2,000**			
LEWIS, CEIL	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
GRANDWOTTER, CEIL	12-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	16-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	29-SEP-1980	$500.00	DNC	OCT-Q	80
GRANDWOTTER, CEIL	16-MAY-1983	$1,000.00	BIAGGI	MY	83
GRANDWOTTER, CEIL	20-MAY-1983	$1,250.00	GARCIA	MY	83
GRANDWOTTER, CEIL	06-SEP-1983	$500.00	ADDABBO	YE	83
GRANDWOTTER, CEIL	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$6,250**			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
GUARIGLIA, ANTHONY	06-SEP-1983	$500.00	ADDABBO	YE	83
GUARIGLIA, ANTHONY	27-DEC-1983	$1,000.00	D'AMATO	YE	83
GUARIGLIA, ANTHONY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
GUARIGLIA, ANTHONY	23-MAY-1984	$1,000.00	BIAGGI	JULY-Q	84
GUARIGLIA, ANTHONY	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
GUARIGLIA, ANTHONY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
GUARIGLIA, ANTHONY	22-OCT-1984	$2,000.00	VICTORY '84	PG-30	84
GUARIGLIA, ANTHONY	05-MAR-1985	$1,000.00	DOLE/SENATE	MY	85
GUARIGLIA, ANTHONY	19-APR-1985	$750.00	ADDABBO	MY	85
GUARIGLIA, ANTHONY	19-JUL-1985	$500.00	ASPIN	YE	85
GUARIGLIA, ANTHONY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$750.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$250.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
GUARIGLIA, ANTHONY	27-MAR-1986	-$750.00	ADDABBO	APR-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	$14,000			
GUARIGLIA, CYNTHIA	19-APR-1985	$750.00	ADDABBO	MY	85
	SUBTOTAL:	$750			
GUARIGLIA, LOUISE	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, LOUISE	02-JUL-1984	$500.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	$1,500			
GUARIGLIA, NICHOLAS	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, NICHOLAS	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	$2,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MARIOTTA, JENNIE	07-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MARIOTTA, JENNIE	20-OCT-1984	$1,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	20-OCT-1984	$2,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	08-MAY-1979	$500.00	FERNANDEZ(PREZ)	JULY-Q	79
MARIOTTA, JENNIE	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MARIOTTA, JENNIE	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JENNIE	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
	SUBTOTAL:	$9,750			
MARIOTTA, JOHN	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MARIOTTA, JOHN	07-DEC-1979	$1,000.00	CARTER/MONDALE	YE	79
MARIOTTA, JOHN	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JOHN	29-SEP-1980	$500.00	DNC	OCT-Q	80
MARIOTTA, JOHN	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
MARIOTTA, JOHN	06-NOV-1980	$1,000.00	DNC	PST-G	80
MARIOTTA, JOHN	18-NOV-1980	$500.00	AMER/CHANGE PAC	PST-G	80
MARIOTTA, JOHN	20-JAN-1981	$500.00	NRCC-C	MY	81
MARIOTTA, JOHN	14-AUG-1981	$1,000.00	NRCC-C	YE	81
MARIOTTA, JOHN	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	01-MAR-1982	$1,000.00	NRCC-C	APR-Q	82
MARIOTTA, JOHN	04-MAR-1982	$500.00	RNC-C	APR-Q	82
MARIOTTA, JOHN	16-JUN-1982	$1,000.00	LUJAN (CNGRSS)	JULY-Q	82
MARIOTTA, JOHN	06-SEP-1983	$500.00	ADDABBO	YE	83
MARIOTTA, JOHN	27-DEC-1983	$1,000.00	D'AMATO	YE	83
MARIOTTA, JOHN	07-FEB-1984	$750.00	GARCIA	APR-Q	84
MARIOTTA, JOHN	06-MAR-1984	$10,000.00	SALUTE/ VICTORY	APR-Q	84
MARIOTTA, JOHN	19-APR-1984	$500.00	WARNER	JULY-Q	84
MARIOTTA, JOHN	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
MARIOTTA, JOHN	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
MARIOTTA, JOHN	14-MAY-1985	$3,000.00	'85 REP SEN-HSE		85
MARIOTTA, JOHN	25-NOV-1985	$500.00	GARCIA	YE	85
	SUBTOTAL:	$31,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MORENO, CARIDAD	02-APR-1984	$1,000.00	D'AMATO	MY	84
MORENO, CARIDAD	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	$2,000			
MORENO, MARIO	27-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MORENO, MARIO	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MORENO, MARIO	29-SEP-1980	$500.00	DNC	OCT-Q	80
MORENO, MARIO	11-OCT-1980	$500.00	DNC	PRE-G	80
MORENO, MARIO	07-NOV-1980	$1,000.00	GARCIA	PST-G	80
MORENO, MARIO	30-APR-1982	$500.00	ADDABBO	JULY-Q	82
MORENO, MARIO	27-MAY-1982	$1,000.00	BIAGGI	JULY-Q	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	26-FEB-1983	$500.00	TORRES	MY	83
MORENO, MARIO	09-FEB-1984	$750.00	GARCIA	APR-Q	84
MORENO, MARIO	06-MAR-1984	$10,000.00	SALUTE/VICTORY	APR-Q	84
MORENO, MARIO	18-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MORENO, MARIO	17-AUG-1984	$500.00	FUND DEM MAJ	SEPT-M	84
MORENO, MARIO	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
MORENO, MARIO	02-MAY-1985	$1,000.00	HOLLINGS	MY	85
MORENO, MARIO	29-MAY-1985	$1,000.00	BIAGGI	MY	85
MORENO, MARIO	17-JUN-1985	$1,000.00	GARCIA	MY	85
MORENO, MARIO	02-DEC-1985	$1,000.00	STRATTON	YE	85
MORENO, MARIO	20-DEC-1985	$1,000.00	ADDABBO	YE	85
MORENO, MARIO	20-MAR-1986	$1,000.00	GARCIA	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	16-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	22-SEP-1986	-$1,000.00	BARNES	OCT-Q	86
	SUBTOTAL:	$32,750			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
NEUBERGER, FRED	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	29-SEP-1980	$500.00	DNC	OCT-Q	80
NEUBERGER, FRED	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
NEUBERGER, FRED	18-NOV-1980	$500.00	AMER/CHNG PAC	PST-G	80
NEUBERGER, FRED	16-NOV-1981	$1,000.00	D'AMATO	YE	81
NEUBERGER, FRED	06-SEP-1983	$500.00	ADDABBO	YE	83
NEUBERGER, FRED	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	11-DEC-1985	$1,000.00	D'AMATO	YE	85
NEUBERGER, FRED	20-DEC-1985	$500.00	ADDABBO	YE	85
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
	SUBTOTAL:	**$12,000**			
PAOLERCIO, MICHAEL	12-APR-1986	$600.00	D'AMATO	JULY-Q	86
PAOLERCIO, MICHAEL	12-APR-1986	$1,000.00	D'AMATO	JULY-Q	86
	SUBTOTAL:	**$1,600**			
SHORTEN, LARRY	06-SEP-1983	$500.00	ADDABBO	YE	83
SHORTEN, LARRY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
SHORTEN, LARRY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
SHORTEN, LARRY	05-MAR-1985	$1,000.00	DOLE/SEN	MY	85
SHORTEN, LARRY	19-JUL-1985	$500.00	ASPIN	YE	85
SHORTEN, LARRY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
SHORTEN, LARRY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	**$8,000**			
SHORTEN, MRS. LARRY	17-AUG-1984	$2,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	**$2,000**			

GRAND TOTAL: $131,600

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It is clear that the bulk of the contributions listed here were made by the inner circle of Wedtech officers who knew about and shared in the secret FHJ account (John Mariotta, Fred Neuberger, Mario Moreno, Anthony Guariglia, Richard Bluestine and Larry Shorten). It appears from the list that Ms. Grandwotter made several contributions to political committees as well. Additionally, each of the spouses of the officers with a share in the FHJ account also made contributions to federal candidate committees. Mr. Moreno has indicated that the above mentioned officers and Ms. Grandwotter knew that the company could not contribute to federal candidates and that each person was also aware of the contribution limits under the Act. While Mr. Moreno noted that he did not believe that the above list contained all the contributions made by Wedtech officers, he believed that the contributions of John Mariotta were particularly understated. Mr. Moreno explained that it was probable that Mr. Mariotta did not have many of his contributions reimbursed by the FHJ account.

Mr. Moreno has stated that his sisters (Martha Berney, Dianna Manzano and Cecilia Moreno) and his brother-in-law Reynaldo Berney) also made contributions that were reimbursed with money from the FHJ account. These contributions were made at the request of Mr. Moreno.

Mr. Moreno identified other officers and employees that he recalled making occasional contributions through personal checks.

2. Political Contributions

While only the tip of the iceberg, the list of contributions that were probably reimbursed by the corporate FHJ account amounts

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to $131,600. The majority of the contributions listed here were made to the political committees of Representatives Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met on many occasions with these staff members to draft letters to help Wedtech win government contracts.

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen. Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

The Biaggi trial transcripts and Mr. Moreno point to the important role of Bernard Erhlich, a partner in the law firm of Biaggi (Richard) & Erhlich. Mr. Erhlich acted as a middle man for the setting up of meetings and the provision of access to congressmen and their staff. It also appears that Mr. Erhlich was also the middleman for much of the flow of contributions that went from Wedtech to the political committees. According to Mr. Moreno, Congressman Biaggi, Senator D'Amato and others would send requests for contributions through Mr. Erhlich who would convey their requests to Mr. Moreno at Wedtech and indicate the amount that was needed.

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In many instances, Mr. Moreno would collect the checks or money orders from Wedtech officers in the amounts requested and deliver them to Mr. Erhlich. Mr. Moreno stated that Mr. Erhlich did not know about the FHJ account but might have suspected kickbacks. Mr. Moreno noted that Mr. Erhlich never commented about the form of the contributions in terms of the receipt of money orders versus the receipt of personal checks

E. Legal Analysis

2 U.S.C. 441a(a)(1)(A) makes unlawful contributions made by individuals to candidates or political committees that exceed $1,000 per election. 2 U.S.C. § 441a(f) makes unlawful the receipt of contributions that exceed the limits of the Act by candidates or political committees.

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with a federal election or for a political committee to knowingly accept or receive a contribution from any corporation. Furthermore, this Section makes it unlawful for an officer of a corporation to consent to such a contribution or expenditure.

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a political committee to knowingly accept a contribution made by one person in the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other

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compensation to any person for his or her contribution to any federal candidate political committee. See Advisory Opinion 1986-41.

It is apparent that an inner circle of Wedtech officers created the FHJ account, controlled the funds in the account and made decisions on how the funds should be used. This inner circle of officers knew about the Act's limitations and prohibitions and developed a scheme to circumvent the Act's requirements. The Wedtech inner circle solicited others to make illegal contributions, consented to the use of Wedtech funds to make contributions using invented names, and used Wedtech funds to reimburse contributions made by themselves and others. Accordingly, there is reason to believe John Mariotta knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1992

Anthony Guariglia
156 High Pond Drive
Jericho, NY 11753

RE: MUR 2639
Anthony Guariglia

Dear Mr. Guariglia:

On March 25, 1992, the Federal Election Commission found that there is reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan Aikens

Joan D. Aikens
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Anthony Guariglia MUR 2639

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

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech.

In 1983, Welbilt Electric Die Corporation went public and its name was changed to Wedtech. Congressman Biaggi and Bernard

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Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts, suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee.

B. Wedtech Officers and the FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers. Mr. Moreno has identified several officers of the Wedtech corporation as forming the core of the Wedtech conspiracy to violate the law. According to Mr. Moreno, the names and positions of the Wedtech officers were as follows:

1. John Mariotta - President of Wedtech through 1985; Chairman and Chief Executive Officer until February 1986. The Section 8(A) qualification was based on Mr. Mariotta.

2. Fred Neuberger - Vice President until 1983; President 1983-1985; Vice Chairman of the Board until 1986, when he became Chairman.

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3. Mario Moreno - Treasurer from 1981-1983; Vice President of Operations 1983; Executive Vice President 1983-1985; Deputy Vice Chairman 1985-1986; Vice Chairman 1986 to 1987; member of the Board 1979 to 1987

4. Anthony Guariglia - Chief Financial Officer; President and Chief Operating Officer 1985 until 1986.

5. Lawrence Shorten - Treasurer until 1983; Chief Financial Officer until 1986.

6. Richard Bluestine - became an officer, Senior Vice President for Corporate Development, in 1983 for six or seven months until he was fired.

7. Ceil Grandwotter (Lewis) - Assistant Treasurer from around 1983 until 1986.

8. Jonah Paolercio - Assistant Treasurer from about 1980-1983

The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger, Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976. According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain

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services important to the company.

The FHJ account was funded by kickbacks to the FHJ account. A number of kickback schemes were used by Wedtech during its existence to get monies into this account. In the beginning Wedtech would get kickbacks from suppliers by increasing the amount of the invoices and receiving the excess amount back in the form of a check that was deposited to the FHJ account. In 1980, Jonah Paolercio came up with the idea of securing extra funds by falsifying invoices to receive funds from the government before they were actually due. This kickback scheme continued until 1983. Later, Wedtech entered into a kickback agreement with an equipment supplier, Henry Zeitzel, by which Wedtech received kickbacks in cash from the Zeitzel company for goods priced higher than their normal cost. Additionally, during 1980-1982 Welbilt checks were deposited directly into the FHJ account and the records were altered to show the payee as some other corporation.

During 1983, Zeitzel became the main equipment supplier for Wedtech and Wedtech received kickbacks from Zeitzel in the form of checks deposited to the FHJ account. This practice continued from 1983-1985. In 1984-1986, most of the monies in the FHJ account came from kickbacks received through construction and electrical companies owned by Reynaldo Berney, Mr. Moreno's brother-in-law. For their services to Wedtech, both Zeitzel and Mr. Berney were given a share of the kickback money. Some of these kickbacks, however, were also deposited to an account located in London called ITEK Mr. Moreno states that the ITEK account in London was used for personal expenses only. Mr. Moreno estimates that

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over four to five million went into the FHJ account during the time it was in use.

According to Mr. Moreno, the FHJ account was ultra secret and only Ceil Grandwotter (Assistant Treasurer) and the officers who benefited from the account knew of its existence. The officers who participated and benefited personally from the FHJ account varied during the years 1979-1986. The funds in the FHJ account were distributed according to a fixed distribution formula that varied depending on the number of persons in the group at the time.

Mr. Moreno indicates that though he found out about the secret account in 1979, he did not participate in the FHJ account until 1981. Prior to 1981, the funds in the FHJ account were distributed based on a formula of 50% for both Mr. Mariotta and Mr. Neuberger. When Mr. Moreno became a secret partner in 1981 and until October 1983, the distribution of funds in the account was 45.5% for Mr. Mariotta, 45.5% for Mr. Neuberger and 9% for Mr. Moreno. In late October 1983, the distribution changed to take into account new officers. At that time the account was based on the following distribution: 25% for Mr. Mariotta, 25% for Mr. Neuberger, 12.5% for Mr. Moreno, 12.5% for Mr. Guariglia, 12.5% for Larry Shorten and 12.5% for Mr. Bluestine. In May of 1984, Mr. Bluestine left Wedtech after six or seven months which caused the following change in the distribution of funds ratio: 27.5% for Mr. Mariotta, 27.5% for Mr. Neuberger, 15% each for Mr. Moreno, Mr. Guariglia and Mr. Shorten.

The FHJ account was originally controlled by Mr. Neuberger

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and only he had signature authority. Later, Ms. Grandwotter was keeper of the account, had signature authority and could write checks on the account or withdraw money. Until the arrival of Mr. Guariglia, Ms. Grandwotter did the day to day bookkeeping for the FHJ account and took care of all the financial transactions relating to the account. When Mr. Guariglia took over finances for Wedtech, the maintenance of the FHJ account was conducted by both Mr. Guariglia and Ms. Grandwotter. Ms. Guariglia recorded most transactions and kept the books on the FHJ account and Ms. Grandwotter wrote checks, went to the bank and retained the actual documents such as checks and deposit slips.

Those officers who needed money or wanted to make a withdrawal from the account would tell Ms. Grandwotter who told Mr. Guariglia so he could do the accounting. Ms. Grandwotter would make out the checks to cash at the bank or make out checks to pay the creditors of the officers (e.g. American Express). Though Ms. Grandwotter did not receive a share in the FHJ account, she did receive company stock and in the end she received 5% of each payment for her services.

In 1986 prior to bankruptcy, Ms. Grandwotter was told by Mr. Moreno and others to destroy the records relating to the FHJ account. Ms. Grandwotter and Mr. Guariglia destroyed FHJ records but it is unclear as to how many records were destroyed.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed,

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all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from the FHJ account. According to Mr. Moreno, the Wedtech officers knew that the company could not contribute to federal candidates directly and also knew about the Act's limitation on individual contributions to political committees.

In order to circumvent the requirements of the Act, therefore, the Wedtech officers used a variety of methods. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate. It also appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system.

With respect to reimbursement of political contributions, Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer. The usual scenario seemed to be that when Wedtech officers were within their contribution limit, they would use personal checks to make contributions to political committees. Exceptions to this general rule occurred, however, in instances where individuals were short of cash. In such instances a check was drawn on the FHJ account, the check was cashed, and the contribution was made by way of money order.

Officers who made contributions by personal check were

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reimbursed from the FHJ account. Refunds were done in several ways. If money was available in the FHJ account a direct reimbursement was possible. If no monies were available, then the officer received a credit in the FHJ Account so they would be reimbursed when monies did become available. In other cases, instead of receiving a reimbursement directly, officers could direct that the refund go towards the payment of vendors (e.g. American Express)

The FHJ account was also used to reimburse political contributions made by employees of Wedtech and family members of the Wedtech officers. Mr. Moreno stated that in a few instances employees of Wedtech were asked to write checks and were subsequently reimbursed in cash. Spouses of Wedtech officers were asked to write out checks to political committees and the reimbursement went to the Wedtech officer. Relatives of Wedtech officers, on the other hand, wrote checks to the political committee and were later reimbursed in cash from the FHJ account via the Wedtech officer

According to Mr. Moreno, rather than reimbursement of contributions, many of the political contributions were paid for with monies that came directly from the FHJ account. In other words, checks drawn on the FHJ account were cashed by Ms. Grandwotter, the cash was used to buy money orders, and the contributions were made via a money order. Mr. Moreno stated that if the money orders were less than $1,000, they did not have to provide names to the bank. In many cases, the money orders used to effect contributions were not made in the name of

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an officer but under a fictitious name. Mr. Moreno explained that after receiving the blank money orders, Ms. Grandwotter and others (the officers) would invent names to place at the bottom of the check. Since the names were invented, Mr. Moreno was unable to recall specific names used to make contributions via the money orders.

Mr. Moreno indicated that sometimes money orders were made out directly to political campaigns but that in most instances the money orders were made out to organizations giving affairs for the benefit of a particular politician. Mr. Moreno stated that Wedtech bought a number of tables at these affairs and that his understanding was that after expenses were paid a certain portion of the proceeds went to the particular politician. Mr. Moreno indicated that sometimes cash (FHJ) was also used to buy tables at these affairs. Mr. Moreno recalled attending a number of affairs or receptions for Representatives Biaggi, Garcia, Addabbo and Senator D'Amato where Wedtech had bought tables.

Mr. Moreno explained the use of the FHJ account to make in-kind contributions to a federal candidates. Mr. Moreno recalled that during the 1982 and 1984 elections, the money from the FHJ account was used to rent taxis and to provide for Spanish TV and radio spots advocating the election of Congressman Addabbo. Mr. Moreno stated that between $30,000 to $40,000 was spent on such services. The vendors were paid in cash and the cash came directly from the FHJ account or Mr. Moreno was subsequently reimbursed from the FHJ account.

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As noted, Mr. Guariglia dealt primarily with the accounting and keeping of the books on the FHJ account and Ms. Grandwotter was generally responsible for the signing of checks, the cashing of checks, and the buying of the money orders. Moreover Wedtech officers sharing in the FHJ account kept a running record of their own contributions. Several ledger pages of the FHJ account appear to have survived the destruction of the FHJ records.

All monies deposited in the FHJ account were allocated to the officers according to the formula for distribution of FHJ funds. According to Mr. Moreno, debits from the FHJ account for personal expenses and debits for political contributions were treated differently. Mr. Moreno explained that disbursements for personal expenses were debited entirely against the officer's individual share, while political contributions were divided up among those who shared in the account.

D. Participants and Political Contributions in Wedtech Scheme

1. Participants

Mr. Moreno has asserted that any contributions on the public record made by Wedtech officers employees, family and friends were reimbursed or paid for with funds from the FHJ account. According to records on file at the Commission, the following contributions made by the individuals below were possibly related to the Wedtech reimbursement scheme.

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
BERNEY, MARTHA	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
BERNEY, MARTHA	25-MAR-1986	$1,000.00	D'AMATO	APR-Q	86
	SUBTOTAL:	$2,000			
BERNEY, REYNALDO	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
BERNEY, REYNALDO	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
	SUBTOTAL:	$2,000			
BLUESTINE, ELINOR	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$2,000			
BLUESTINE, RICHARD	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$2,000			
LEWIS, CEIL	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
GRANDWOTTER, CEIL	12-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	16-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	29-SEP-1980	$500.00	DNC	OCT-Q	80
GRANDWOTTER, CEIL	16-MAY-1983	$1,000.00	BIAGGI	MY	83
GRANDWOTTER, CEIL	20-MAY-1983	$1,250.00	GARCIA	MY	83
GRANDWOTTER, CEIL	06-SEP-1983	$500.00	ADDABBO	YE	83
GRANDWOTTER, CEIL	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$6,250			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
GUARIGLIA, ANTHONY	06-SEP-1983	$500.00	ADDABBO	YE	83
GUARIGLIA, ANTHONY	27-DEC-1983	$1,000.00	D'AMATO	YE	83
GUARIGLIA, ANTHONY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
GUARIGLIA, ANTHONY	23-MAY-1984	$1,000.00	BIAGGI	JULY-Q	84
GUARIGLIA, ANTHONY	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
GUARIGLIA, ANTHONY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
GUARIGLIA, ANTHONY	22-OCT-1984	$2,000.00	VICTORY '84	PG-30	84
GUARIGLIA, ANTHONY	05-MAR-1985	$1,000.00	DOLE/SENATE	MY	85
GUARIGLIA, ANTHONY	19-APR-1985	$750.00	ADDABBO	MY	85
GUARIGLIA, ANTHONY	19-JUL-1985	$500.00	ASPIN	YE	85
GUARIGLIA, ANTHONY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$750.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$250.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
GUARIGLIA, ANTHONY	27-MAR-1986	-$750.00	ADDABBO	APR-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	$14,000			
GUARIGLIA, CYNTHIA	19-APR-1985	$750.00	ADDABBO	MY	85
	SUBTOTAL:	$750			
GUARIGLIA, LOUISE	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, LOUISE	02-JUL-1984	$500.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	$1,500			
GUARIGLIA, NICHOLAS	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, NICHOLAS	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	$2,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MARIOTTA, JENNIE	07-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MARIOTTA, JENNIE	20-OCT-1984	$1,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	20-OCT-1984	$2,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	08-MAY-1979	$500.00	FERNANDEZ(PREZ)	JULY-Q	79
MARIOTTA, JENNIE	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MARIOTTA, JENNIE	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JENNIE	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
	SUBTOTAL:	$9,750			
MARIOTTA, JOHN	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MARIOTTA, JOHN	07-DEC-1979	$1,000.00	CARTER/MONDALE	YE	79
MARIOTTA, JOHN	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JOHN	29-SEP-1980	$500.00	DNC	OCT-Q	80
MARIOTTA, JOHN	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
MARIOTTA, JOHN	06-NOV-1980	$1,000.00	DNC	PST-G	80
MARIOTTA, JOHN	18-NOV-1980	$500.00	AMER/CHANGE PAC	PST-G	80
MARIOTTA, JOHN	20-JAN-1981	$500.00	NRCC-C	MY	81
MARIOTTA, JOHN	14-AUG-1981	$1,000.00	NRCC-C	YE	81
MARIOTTA, JOHN	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	01-MAR-1982	$1,000.00	NRCC-C	APR-Q	82
MARIOTTA, JOHN	04-MAR-1982	$500.00	RNC-C	APR-Q	82
MARIOTTA, JOHN	16-JUN-1982	$1,000.00	LUJAN (CNGRSS)	JULY-Q	82
MARIOTTA, JOHN	06-SEP-1983	$500.00	ADDABBO	YE	83
MARIOTTA, JOHN	27-DEC-1983	$1,000.00	D'AMATO	YE	83
MARIOTTA, JOHN	07-FEB-1984	$750.00	GARCIA	APR-Q	84
MARIOTTA, JOHN	06-MAR-1984	$10,000.00	SALUTE/ VICTORY	APR-Q	84
MARIOTTA, JOHN	19-APR-1984	$500.00	WARNER	JULY-Q	84
MARIOTTA, JOHN	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
MARIOTTA, JOHN	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
MARIOTTA, JOHN	14-MAY-1985	$3,000.00	'85 REP SEN-HSE		85
MARIOTTA, JOHN	25-NOV-1985	$500.00	GARCIA	YE	85
	SUBTOTAL:	$31,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MORENO, CARIDAD	02-APR-1984	$1,000.00	D'AMATO	MY	84
MORENO, CARIDAD	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	$2,000			
MORENO, MARIO	27-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MORENO, MARIO	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MORENO, MARIO	29-SEP-1980	$500.00	DNC	OCT-Q	80
MORENO, MARIO	11-OCT-1980	$500.00	DNC	PRE-G	80
MORENO, MARIO	07-NOV-1980	$1,000.00	GARCIA	PST-G	80
MORENO, MARIO	30-APR-1982	$500.00	ADDABBO	JULY-Q	82
MORENO, MARIO	27-MAY-1982	$1,000.00	BIAGGI	JULY-Q	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	26-FEB-1983	$500.00	TORRES	MY	83
MORENO, MARIO	09-FEB-1984	$750.00	GARCIA	APR-Q	84
MORENO, MARIO	06-MAR-1984	$10,000.00	SALUTE/VICTORY	APR-Q	84
MORENO, MARIO	18-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MORENO, MARIO	17-AUG-1984	$500.00	FUND DEM MAJ	SEPT-M	84
MORENO, MARIO	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
MORENO, MARIO	02-MAY-1985	$1,000.00	HOLLINGS	MY	85
MORENO, MARIO	29-MAY-1985	$1,000.00	BIAGGI	MY	85
MORENO, MARIO	17-JUN-1985	$1,000.00	GARCIA	MY	85
MORENO, MARIO	02-DEC-1985	$1,000.00	STRATTON	YE	85
MORENO, MARIO	20-DEC-1985	$1,000.00	ADDABBO	YE	85
MORENO, MARIO	20-MAR-1986	$1,000.00	GARCIA	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	16-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	22-SEP-1986	-$1,000.00	BARNES	OCT-Q	86
	SUBTOTAL:	$32,750			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
NEUBERGER, FRED	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	29-SEP-1980	$500.00	DNC	OCT-Q	80
NEUBERGER, FRED	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
NEUBERGER, FRED	18-NOV-1980	$500.00	AMER/CHNG PAC	PST-G	80
NEUBERGER, FRED	16-NOV-1981	$1,000.00	D'AMATO	YE	81
NEUBERGER, FRED	06-SEP-1983	$500.00	ADDABBO	YE	83
NEUBERGER, FRED	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	11-DEC-1985	$1,000.00	D'AMATO	YE	85
NEUBERGER, FRED	20-DEC-1985	$500.00	ADDABBO	YE	85
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
	SUBTOTAL:	$12,000			
PAOLERCIO, MICHAEL	12-APR-1986	$600.00	D'AMATO	JULY-Q	86
PAOLERCIO, MICHAEL	12-APR-1986	$1,000.00	D'AMATO	JULY-Q	86
	SUBTOTAL:	$1,600			
SHORTEN, LARRY	06-SEP-1983	$500.00	ADDABBO	YE	83
SHORTEN, LARRY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
SHORTEN, LARRY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
SHORTEN, LARRY	05-MAR-1985	$1,000.00	DOLE/SEN	MY	85
SHORTEN, LARRY	19-JUL-1985	$500.00	ASPIN	YE	85
SHORTEN, LARRY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
SHORTEN, LARRY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	$8,000			
SHORTEN, MRS. LARRY	17-AUG-1984	$2,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	$2,000			
	GRAND TOTAL:	$131,600			

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It is clear that the bulk of the contributions listed here were made by the inner circle of Wedtech officers who knew about and shared in the secret FHJ account (John Mariotta, Fred Neuberger, Mario Moreno, Anthony Guariglia, Richard Bluestine and Larry Shorten). It appears from the list that Ms. Grandwotter made several contributions to political committees as well Additionally, each of the spouses of the officers with a share in the FHJ account also made contributions to federal candidate committees. Mr. Moreno has indicated that the above mentioned officers and Ms. Grandwotter knew that the company could not contribute to federal candidates and that each person was also aware of the contribution limits under the Act. While Mr. Moreno noted that he did not believe that the above list contained all the contributions made by Wedtech officers, he believed that the contributions of John Mariotta were particularly understated. Mr. Moreno explained that it was probable that Mr. Mariotta did not have many of his contributions reimbursed by the FHJ account.

Mr. Moreno has stated that his sisters (Martha Berney, Dianna Manzano and Cecilia Moreno) and his brother-in-law (Reynaldo Berney) also made contributions that were reimbursed with money from the FHJ account. These contributions were made at the request of Mr. Moreno.

Mr. Moreno identified other officers and employees that he recalled making occasional contributions through personal checks.

2. Political Contributions

While only the tip of the iceberg, the list of contributions that were probably reimbursed by the corporate FHJ account amounts

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to $131,600. The majority of the contributions listed here were made to the political committees of Representatives Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met on many occasions with these staff members to draft letters to help Wedtech win government contracts.

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen. Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

The Biaggi trial transcripts and Mr. Moreno point to the important role of Bernard Erhlich, a partner in the law firm of Biaggi (Richard) & Erhlich. Mr. Erhlich acted as a middle man for the setting up of meetings and the provision of access to congressmen and their staff. It also appears that Mr. Erhlich was also the middleman for much of the flow of contributions that went from Wedtech to the political committees. According to Mr. Moreno, Congressman Biaggi, Senator D'Amato and others would send requests for contributions through Mr. Erhlich who would convey their requests to Mr. Moreno at Wedtech and indicate the amount that was needed.

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In many instances, Mr. Moreno would collect the checks or money orders from Wedtech officers in the amounts requested and deliver them to Mr. Erhlich. Mr. Moreno stated that Mr. Erhlich did not know about the FHJ account but might have suspected kickbacks. Mr. Moreno noted that Mr. Erhlich never commented about the form of the contributions in terms of the receipt of money orders versus the receipt of personal checks.

E. Legal Analysis

2 U.S.C. 441a(a)(1)(A) makes unlawful contributions made by individuals to candidates or political committees that exceed $1,000 per election. 2 U.S.C. § 441a(f) makes unlawful the receipt of contributions that exceed the limits of the Act by candidates or political committees.

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with a federal election or for a political committee to knowingly accept or receive a contribution from any corporation. Furthermore, this Section makes it unlawful for an officer of a corporation to consent to such a contribution or expenditure.

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a political committee to knowingly accept a contribution made by one person in the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other

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compensation to any person for his or her contribution to any federal candidate political committee. See Advisory Opinion 1986-41.

It is apparent that an inner circle of Wedtech officers created the FHJ account, controlled the funds in the account and made decisions on how the funds should be used. This inner circle of officers knew about the Act's limitations and prohibitions and developed a scheme to circumvent the Act's requirements. The Wedtech inner circle solicited others to make illegal contributions, consented to the use of Wedtech funds to make contributions using invented names, and used Wedtech funds to reimburse contributions made by themselves and others. Accordingly, there is reason to believe Anthony Guariglia knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1992

Chairman
Wedtech Corporation
15 West 37th St.
New York, NY 10018

RE: MUR 2639
Wedtech Corporation

Dear Mr. Chairman:

On March 25, 1992, the Federal Election Commission found that there is reason to believe Wedtech Corporation ("the Corporation") knowingly and willfully violated 2 U.S.C. §§ 441b and 441c, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan Aikens

Joan D. Aikens
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Wedtech Corporation MUR 2639

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

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech.

In 1983, Welbilt Electric Die Corporation went public and its

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name was changed to Wedtech. Congressman Biaggi and Bernard Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts, suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract.

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee.

B. Wedtech Officers and the FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers.[1/] Mr. Moreno has identified several officers of the Wedtech corporation as forming the core of the Wedtech conspiracy to violate the law. The names and positions of the Wedtech officers were as follows:

1/ The "FHJ" account was a secret account funded by corporate kickbacks.

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1. John Mariotta - President of Wedtech through 1985; Chairman and Chief Executive Officer until February 1986. The Section 8(A) qualification was based on Mr. Mariotta.

2. Fred Neuberger - Vice President until 1983; President 1983-1985; Vice Chairman of the Board until 1986, when he became Chairman.

3. Mario Moreno - Treasurer from 1981-1983; Vice President of Operations 1983; Executive Vice President 1983-1985; Deputy Vice Chairman 1985-1986; Vice Chairman 1986 to 1987; member of the Board 1979 to 1987.

4. Anthony Guariglia - Chief Financial Officer; President and Chief Operating Officer 1985 until 1986.

5. Lawrence Shorten - Treasurer until 1983; Chief Financial Officer until 1986.

6. Richard Bluestine - became an officer, Senior Vice President for Corporate Development, in 1983 for six or seven months until he was fired.

7. Ceil Grandwotter (Lewis) - Assistant Treasurer from around 1983 until 1986.

8. Jonah Paolercio - Assistant Treasurer from about 1980-1983.

These individuals were identified as officers by Mr. Moreno. A list of Wedtech corporate directors and officers derived from a Standard and Poor Index is similar to Mr. Moreno's list of officers at Wedtech (with dates and titles of the Officers after

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the company went public in 1983). Though dates and title may differ somewhat from Mr. Moreno's recollections, with the exception of Ceil Grandwotter and Jonah Paolercio, the individuals identified by Mr. Moreno were officers in one capacity or another at Wedtech according to the Standard and Poor Index.

The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger, Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976. According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain services important to the company.

The FHJ account was funded by kickbacks to the FHJ account. A number of kickback schemes were used by Wedtech during its existence to get monies into this account. In the beginning Wedtech would get kickbacks from suppliers by increasing the amount of the invoices and receiving the excess amount back in the form of a check that was deposited to the FHJ account.
In 1980, Jonah Paolercio came up with the idea of securing extra

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funds by falsifying invoices to receive funds from the government before they were actually due. This kickback scheme continued until 1983. Later, Wedtech entered into a kickback agreement with an equipment supplier, Henry Zeitzel, by which Wedtech received kickbacks in cash from the Zeitzel company for goods priced higher than their normal cost. Additionally, during 1980-1982 Welbilt checks were deposited directly into the FHJ account and the records were altered to show the payee as some other corporation.

During 1983, Zeitzel became the main equipment supplier for Wedtech and Wedtech received kickbacks from Zeitzel in the form of checks deposited to the FHJ account. This practice continued from 1983-1985. In 1984-1986, most of the monies in the FHJ account came from kickbacks received through construction and electrical companies owned by Reynaldo Berney, Mr. Moreno's brother-in-law. For their services to Wedtech, both Zeitzel and Mr. Berney were given a share of the kickback money. Some of these kickbacks, however, were also deposited to an account located in London called ITEK. Mr. Moreno states that the ITEK account in London was used for personal expenses only. Mr. Moreno estimates that over four to five million went into the FHJ account during the time it was in use.

According to Mr. Moreno, the FHJ account was ultra secret and only Ceil Grandwotter (Assistant Treasurer) and the officers who benefited from the account knew of its existence. The officers who participated and benefited personally from the FHJ account

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1992

Mario Biaggi
100 East Mosholu Parkway South
Bronx, NY 10458

RE: MUR 2639
Mario Biaggi

Dear Mr. Biaggi:

On March 25, 1992, the Federal Election Commission found that there is reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b, 441f, and 441c, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400.

Sincerely,

Joan Aikens

Joan D. Aikens
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Mario Biaggi MUR 2639

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

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech

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In 1983, Welbilt Electric Die Corporation went public and its name was changed to Wedtech. Congressman Biaggi and Bernard Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts, suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract.

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee

B. The FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers.[1/] The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger,

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1/ The "FHJ" account was a secret account funded by corporate kickbacks.

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Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by Mr. Mariotta and Mr. Neuberger in 1976.

According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain services important to the company.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed, all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from the FHJ account.

It appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate.

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With respect to reimbursement of political contributions, Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer. According to Mr. Moreno, rather than reimbursement of contributions, many of the political contributions were paid for with monies that came directly from the FHJ account. In other words, checks drawn on the FHJ account were cashed, the cash was used to buy money orders, and the contributions were made via a money order. Mr. Moreno stated that if the money orders were less than $1,000, they did not have to provide names to the bank. In many cases, the money orders used to effect contributions were not made in the name of an officer but under a fictitious name. Mr. Moreno explained that after receiving the blank money orders, invented names were placed at the bottom of the check.

Mr. Moreno indicated that sometimes money orders were made out directly to political campaigns but that in most instances the money orders were made out to organizations giving affairs for the benefit of a particular politician. Mr. Moreno stated that Wedtech bought a number of tables at these affairs and that his understanding was that after expenses were paid a certain portion of the proceeds went to the particular politician. Mr. Moreno indicated that sometimes cash (FHJ) was also used to buy tables at these affairs. Mr. Moreno recalled attending a

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number of affairs or receptions for Representatives Biaggi, Garcia, Addabbo and Senator D'Amato where Wedtech had bought tables.

D. Political Contributions in Wedtech Scheme

The majority of the contributions were made to the political committees of Representative Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met on many occasions with these staff members to draft letters to help Wedtech win government contracts.

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen. Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

The Biaggi trial transcripts and Mr. Moreno point to the important role of Bernard Erhlich, a partner in the law firm of Biaggi (Richard) & Erhlich. Mr. Erhlich acted as a middle man for the setting up of meetings and the provision of access to congressmen and their staff. It also appears that Mr. Erhlich was

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also the middleman for much of the flow of contributions that went from Wedtech to the political committees. According to Mr. Moreno, Congressman Biaggi, Senator D'Amato and others would send requests for contributions through Mr. Erhlich and would convey their requests to Mr. Moreno at Wedtech and indicate the amount that was needed.

Mr. Moreno has indicated repeatedly that the existence of the FHJ account was not discussed with anyone outside of the inner circle of officers at Wedtech. However, Mr. Moreno indicated that it was his assumption that, based on the circumstances (use of money orders), individuals probably realized Wedtech was receiving kickbacks but the individuals did not know where or how Wedtech handled these transactions.

E. Legal Analysis

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with a federal election or for a candidate or a political committee to knowingly accept or receive a contribution from any corporation. Furthermore, this Section makes it unlawful for an officer of a corporation to consent to such a contribution or expenditure.

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a candidate or a political committee to knowingly accept a contribution made by one person in

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the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other compensation to any person for his or her contribution to any federal candidate political committee. See Advisory Opinion 1986-41

As set forth at 2 U.S.C. § 441c(a)(1), a federal government contractor is prohibited from directly or indirectly making any contribution of money or other things of value, or to promise expressly or impliedly to make any such contribution to any political party, committee or candidate for public office or to any person for any political purpose or use. The duration of the prohibition extends from commencement of negotiations until completion of performance or termination of negotiations. Id. In addition, it is unlawful for any person knowingly to solicit any such contribution from any such person for any such purpose during this time period. 2 U.S.C. § 441c(a)(2)

Mr. Moreno has pointed to the FHJ account as the source of funds to make or reimburse political contributions by Wedtech officers, employees and family members. The FHJ account was clearly funded by corporate monies from kickbacks on Wedtech contracts.

According to Mr. Moreno, Congressman Biaggi had a direct and personal relationship with Wedtech. Mr. Moreno stated that Congressman Biaggi had obtained an interest in Wedtech through his

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holdings of stock when the company went public. Additionally, Congressman Biaggi met with Wedtech officials on numerous occasions (at least 150 times), and actively sought assistance for Wedtech contracts, particularly the assistance of Senator D'Amato. Indeed, Mr. Erhlich, the middle man for political contributions, often introduced himself as Congressman Biaggi's partner and was ofter considered to have acted under his direction.

The close and direct relationship of Congressman Biaggi with Wedtech and his illegal receipt of Wedtech funds in these and other transactions raise the strong inference that Congressman Biaggi knew or suspected that the political contributions made to his campaign in fact came from Wedtech itself. Furthermore, Congressman Biaggi was aware that Wedtech was a federal contractor and solicitation of a government contractor is prohibited by the Act.

Accordingly, there is reason to believe Congressman Mario Biaggi knowingly and willfully violated 2 U.S.C. §§ 441f, 441b, and 441c: by accepting contributions made in the name of another, by accepting corporate contributions on behalf of his political committee and by knowingly soliciting contributions from a government contractor.

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varied during the years 1979-1986. The funds in the FHJ account were distributed according to a fixed distribution formula that varied depending on the number of persons in the group at the time.

Mr. Moreno indicates that though he found out about the secret account in 1979, he did not participate in the FHJ account until 1981. Prior to 1981, the funds in the FHJ account were distributed based on a formula of 50% for both Mr. Mariotta and Mr. Neuberger. When Mr. Moreno became a secret partner in 1981 and until October 1983, the distribution of funds in the account was 45.5% for Mr. Mariotta, 45.5% for Mr. Neuberger and 9% for Mr. Moreno. In late October 1983, the distribution changed to take into account new officers. At that time the account was based on the following distribution: 25% for Mr. Mariotta, 25% for Mr. Neuberger, 12.5% for Mr. Moreno, 12.5% for Mr. Guariglia, 12.5% for Larry Shorten and 12.5% for Mr. Bluestine. In May of 1984, Mr. Bluestine left Wedtech after six or seven months which caused the following change in the distribution of funds ratio: 27.5% for Mr. Mariotta, 27.5% for Mr. Neuberger, 15% each for Mr. Moreno, Mr. Guariglia and Mr. Shorten.

The FHJ account was originally controlled by Mr. Neuberger and only he had signature authority. Later, Ms. Grandwotter was keeper of the account, had signature authority and could write checks on the account or withdraw money. Until the arrival of Mr. Guariglia, Ms. Grandwotter did the day to day bookkeeping for

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the FHJ account and took care of all the financial transactions relating to the account. When Mr. Guariglia took over finances for Wedtech, the maintenance of the FHJ account was conducted by both Mr. Guariglia and Ms. Grandwotter Mr. Guariglia recorded most transactions and kept the books on the FHJ account and Ms. Grandwotter wrote checks, went to the bank and retained the actual documents such as checks and deposit slips.

Those officers who needed money or wanted to make a withdrawal from the account would tell Ms. Grandwotter who told Mr. Guariglia so he could do the accounting. Ms. Grandwotter would make out the checks to cash at the bank or make out checks to pay the creditors of the officers (e.g. American Express). Though Ms. Grandwotter did not receive a share in the FHJ account, she did receive company stock and in the end she received 5% of each payment for her services.

In 1986 prior to bankruptcy, Ms. Grandwotter was told by Mr. Moreno and others to destroy the records relating to the FHJ account. Ms. Grandwotter and Mr. Guariglia destroyed FHJ records but it is unclear as to how many records were destroyed.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed, all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from

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the FHJ account. According to Mr. Moreno, the Wedtech officers knew that the company could not contribute to federal candidates directly and also knew about the Act's limitation on individual contributions to political committees.

In order to circumvent the requirements of the Act therefore, the Wedtech officers used a variety of methods. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate. It also appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system.

With respect to reimbursement of political contributions, Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer. The usual scenario seemed to be that when Wedtech officers were within their contribution limit, they would use personal checks to make contributions to political committees. Exceptions to this general rule occurred, however, in instances where individuals were short of cash. In such instances a check was drawn on the FHJ account, the check was cashed, and the contribution was made by way of money order.

Officers who made contributions by personal check were

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reimbursed from the FHJ account. Refunds were done in several ways. If money was available in the FHJ account a direct reimbursement was possible. If no monies were available, then the officer received a credit in the FHJ Account so they would be reimbursed when monies did become available In other cases, instead of receiving a reimbursement directly, officers could direct that the refund go towards the payment of vendors (e.g. American Express)

The FHJ account was also used to reimburse political contributions made by employees of Wedtech and family members of the Wedtech officers. Mr. Moreno stated that in a few instances employees of Wedtech were asked to write checks and were subsequently reimbursed in cash. Spouses of Wedtech officers were asked to write out checks to political committees and the reimbursement went to the Wedtech officer. Relatives of Wedtech officers, on the other hand, wrote checks to the political committee and were later reimbursed in cash from the FHJ account via the Wedtech officer.

According to Mr. Moreno, rather than reimbursement of contributions, many of the political contributions were paid for with monies that came directly from the FHJ account.
In other words, checks drawn on the FHJ account were cashed by Ms. Grandwotter, the cash was used to buy money orders, and the contributions was made via a money order. Mr. Moreno stated that if the money orders were less than $1,000, they did not

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have to provide names to the bank. In many cases, the money orders used to effect contributions were not made in the name of an officer but under a fictitious name. Mr. Moreno explained that after receiving the blank money orders, Ms. Grandwotter and others (the officers) would invent names to place at the bottom of the check. Since the names were invented, Mr. Moreno was unable to recall specific names used to make contributions via the money orders.

Mr. Moreno indicated that sometimes money orders were made out directly to political campaigns but that in most instances the money orders were made out to organizations giving affairs for the benefit of a particular politician. Mr. Moreno stated that Wedtech bought a number of tables at these affairs and that his understanding was that after expenses were paid a certain portion of the proceeds went to the particular politician. Mr. Moreno indicated that sometimes cash (FHJ) was also used to buy tables at these affairs. Mr. Moreno recalled attending a number of affairs or receptions for Representatives Biaggi, Garcia, Addabbo and Senator D'Amato where Wedtech had bought tables.

Mr. Moreno explained the use of the FHJ account to make in-kind contributions to a federal candidates. Mr. Moreno recalled that during the 1982 and 1984 elections, the money from the FHJ account was used to rent taxis and to provide for Spanish TV and radio spots advocating the election of

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Congressman Addabbo. Mr. Moreno stated that between $30,000 to $40,000 was spent on such services. The vendors were paid in cash and the cash came directly from the FHJ account or Mr. Moreno was subsequently reimbursed from the FHJ account.

As noted, Mr. Guariglia dealt primarily with the accounting and keeping of the books on the FHJ account and Ms. Grandwotter was generally responsible for the signing of checks, the cashing of checks, and the buying of the money orders. Moreover Wedtech officers sharing in the FHJ account kept a running record of their own contributions. Several ledger pages of the FHJ account appear to have survived the destruction of the FHJ records.

All monies deposited in the FHJ account were allocated to the officers according to the formula for distribution of FHJ funds. According to Mr. Moreno, debits from the FHJ account for personal expenses and debits for political contributions were treated differently. Mr. Moreno explained that disbursements for personal expenses were debited entirely against the officer's individual share, while political contributions were divided up among those who shared in the account.

D. Participants and Political Contributions in Wedtech Scheme

1. Participants

Mr. Moreno has asserted that any contributions on the public record made by Wedtech officers, employees, family and

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friends were reimbursed or paid for with funds from the FHJ account. According to records on file at the Commission, the following contributions made by the individuals below were possibly related to the Wedtech reimbursement scheme

NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
BERNEY, MARTHA	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
BERNEY, MARTHA	25-MAR-1986	$1,000.00	D'AMATO	APR-Q	86
	SUBTOTAL:	**$2,000**			
BERNEY, REYNALDO	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
BERNEY, REYNALDO	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
	SUBTOTAL:	**$2,000**			
BLUESTINE, ELINOR	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$2,000**			
BLUESTINE, RICHARD	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$2,000**			
LEWIS, CEIL	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
GRANDWOTTER, CEIL	12-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	16-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	29-SEP-1980	$500.00	DNC	OCT-Q	80
GRANDWOTTER, CEIL	16-MAY-1983	$1,000.00	BIAGGI	MY	83
GRANDWOTTER, CEIL	20-MAY-1983	$1,250.00	GARCIA	MY	83
GRANDWOTTER, CEIL	06-SEP-1983	$500.00	ADDABBO	YE	83
GRANDWOTTER, CEIL	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	**$6,250**			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
GUARIGLIA, ANTHONY	06-SEP-1983	$500.00	ADDABBO	YE	83
GUARIGLIA, ANTHONY	27-DEC-1983	$1,000.00	D'AMATO	YE	83
GUARIGLIA, ANTHONY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
GUARIGLIA, ANTHONY	23-MAY-1984	$1,000.00	BIAGGI	JULY-Q	84
GUARIGLIA, ANTHONY	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
GUARIGLIA, ANTHONY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
GUARIGLIA, ANTHONY	22-OCT-1984	$2,000.00	VICTORY '84	PG-30	84
GUARIGLIA, ANTHONY	05-MAR-1985	$1,000.00	DOLE/SENATE	MY	85
GUARIGLIA, ANTHONY	19-APR-1985	$750.00	ADDABBO	MY	85
GUARIGLIA, ANTHONY	19-JUL-1985	$500.00	ASPIN	YE	85
GUARIGLIA, ANTHONY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$750.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$250.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
GUARIGLIA, ANTHONY	27-MAR-1986	-$750.00	ADDABBO	APR-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	**$14,000**			
GUARIGLIA, CYNTHIA	19-APR-1985	$750.00	ADDABBO	MY	85
	SUBTOTAL:	**$750**			
GUARIGLIA, LOUISE	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, LOUISE	02-JUL-1984	$500.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	**$1,500**			
GUARIGLIA, NICHOLAS	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, NICHOLAS	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	**$2,000**			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MARIOTTA, JENNIE	07-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MARIOTTA, JENNIE	20-OCT-1984	$1,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	20-OCT-1984	$2,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	08-MAY-1979	$500.00	FERNANDEZ(PREZ)	JULY-Q	79
MARIOTTA, JENNIE	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MARIOTTA, JENNIE	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JENNIE	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
	SUBTOTAL:	$9,750			
MARIOTTA, JOHN	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MARIOTTA, JOHN	07-DEC-1979	$1,000.00	CARTER/MONDALE	YE	79
MARIOTTA, JOHN	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JOHN	29-SEP-1980	$500.00	DNC	OCT-Q	80
MARIOTTA, JOHN	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
MARIOTTA, JOHN	06-NOV-1980	$1,000.00	DNC	PST-G	80
MARIOTTA, JOHN	18-NOV-1980	$500.00	AMER/CHANGE PAC	PST-G	80
MARIOTTA, JOHN	20-JAN-1981	$500.00	NRCC-C	MY	81
MARIOTTA, JOHN	14-AUG-1981	$1,000.00	NRCC-C	YE	81
MARIOTTA, JOHN	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	01-MAR-1982	$1,000.00	NRCC-C	APR-Q	82
MARIOTTA, JOHN	04-MAR-1982	$500.00	RNC-C	APR-Q	82
MARIOTTA, JOHN	16-JUN-1982	$1,000.00	LUJAN (CNGRSS)	JULY-Q	82
MARIOTTA, JOHN	06-SEP-1983	$500.00	ADDABBO	YE	83
MARIOTTA, JOHN	27-DEC-1983	$1,000.00	D'AMATO	YE	83
MARIOTTA, JOHN	07-FEB-1984	$750.00	GARCIA	APR-Q	84
MARIOTTA, JOHN	06-MAR-1984	$10,000.00	SALUTE/ VICTORY	APR-Q	84
MARIOTTA, JOHN	19-APR-1984	$500.00	WARNER	JULY-Q	84
MARIOTTA, JOHN	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
MARIOTTA, JOHN	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
MARIOTTA, JOHN	14-MAY-1985	$3,000.00	'85 REP SEN-HSE		85
MARIOTTA, JOHN	25-NOV-1985	$500.00	GARCIA	YE	85
	SUBTOTAL:	$31,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MORENO, CARIDAD	02-APR-1984	$1,000.00	D'AMATO	MY	84
MORENO, CARIDAD	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	$2,000			
MORENO, MARIO	27-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MORENO, MARIO	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MORENO, MARIO	29-SEP-1980	$500.00	DNC	OCT-Q	80
MORENO, MARIO	11-OCT-1980	$500.00	DNC	PRE-G	80
MORENO, MARIO	07-NOV-1980	$1,000.00	GARCIA	PST-G	80
MORENO, MARIO	30-APR-1982	$500.00	ADDABBO	JULY-Q	82
MORENO, MARIO	27-MAY-1982	$1,000.00	BIAGGI	JULY-Q	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	26-FEB-1983	$500.00	TORRES	MY	83
MORENO, MARIO	09-FEB-1984	$750.00	GARCIA	APR-Q	84
MORENO, MARIO	06-MAR-1984	$10,000.00	SALUTE/VICTORY	APR-Q	84
MORENO, MARIO	18-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MORENO, MARIO	17-AUG-1984	$500.00	FUND DEM MAJ	SEPT-M	84
MORENO, MARIO	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
MORENO, MARIO	02-MAY-1985	$1,000.00	HOLLINGS	MY	85
MORENO, MARIO	29-MAY-1985	$1,000.00	BIAGGI	MY	85
MORENO, MARIO	17-JUN-1985	$1,000.00	GARCIA	MY	85
MORENO, MARIO	02-DEC-1985	$1,000.00	STRATTON	YE	85
MORENO, MARIO	20-DEC-1985	$1,000.00	ADDABBO	YE	85
MORENO, MARIO	20-MAR-1986	$1,000.00	GARCIA	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	16-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	22-SEP-1986	-$1,000.00	BARNES	OCT-Q	86
	SUBTOTAL:	$32,750			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
NEUBERGER, FRED	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	29-SEP-1980	$500.00	DNC	OCT-Q	80
NEUBERGER, FRED	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
NEUBERGER, FRED	18-NOV-1980	$500.00	AMER/CHNG PAC	PST-G	80
NEUBERGER, FRED	16-NOV-1981	$1,000.00	D'AMATO	YE	81
NEUBERGER, FRED	06-SEP-1983	$500.00	ADDABBO	YE	83
NEUBERGER, FRED	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	11-DEC-1985	$1,000.00	D'AMATO	YE	85
NEUBERGER, FRED	20-DEC-1985	$500.00	ADDABBO	YE	85
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
	SUBTOTAL:	$12,000			
PAOLERCIO, MICHAEL	12-APR-1986	$600.00	D'AMATO	JULY-Q	86
PAOLERCIO, MICHAEL	12-APR-1986	$1,000.00	D'AMATO	JULY-Q	86
	SUBTOTAL:	$1,600			
SHORTEN, LARRY	06-SEP-1983	$500.00	ADDABBO	YE	83
SHORTEN, LARRY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
SHORTEN, LARRY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
SHORTEN, LARRY	05-MAR-1985	$1,000.00	DOLE/SEN	MY	85
SHORTEN, LARRY	19-JUL-1985	$500.00	ASPIN	YE	85
SHORTEN, LARRY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
SHORTEN, LARRY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	$8,000			
SHORTEN, MRS. LARRY	17-AUG-1984	$2,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	$2,000			
	GRAND TOTAL:	$131,600			

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It is clear that the bulk of the contributions listed here were made by the inner circle of Wedtech officers who knew about and shared in the secret FHJ account (John Mariotta, Fred Neuberger, Mario Moreno, Anthony Guariglia, Richard Bluestine and Larry Shorten). It appears from the list that Ms. Grandwotter made several contributions to political committees as well Additionally, each of the spouses of the officers with a share in the FHJ account also made contributions to federal candidate committees.[2/] Mr. Moreno has indicated that the above mentioned officers and Ms. Grandwotter knew that the company could not contribute to federal candidates and that each person was also aware of the contribution limits under the Act. While Mr. Moreno noted that he did not believe that the above list contained all the contributions made by Wedtech officers, he believed that the contributions of John Mariotta were particularly understated. Mr. Moreno explained that it was probable that Mr. Mariotta did not have many of his contributions reimbursed by the FHJ account.

Mr. Moreno has stated that his sisters (Martha Berney, Dianna Manzano and Cecilia Moreno) and his brother-in-law (Reynaldo Berney) also made contributions that were reimbursed

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2/ Additionally, the list of political contributions contains other names that may have been invented. Specifically, Mr. Moreno notes that Cynthia Guariglia was the only relative of Mr. Guariglia he knew about and speculated that the other Guariglias listed (Louise and Nicholas) were invented names. Furthermore, the 1986 contributions attributed to Michael Paolercio also appear to have been made under a fictitious name.

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with money from the FHJ account. These contributions were made at the request of Mr. Moreno.

Mr. Moreno identified other officers and employees that he recalled making occasional contributions through personal checks.

2. Political Contributions

While only the tip of the iceberg, the list of contributions that were probably reimbursed by the corporate FHJ account amounts to $131,600. The majority of the contributions listed here were made to the political committees of Representatives Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met on many occasions with these staff members to draft letters to help Wedtech win government contracts.

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen. Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

The Biaggi trial transcripts and Mr. Moreno point to the important role of Bernard Erhlich, a partner in the law firm of

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Biaggi (Richard) & Erhlich. Mr. Erhlich acted as a middle man for the setting up of meetings and the provision of access to congressmen and their staff. It also appears that Mr. Erhlich was also the middleman for much of the flow of contributions that went from Wedtech to the political committees. According to Mr Moreno, Congressman Biaggi, Senator D'Amato and others would send requests for contributions through Mr. Erhlich who would convey their requests to Mr. Moreno at Wedtech and indicate the amount that was needed.

In many instances, Mr. Moreno would collect the checks or money orders from Wedtech officers in the amounts requested and deliver them to Mr. Erhlich. Mr. Moreno stated that Mr. Erhlich did not know about the FHJ account but might have suspected kickbacks. Mr. Moreno noted that Mr. Erhlich never commented about the form of the contributions in terms of the receipt of money orders versus the receipt of personal checks.

In conclusion, Mr. Moreno has indicated repeatedly that the existence of the FHJ account was not discussed with anyone outside of the inner circle of officers at Wedtech. Mr. Moreno was of the opinion that because the Wedtech officers were viewed as wealthy individuals, no one would suspect that the contributions were coming out of a special account. However, Mr. Moreno indicated that it was his assumption that, based on the circumstances (use of money orders), individuals probably realized Wedtech was

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receiving kickbacks but the individuals did not know where or how Wedtech handled these transactions.

E. Legal Analysis

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with a federal election or for a candidate or a political committee to knowingly accept or receive a contribution from any corporation. Furthermore, this Section makes it unlawful for an officer of a corporation to consent to such a contribution or expenditure.

As set forth at 2 U.S.C. § 441c(a)(1), a federal government contractor is prohibited from directly or indirectly making any contribution of money or other things of value, or to promise expressly or impliedly to make any such contribution to any political party, committee or candidate for public office or to any person for any political purpose or use. The duration of the prohibition extends from commencement of negotiations until completion of performance or termination of negotiations. In addition, it is unlawful for any person knowingly to solicit any such contribution from any such person for any such purpose during this time period. 2 U.S.C. § 441c(a)(2)

Mr. Moreno has pointed to the FHJ account as the source of funds to make or reimburse political contributions by Wedtech officers, employees and family members. The FHJ account was clearly funded by corporate monies from direct payments from corporations, kickbacks from Wedtech vendors and funds from the

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federal government derived by falsifying invoices from federal government contracts. As a corporation and a federal government contractor, Wedtech was prohibited from expending funds in connection with a federal election. Consequently, there is reason to believe Wedtech knowingly and willfully violated 2 U.S.C. §§ 441b and 441c.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 8, 1992

Mario E. Moreno
P.O. Box 545
North Salem, NY 10007

RE: MUR 2639
Mario E. Moreno

Dear Mr. Moreno:

On March 25, 1992, the Federal Election Commission found that there is reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

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

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

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

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

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have enclosed a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Debby Curry, the attorney assigned to this matter, at (202) 219-3400

Sincerely,

Joan D. Aikens

Joan D. Aikens
Chairman

Enclosures
Factual and Legal Analysis
Procedures
Designation of Counsel Form

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FEDERAL ELECTION COMMISSION

FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Mario Moreno MUR 2639

This matter was generated by a signed and sworn complaint alleging violations of the Act by Senator D'Amato and his campaign committees and also imputing violations of the Act by Mario Moreno.

A. Wedtech Corporation

Wedtech was originally formed in 1965 when its name was Welbilt Electronic Die Corporation. In the 1970s John Mariotta bought the company. Welbilt was subsequently owned by two individuals John Mariotta and Fred Neuberger with each holding an ownership interest of 50%. To qualify as a minority Section 8(A) small business, Mr. Mariotta and Mr. Neuberger changed ownership on paper to show 2/3 ownership by Mr. Mariotta and 1/3 ownership by Mr. Neuberger. This change occurred in 1975 and was a surface change only as each person in reality retained a 50% interest.

Mr. Moreno, a paid consultant of Wedtech, found out about this arrangement and the FHJ account in 1979. In 1981, Mr. Moreno entered into a secret agreement with Mr. Mariotta and Mr. Neuberger whereby the ownership was changed to reflect that Mr. Mariotta and Mr. Neuberger each held a 45.5% interest in Wedtech and Mr. Moreno held a 9% interest in Wedtech.

In 1983, Welbilt Electric Die Corporation went public and its name was changed to Wedtech. Congressman Biaggi and Bernard

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Erhlich of the law firm of Biaggi and Erhlich received Wedtech stock when it went public.

The Wedtech corporation was in the business of manufacturing engines, suspension assemblies, pontoons and other systems needed in the defense industry. Wedtech as a SBA Section 8(A) minority small business engaged in numerous bids to supply machinery for the U.S. military. From 1975 through 1986, Wedtech competed and won many government contracts for engines, engine parts, suspension assemblies, pontoon and pontoon options. According to Mr. Moreno, getting contracts with the military was a long and ongoing process sometimes taking as much as 3 years for one contract.

In 1986, Wedtech went into bankruptcy proceedings and is still operated by a creditors committee.

B. Wedtech Officers and the FHJ Account

Mr. Moreno has indicated that political contributions were paid by a corporate account called "FHJ" that was created and maintained by Wedtech officers.[1/] Mr. Moreno has identified several officers of the Wedtech corporation as forming the core of the Wedtech conspiracy to violate the law. According to Mr. Moreno, the names and positions of the Wedtech officers were as follows:

1/ The "FHJ" account was a secret account funded by corporate kickbacks.

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1. John Mariotta - President of Wedtech through 1985; Chairman and Chief Executive Officer until February 1986. The Section 8(A) qualification was based on Mr. Mariotta.

2. Fred Neuberger - Vice President until 1983; President 1983-1985; Vice Chairman of the Board until 1986, when he became Chairman.

3. Mario Moreno - Treasurer from 1981-1983; Vice President of Operations 1983; Executive Vice President 1983-1985; Deputy Vice Chairman 1985-1986; Vice Chairman 1986 to 1987; member of the Board 1979 to 1987.

4. Anthony Guariglia - Chief Financial Officer; President and Chief Operating Officer 1985 until 1986.

5. Lawrence Shorten - Treasurer until 1983; Chief Financial Officer until 1986.

6. Richard Bluestine - became an officer, Senior Vice President for Corporate Development, in 1983 for six or seven months until he was fired.

7. Ceil Grandwotter (Lewis) - Assistant Treasurer from around 1983 until 1986.

8. Jonah Paolercio - Assistant Treasurer from about 1980-1983.

The corporate account called "FHJ" started out as a personal account of Fred Neuberger and the initials "FHJ" stood for Fred (Neuberger,) Helen (Neuberger, Fred's wife) and John (Mariotta). Mr. Moreno believes that the FHJ account was started by

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Mr. Mariotta and Mr. Neuberger in 1976. According to Mr. Moreno, the original purpose of the FHJ account was to generate funds to pay personal expenses and to pay union bonuses in order to buy labor peace. Later, the FHJ account was also used for the following purposes: to make political contributions to federal candidates or to reimburse individuals making such contributions; to pay consultants with close personal relationships with politicians important to Wedtech and for bribes related to certain services important to the company.

The FHJ account was funded by kickbacks to the FHJ account. A number of kickback schemes were used by Wedtech during its existence to get monies into this account. In the beginning Wedtech would get kickbacks from suppliers by increasing the amount of the invoices and receiving the excess amount back in the form of a check that was deposited to the FHJ account.
In 1980, Jonah Paolercio came up with the idea of securing extra funds by falsifying invoices to receive funds from the government before they were actually due. This kickback scheme continued until 1983. Later, Wedtech entered into a kickback agreement with an equipment supplier, Henry Zeitzel, by which Wedtech received kickbacks in cash from the Zeitzel company for goods priced higher than their normal cost. Additionally, during 1980-1982 Welbilt checks were deposited directly into the FHJ account and the records were altered to show the payee as some other corporation.

During 1983, Zeitzel became the main equipment supplier for

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Wedtech and Wedtech received kickbacks from Zeitzel in the form of checks deposited to the FHJ account. This practice continued from 1983-1985. In 1984-1986, most of the monies in the FHJ account came from kickbacks received through construction and electrical companies owned by Reynaldo Berney, Mr. Moreno's brother-in-law. For their services to Wedtech, both Zeitzel and Mr. Berney were given a share of the kickback money. Some of these kickbacks, however, were also deposited to an account located in London called ITEK. Mr. Moreno states that the ITEK account in London was used for personal expenses only. Mr. Moreno estimates that over four to five million went into the FHJ account during the time it was in use.

According to Mr. Moreno, the FHJ account was ultra secret and only Ceil Grandwotter (Assistant Treasurer) and the officers who benefited from the account knew of its existence. The officers who participated and benefited personally from the FHJ account varied during the years 1979-1986. The funds in the FHJ account were distributed according to a fixed distribution formula that varied depending on the number of persons in the group at the time.

Mr. Moreno indicates that though he found out about the secret account in 1979, he did not participate in the FHJ account until 1981. Prior to 1981, the funds in the FHJ account were distributed based on a formula of 50% for both Mr. Mariotta and Mr. Neuberger. When Mr. Moreno became a secret partner in 1981

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and until October 1983, the distribution of funds in the account was 45.5% for Mr. Mariotta, 45.5% for Mr. Neuberger and 9% for Mr. Moreno. In late October 1983, the distribution changed to take into account new officers. At that time the account was based on the following distribution: 25% for Mr. Mariotta, 25% for Mr. Neuberger, 12.5% for Mr. Moreno, 12.5% for Mr. Guariglia, 12.5% for Larry Shorten and 12.5% for Mr. Bluestine. In May of 1984, Mr. Bluestine left Wedtech after six or seven months which caused the following change in the distribution of funds ratio: 27.5% for Mr. Mariotta, 27.5% for Mr. Neuberger, 15% each for Mr. Moreno, Mr. Guariglia and Mr. Shorten.

The FHJ account was originally controlled by Mr. Neuberger and only he had signature authority. Later, Ms. Grandwotter was keeper of the account, had signature authority and could write checks on the account or withdraw money. Until the arrival of Mr. Guariglia, Ms. Grandwotter did the day to day bookkeeping for the FHJ account and took care of all the financial transactions relating to the account. When Mr. Guariglia took over finances for Wedtech, the maintenance of the FHJ account was conducted by both Mr. Guariglia and Ms. Grandwotter. Ms. Guariglia recorded most transactions and kept the books on the FHJ account and Ms. Grandwotter wrote checks, went to the bank and retained the actual documents such as checks and deposit slips.

Those officers who needed money or wanted to make a withdrawal from the account would tell Ms. Grandwotter who told

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Mr. Guariglia so he could do the accounting. Ms. Grandwotter would make out the checks to cash at the bank or make out checks to pay the creditors of the officers (e.g. American Express) Though Ms. Grandwotter did not receive a share in the FHJ account, she did receive company stock and in the end she received 5% of each payment for her services.

In 1986 prior to bankruptcy, Ms. Grandwotter was told by Mr. Moreno and others to destroy the records relating to the FHJ account. Ms. Grandwotter and Mr. Guariglia destroyed FHJ records but it is unclear as to how many records were destroyed.

C. The FHJ Account and Payment or Reimbursement of Political Contributions

Mr. Moreno has indicated that the FHJ account was used to make contributions to candidates for federal election. Indeed, all contributions to federal candidates made by Wedtech officers, employees, family and friends used funds derived from the FHJ account. According to Mr. Moreno, the Wedtech officers knew that the company could not contribute to federal candidates directly and also knew about the Act's limitation on individual contributions to political committees.

In order to circumvent the requirements of the Act, therefore, the Wedtech officers used a variety of methods. The methods involved: reimbursement of contributions made by officers, employees, family and friends; contributions that were made by way of money orders that were bought with monies that

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came directly out of the FHJ account; and cash payments for fundraisers or to pay for services on behalf of a candidate. It also appears that the variety of mechanisms for illegal contributions was part of a fairly fluid and informal system.

With respect to reimbursement of political contributions, Mr. Moreno indicated that all contributions made by officers, employees, and family members that appear on the public record were reimbursed by the FHJ account unless it was overlooked by a Wedtech officer. The usual scenario seemed to be that when Wedtech officers were within their contribution limit, they would use personal checks to make contributions to political committees. Exceptions to this general rule occurred, however in instances where individuals were short of cash. In such instances a check was drawn on the FHJ account, the check was cashed, and the contribution was made by way of money order.

Officers who made contributions by personal check were reimbursed from the FHJ account. Refunds were done in several ways. If money was available in the FHJ account a direct reimbursement was possible. If no monies were available, then the officer received a credit in the FHJ Account so they would be reimbursed when monies did become available. In other cases, instead of receiving a reimbursement directly, officers could direct that the refund go towards the payment of vendors (e.g. American Express)

The FHJ account was also used to reimburse political

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contributions made by employees of Wedtech and family members of the Wedtech officers. Mr. Moreno stated that in a few instances employees of Wedtech were asked to write checks and were subsequently reimbursed in cash. Spouses of Wedtech officers were asked to write out checks to political committees and the reimbursement went to the Wedtech officer. Relatives of Wedtech officers, on the other hand, wrote checks to the political committee and were later reimbursed in cash from the FHJ account via the Wedtech officer.

According to Mr. Moreno, rather than reimbursement of contributions, many of the political contributions were paid for with monies that came directly from the FHJ account. In other words, checks drawn on the FHJ account were cashed by Ms. Grandwotter, the cash was used to buy money orders, and the contributions were made via a money order. Mr. Moreno stated that if the money orders were less than $1,000, they did not have to provide names to the bank. In many cases, the money orders used to effect contributions were not made in the name of an officer but under a fictitious name. Mr. Moreno explained that after receiving the blank money orders, Ms. Grandwotter and others (the officers) would invent names to place at the bottom of the check. Since the names were invented, Mr. Moreno was unable to recall specific names used to make contributions via the money orders.

Mr. Moreno indicated that sometimes money orders were made

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out directly to political campaigns but that in most instances the money orders were made out to organizations giving affairs for the benefit of a particular politician. Mr. Moreno stated that Wedtech bought a number of tables at these affairs and that his understanding was that after expenses were paid a certain portion of the proceeds went to the particular politician. Mr. Moreno indicated that sometimes cash (FHJ) was also used to buy tables at these affairs. Mr. Moreno recalled attending a number of affairs or receptions for Representatives Biaggi Garcia, Addabbo and Senator D'Amato where Wedtech had bought tables.

Mr. Moreno explained the use of the FHJ account to make in-kind contributions to a federal candidates. Mr. Moreno recalled that during the 1982 and 1984 elections, the money from the FHJ account was used to rent taxis and to provide for Spanish TV and radio spots advocating the election of Congressman Addabbo. Mr. Moreno stated that between $30,000 to $40,000 was spent on such services. The vendors were paid in cash and the cash came directly from the FHJ account or Mr. Moreno was subsequently reimbursed from the FHJ account.

As noted, Mr. Guariglia dealt primarily with the accounting and keeping of the books on the FHJ account and Ms. Grandwotter was generally responsible for the signing of checks, the cashing of checks, and the buying of the money orders. Moreover, Wedtech officers sharing in the FHJ account kept a running

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record of their own contributions. Several ledger pages of the FHJ account appear to have survived the destruction of the FHJ records.

All monies deposited in the FHJ account were allocated to the officers according to the formula for distribution of FHJ funds. According to Mr. Moreno, debits from the FHJ account for personal expenses and debits for political contributions were treated differently. Mr. Moreno explained that disbursements for personal expenses were debited entirely against the officer's individual share, while political contributions were divided up among those who shared in the account.

D. Participants and Political Contributions in Wedtech Scheme

1. Participants

Mr. Moreno has asserted that any contributions on the public record made by Wedtech officers, employees, family and friends were reimbursed or paid for with funds from the FHJ account. According to records on file at the Commission, the following contributions made by the individuals below were possibly related to the Wedtech reimbursement scheme.

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
BERNEY, MARTHA	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
BERNEY, MARTHA	25-MAR-1986	$1,000.00	D'AMATO	APR-Q	86
	SUBTOTAL:	$2,000			
BERNEY, REYNALDO	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
BERNEY, REYNALDO	03-APR-1984	$1,000.00	ADDABBO	JULY-Q	84
	SUBTOTAL:	$2,000			
BLUESTINE, ELINOR	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$2,000			
BLUESTINE, RICHARD	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$2,000			
LEWIS, CEIL	12-NOV-1982	$1,000.00	ADDABBO	PST-G	82
GRANDWOTTER, CEIL	12-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	16-JUN-1980	$500.00	GARCIA	JULY-Q	80
GRANDWOTTER, CEIL	29-SEP-1980	$500.00	DNC	OCT-Q	80
GRANDWOTTER, CEIL	16-MAY-1983	$1,000.00	BIAGGI	MY	83
GRANDWOTTER, CEIL	20-MAY-1983	$1,250.00	GARCIA	MY	83
GRANDWOTTER, CEIL	06-SEP-1983	$500.00	ADDABBO	YE	83
GRANDWOTTER, CEIL	03-APR-1984	$1,000.00	ADDABBO		84
	SUBTOTAL:	$6,250			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
GUARIGLIA, ANTHONY	06-SEP-1983	$500.00	ADDABBO	YE	83
GUARIGLIA, ANTHONY	27-DEC-1983	$1,000.00	D'AMATO	YE	83
GUARIGLIA, ANTHONY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
GUARIGLIA, ANTHONY	23-MAY-1984	$1,000.00	BIAGGI	JULY-Q	84
GUARIGLIA, ANTHONY	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
GUARIGLIA, ANTHONY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
GUARIGLIA, ANTHONY	22-OCT-1984	$2,000.00	VICTORY '84	PG-30	84
GUARIGLIA, ANTHONY	05-MAR-1985	$1,000.00	DOLE/SENATE	MY	85
GUARIGLIA, ANTHONY	19-APR-1985	$750.00	ADDABBO	MY	85
GUARIGLIA, ANTHONY	19-JUL-1985	$500.00	ASPIN	YE	85
GUARIGLIA, ANTHONY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$750.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-DEC-1985	$250.00	ADDABBO	YE	85
GUARIGLIA, ANTHONY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
GUARIGLIA, ANTHONY	27-MAR-1986	-$750.00	ADDABBO	APR-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
GUARIGLIA, ANTHONY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	**$14,000**			
GUARIGLIA, CYNTHIA	19-APR-1985	$750.00	ADDABBO	MY	85
	SUBTOTAL:	**$750**			
GUARIGLIA, LOUISE	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, LOUISE	02-JUL-1984	$500.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	**$1,500**			
GUARIGLIA, NICHOLAS	04-MAY-1984	$1,000.00	ADDABBO		84
GUARIGLIA, NICHOLAS	02-JUL-1984	$1,000.00	REAGAN-BUSH	AUG-M	84
	SUBTOTAL:	**$2,000**			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MARIOTTA, JENNIE	07-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MARIOTTA, JENNIE	20-OCT-1984	$1,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	20-OCT-1984	$2,000.00	DC REP CMT FED	PG-12	84
MARIOTTA, JENNIE	08-MAY-1979	$500.00	FERNANDEZ(PREZ)	JULY-Q	79
MARIOTTA, JENNIE	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MARIOTTA, JENNIE	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JENNIE	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JENNIE	27-FEB-1982	$625.00	GARCIA	APR-Q	82
	SUBTOTAL:	$9,750			
MARIOTTA, JOHN	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MARIOTTA, JOHN	07-DEC-1979	$1,000.00	CARTER/MONDALE	YE	79
MARIOTTA, JOHN	05-MAR-1980	$500.00	GRAVEL	APR-Q	80
MARIOTTA, JOHN	29-SEP-1980	$500.00	DNC	OCT-Q	80
MARIOTTA, JOHN	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
MARIOTTA, JOHN	06-NOV-1980	$1,000.00	DNC	PST-G	80
MARIOTTA, JOHN	18-NOV-1980	$500.00	AMER/CHANGE PAC	PST-G	80
MARIOTTA, JOHN	20-JAN-1981	$500.00	NRCC-C	MY	81
MARIOTTA, JOHN	14-AUG-1981	$1,000.00	NRCC-C	YE	81
MARIOTTA, JOHN	27-NOV-1981	$2,000.00	GARCIA	YE	81
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	27-FEB-1982	$625.00	GARCIA	APR-Q	82
MARIOTTA, JOHN	01-MAR-1982	$1,000.00	NRCC-C	APR-Q	82
MARIOTTA, JOHN	04-MAR-1982	$500.00	RNC-C	APR-Q	82
MARIOTTA, JOHN	16-JUN-1982	$1,000.00	LUJAN (CNGRSS)	JULY-Q	82
MARIOTTA, JOHN	06-SEP-1983	$500.00	ADDABBO	YE	83
MARIOTTA, JOHN	27-DEC-1983	$1,000.00	D'AMATO	YE	83
MARIOTTA, JOHN	07-FEB-1984	$750.00	GARCIA	APR-Q	84
MARIOTTA, JOHN	06-MAR-1984	$10,000.00	SALUTE/ VICTORY	APR-Q	84
MARIOTTA, JOHN	19-APR-1984	$500.00	WARNER	JULY-Q	84
MARIOTTA, JOHN	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
MARIOTTA, JOHN	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
MARIOTTA, JOHN	14-MAY-1985	$3,000.00	'85 REP SEN-HSE		85
MARIOTTA, JOHN	25-NOV-1985	$500.00	GARCIA	YE	85
	SUBTOTAL:	$31,000			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
MORENO, CARIDAD	02-APR-1984	$1,000.00	D'AMATO	MY	84
MORENO, CARIDAD	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	$2,000			
MORENO, MARIO	27-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
MORENO, MARIO	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
MORENO, MARIO	29-SEP-1980	$500.00	DNC	OCT-Q	80
MORENO, MARIO	11-OCT-1980	$500.00	DNC	PRE-G	80
MORENO, MARIO	07-NOV-1980	$1,000.00	GARCIA	PST-G	80
MORENO, MARIO	30-APR-1982	$500.00	ADDABBO	JULY-Q	82
MORENO, MARIO	27-MAY-1982	$1,000.00	BIAGGI	JULY-Q	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	13-AUG-1982	$500.00	GARCIA	PP	82
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	01-FEB-1983	$1,000.00	D'AMATO	MY	83
MORENO, MARIO	26-FEB-1983	$500.00	TORRES	MY	83
MORENO, MARIO	09-FEB-1984	$750.00	GARCIA	APR-Q	84
MORENO, MARIO	06-MAR-1984	$10,000.00	SALUTE/VICTORY	APR-Q	84
MORENO, MARIO	18-JUN-1984	$2,000.00	INNER CIRCLE	JULY-Q	84
MORENO, MARIO	17-AUG-1984	$500.00	FUND DEM MAJ	SEPT-M	84
MORENO, MARIO	18-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
MORENO, MARIO	02-MAY-1985	$1,000.00	HOLLINGS	MY	85
MORENO, MARIO	29-MAY-1985	$1,000.00	BIAGGI	MY	85
MORENO, MARIO	17-JUN-1985	$1,000.00	GARCIA	MY	85
MORENO, MARIO	02-DEC-1985	$1,000.00	STRATTON	YE	85
MORENO, MARIO	20-DEC-1985	$1,000.00	ADDABBO	YE	85
MORENO, MARIO	20-MAR-1986	$1,000.00	GARCIA	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
MORENO, MARIO	16-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	24-JUL-1986	$1,000.00	BARNES	PP-12	86
MORENO, MARIO	22-SEP-1986	-$1,000.00	BARNES	OCT-Q	86
	SUBTOTAL:	$32,750			

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NAME	DATE	AMOUNT	CANDIDATE	RPT	YR
NEUBERGER, FRED	28-SEP-1979	$1,000.00	GARCIA	OCT-Q	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	07-DEC-1979	$500.00	CARTER/MONDALE	YE	79
NEUBERGER, FRED	29-SEP-1980	$500.00	DNC	OCT-Q	80
NEUBERGER, FRED	03-NOV-1980	$1,000.00	GARCIA	PST-G	80
NEUBERGER, FRED	18-NOV-1980	$500.00	AMER/CHNG PAC	PST-G	80
NEUBERGER, FRED	16-NOV-1981	$1,000.00	D'AMATO	YE	81
NEUBERGER, FRED	06-SEP-1983	$500.00	ADDABBO	YE	83
NEUBERGER, FRED	19-APR-1984	$1,000.00	WILSON	JULY-Q	84
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	22-APR-1985	$1,000.00	BROOKS		85
NEUBERGER, FRED	11-DEC-1985	$1,000.00	D'AMATO	YE	85
NEUBERGER, FRED	20-DEC-1985	$500.00	ADDABBO	YE	85
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
NEUBERGER, FRED	29-MAY-1986	$1,000.00	BIAGGI	JULY-Q	86
	SUBTOTAL:	**$12,000**			
PAOLERCIO, MICHAEL	12-APR-1986	$600.00	D'AMATO	JULY-Q	86
PAOLERCIO, MICHAEL	12-APR-1986	$1,000.00	D'AMATO	JULY-Q	86
	SUBTOTAL:	**$1,600**			
SHORTEN, LARRY	06-SEP-1983	$500.00	ADDABBO	YE	83
SHORTEN, LARRY	21-MAY-1984	$1,000.00	GARCIA	PP-12	84
SHORTEN, LARRY	17-AUG-1984	$1,000.00	GARCIA	OCT-Q	84
SHORTEN, LARRY	05-MAR-1985	$1,000.00	DOLE/SEN	MY	85
SHORTEN, LARRY	19-JUL-1985	$500.00	ASPIN	YE	85
SHORTEN, LARRY	11-DEC-1985	$1,000.00	D'AMATO	YE	85
SHORTEN, LARRY	20-MAR-1986	$1,000.00	GARCIA	APR-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
SHORTEN, LARRY	10-MAY-1986	$1,000.00	DAVIS	JULY-Q	86
	SUBTOTAL:	**$8,000**			
SHORTEN, MRS. LARRY	17-AUG-1984	$2,000.00	GARCIA	OCT-Q	84
	SUBTOTAL:	**$2,000**			
	GRAND TOTAL:	**$131,600**			

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It is clear that the bulk of the contributions listed here were made by the inner circle of Wedtech officers who knew about and shared in the secret FHJ account (John Mariotta, Fred Neuberger, Mario Moreno, Anthony Guariglia, Richard Bluestine and Larry Shorten). It appears from the list that Ms. Grandwotter made several contributions to political committees as well Additionally, each of the spouses of the officers with a share in the FHJ account also made contributions to federal candidate committees.[2/] Mr. Moreno has indicated that the above mentioned officers and Ms. Grandwotter knew that the company could not contribute to federal candidates and that each person was also aware of the contribution limits under the Act. While Mr. Moreno noted that he did not believe that the above list contained all the contributions made by Wedtech officers, he believed that the contributions of John Mariotta were particularly understated. Mr. Moreno explained that it was probable that Mr. Mariotta did not have many of his contributions reimbursed by the FHJ account.

Mr. Moreno has stated that his sisters (Martha Berney,

2/ Additionally, the list of political contributions contains other names that may have been invented. Specifically, Mr. Moreno notes that Cynthia Guariglia was the only relative of Mr. Guariglia he knew about and speculated that the other Guariglias listed (Louise and Nicholas) were invented names. Furthermore, the 1986 contributions attributed to Michael Paolercio also appear to have been made under a fictitious name. Jonah Paolercio, a Wedtech Assistant Treasurer from 1980-1983, was not an employee at the time these contributions were made and the name of Michael Paolercio may have been invented by Wedtech officers to make these illegal contributions.

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Dianna Manzano and Cecilia Moreno) and his brother-in-law (Reynaldo Berney) also made contributions that were reimbursed with money from the FHJ account. These contributions were made at the request of Mr. Moreno.

Mr. Moreno identified other officers and employees that he recalled making occasional contributions through personal checks.

2. Political Contributions

While only the tip of the iceberg, the list of contributions that were probably reimbursed by the corporate FHJ account amounts to $131,600. The majority of the contributions listed here were made to the political committees of Representatives Addabbo, Biaggi, Garcia and Senator D'Amato. According to Mr. Moreno, these Congressmen were very helpful in getting government contracts for Wedtech. The Biaggi trial transcripts are replete with references to the close relationship between Wedtech and congressional staff members. Over the years Wedtech officers met on many occasions with these staff members to draft letters to help Wedtech win government contracts.

Mr. Moreno stated that there was no specific pattern for making contributions to the political committees. He indicated that Wedtech officers made contributions to the committees before, during and after receiving assistance from the Congressmen. Indeed, Wedtech's pattern of regularly making contributions to certain congressmen is consistent with Wedtech's constant search for government contracts and political influence.

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The Biaggi trial transcripts and Mr. Moreno point to the important role of Bernard Erhlich, a partner in the law firm of Biaggi (Richard) & Erhlich. Mr. Erhlich acted as a middle man for the setting up of meetings and the provision of access to congressmen and their staff. It also appears that Mr. Erhlich was also the middleman for much of the flow of contributions that went from Wedtech to the political committees. According to Mr. Moreno, Congressman Biaggi, Senator D'Amato and others would send requests for contributions through Mr. Erhlich who would convey their requests to Mr. Moreno at Wedtech and indicate the amount that was needed.

In many instances, Mr. Moreno would collect the checks or money orders from Wedtech officers in the amounts requested and deliver them to Mr. Erhlich. Mr. Moreno stated that Mr. Erhlich did not know about the FHJ account but might have suspected kickbacks. Mr. Moreno noted that Mr. Erhlich never commented about the form of the contributions in terms of the receipt of money orders versus the receipt of personal checks.

E. Legal Analysis

2 U.S.C. 441a(a)(1)(A) makes unlawful contributions made by individuals to candidates or political committees that exceed $1,000 per election. 2 U.S.C. § 441a(f) makes unlawful the receipt of contributions that exceed the limits of the Act by candidates or political committees.

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any

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corporation to make a contribution in connection with a federal or for a political committee to knowingly accept or receive a contribution from any corporation. Furthermore, this Section makes it unlawful for an officer of a corporation to consent to such a contribution or expenditure

Under 2 U.S.C. § 441f, it is unlawful for a person to contribute to a political committee in the name of another person, for a person to knowingly permit his or her name to be used to effect such a contribution, or for a political committee to knowingly accept a contribution made by one person in the name of another person. The term "person" is defined under the Act to include corporations. 2 U.S.C. § 431 (11). Section 441f prohibits a corporation's payment, reimbursement, or other compensation to any person for his or her contribution to any federal candidate political committee. See Advisory Opinion 1986-41.

It is apparent that an inner circle of Wedtech officers created the FHJ account, controlled the funds in the account and made decisions on how the funds should be used. This inner circle of officers knew about the Act's limitations and prohibitions and developed a scheme to circumvent the Act's requirements. The Wedtech inner circle solicited others to make illegal contributions, consented to the use of Wedtech funds to make contributions using invented names, and used Wedtech funds to reimburse contributions made by themselves and others.

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Accordingly, there is reason to believe Mario Moreno knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

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RECEIVED
FEDERAL ELECTION
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MAIL ROOM

APR 22 9 46 PM '92

LAW OFFICE OF

HENRY PUTZEL, III

530 FIFTH AVENUE
NEW YORK, NEW YORK 10036-5101

TELEPHONE (212) 382-0066
TELECOPIER (212) 719-5925

April 13, 1992

Honorable Joan D. Aikens
Chairperson
Federal Election Commission
Washington, D.C. 20463

Attention: Debby Curry, Esquire
Assistant General Counsel

Re: Ceil Grandwotter
MUR 2639

92 APR 23 AM 10:59

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Dear Ms. Aikens:

I represent Ceil Grandwotter who has received a letter from your office advising her that the Commission has found reason to believe that she knowingly and willfully violated Title 2 U.S.C., §441f. Although Ms. Grandwotter, also known as Ceil Lewis, elects not to contest such finding, I write on her behalf to bring a number of relevant matters to your attention.

1. Ms. Grandwotter testified under immunity at several Wedtech criminal trials and was considered by the government to be a crucial cooperating witness. Her testimony in those trials is a matter of public record and candidly states her position with respect to the facts underlying the Commission's finding. I trust and assume that your office will take into consideration the immunity conferred upon Ms. Grandwotter and the extensive cooperation furnished by Ms. Grandwotter throughout the various criminal prosecutions in the Wedtech case. I respectfully submit that she is entitled to substantial credit for her extensive efforts to cooperate with the government.

2. Perhaps as a result of the pressures incurred from her testimony as a crucial witness in a highly publicized series of criminal cases, Ms. Grandwotter is now in very poor health, having suffered at least one serious heart attack. Moreover, she is essentially without funds.

3. As her testimony in the various Wedtech cases demonstrates, Ceil Grandwotter never acted as a principal in making contributions in violation of the Federal Election Campaign Act of 1971. In every instance in which she made any such contribution, she was acting at the direction of others, on their behalf and never for her own

benefit.

Should you have any questions concerning Ms. Grandwotter please do not hesitate to notify me. I enclose herewith her statement of designating me as her counsel.

Very truly yours,

Henry Putzel, III

HP:rm
Encl.

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 2639

NAME OF COUNSEL: HENRY PUTZEL, III

ADDRESS: 530 FIFTh AVENUE 10th Floor
NEW YORK, NEW YORK 10036

TELEPHONE: (212) 382-0066

92 APR 23 AM 11:00

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

4-13-92
Date

Cecil Grandwotter
Signature

RESPONDENT'S NAME: CEIL GRANDWOTTER

ADDRESS: 2385 BARKER AVENUE
BRONX, NEW YORK 10467

HOME PHONE:

BUSINESS PHONE: (212) 993-9300

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RECEIVED
FEDERAL ELECTION
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Apr 27 12 47 PM '92

MUR 2639

100 Woodford Road
Scarsdale, New York
20 April 1992

Joan D. Aikens, Chairman
Federal Election Commission
Washington, D.C.

92 APR 27 PM 2:40

Dear Ms. Aikens:

This letter is in response to your statement that I "knowingly and willfully" violated provisions of the Federal Election Campaign Act of 1971.

I am requesting that the accusation be dropped because it is based on the perjured testimony of a self-serving witness , Mario Moreno, who lied to defend himself and his sisters. I spent 18 months in prison because Wedtech officials used me, as an illiterate machinist, to protect themselves and testify for the prosecution.

I am learning now to read and write but being unable to write a decent letter a good friend, a retired Trust Officer of Chemical Bank, has offered to draft and write this letter.

In addition to my requestthat the accusation be dismissed I am asking for an extension because I do not know what the legal jargon"pre-probable cause conciliation" means.

Consulting a lawyer ran through my mind but considering my experience with two prestigious New York law firms who extracted enormous fees and did nothing to defend me, I decided to wait. I have been told that Shakespeare wrote-"first, let's kill all the lawyers." He was right. After I hear from you, I will ask my friend to call Debby Curry, whose name and telephone number are in your letter.

First, factual errors on Page 1. Your statement -"Wedtech was originally formed in 1965...In the 1970s John Mariotta bought the company,"giving the impression of a wealthy individual buying a company. As a skilled machinist and too-and-die maker I created Welbilt with a literate partner. When an accident in the shop forced him to retire he suggested bringing in a man we both knew, Fred Neuberger, as a 1/3 partner. I realized years ago that I could not operate successfully without a partner who could read contracts and handle finances. Neuberger was literate in a few languages and was a member of Mensa. Neuberger was part owner in metal fabricator, Fleetwood, that was failing. When my former partner left, Fred wanted half interest in Welbilt. Since he rarely appeared at the shop I objected and he kept a minority interest. The documents are on file with the Small Business Administration.

Because of Fleetwood's problems, Neuberger was in debt to Welbilt and

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and to me personally. The first I learned of the FHJ account was when Neuberger made payments from the account.

On Page 2 of your 19 page story you quote Moreno, who pleaded guilty and was a witness for the prosecution, who said FHJ was started by Wedtech officers. Then the officers are listed, including me, which is supposed to prove the matter. This is a trick even an illiterate can recognize. The fact that I was Chairman and CEO does not prove I had anything to do with the account. Moreno admits the account was in existence when I hired him to help with the company finances. He knew nothing sbout the origin of the account.

During the trial I was told that FHJ stood for Fred, Helen and John. Neuberger never told me that and I don't believe it. It should be easy enough for your staff to check with the bank where the account was maintained. You will discover that my name was never on the account, that I had no authority to sign checks or make withdrawals. I don't know about Fred's wife, Helen,but the name of my wife will never appear.

Your list of contributions is meaningless to me. You can't possibly have checks signed by me or my wife, so you must be referring to money orders.If our signatures appear they were forged and we never authorized the use of our names for money orders. I never saw a statement of the FHJ account, never knew of payments to elected officials or others, was not told where the money came from. Again, only during the trial did I learn how my "colleagues" used the account and deliberately kept me in the dark.

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My problem all through the Wedtech years was complete illiteracy. Nobody, not the judge, the prosecutors, even my own lawyer would believe that the CEO of a million dollar machine operation doing complicated defense work could be totally illiterate. As a youngster, my father taught me to read blueprints, calculate measurements, and adapt machines to solve tool-and die problems. Even he thought I could read because I learned how to hide the fact. Running small shops I depended upon partners to read contracts and run office affairs. Wedtech became a successful operation because of the fine machine shop, which I managed with no interference from the people I hired to read contracts and take care of financial matters.

As the company grew in the South Bronx, giving jobs to unemployables in the devastated South Bronx, politicians rushed in, offering help. We needed help to get through the Washington maze. The company took tables at election functions and I made personal contributions, always within the law, so far as I knew.

What angers and disturbs me in the statement, based on lies, that I "knowingly and willfully" violated election laws. The charge is outrageous, without foundation, and should be withdrawn.

Sincerely,

John Mariotta

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APR 28 11 49 AM '92

THE JACOB D. FUCHSBERG LAW FIRM
500 FIFTH AVENUE
NEW YORK, NEW YORK 10110

(212) 869-3500
FAX (212) 398-1532

JACOB D. FUCHSBERG
ROSALIND FUCHSBERG KAUFMAN
ALAN L. FUCHSBERG
S. STANLEY KREUTZER
DANIEL M. COHEN
MARK GLEN SOKOLOFF

MELVIN C. HARTMAN
GEORGE J. MALINSKY
COUNSEL

DIANE WELCH BANDO
KATHLEEN P. KETTLES
JAMES M. LANE
CHRISTOPHER J. PATSOS
SHARMAN T. PROPP
BELLANCA SMIGEL RUTTER

April 24, 1992

BY FACSIMILE AND REGULAR MAIL (202) 219-3923

92 APR 29 AM 3:25
RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL

Debby Curry, Esq.
Federal Election Commission
999 East Street NW
Washington, DC 20463

Re: MUR 2639
John Mariotta

Dear Miss Curry:

This afternoon we were retained by Mr. Mariotta to represent him in response to your letter dated April 8, 1992. I am not otherwise familiar with Mr. Mariotta's situation and, therefore, must respectfully request an extension of twenty (20) days to analyze your analysis and determine what response would be appropriate.

I trust that this reason meets your requirement of specific good cause in that one's right to counsel only has meaning if there is a reasonable period for that counsel to familiarize himself with the matter at hand.

Thank you for your courtesy and consideration in this matter.

Sincerely,

Alan L. Fuchsberg

ALF/ec
Enclosure

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 2639 - John Mariotta

NAME OF COUNSEL: The Jacob D. Fuchsberg Law Firm

ADDRESS: 500 5th Ave
NY NY 10110
Att: Alan L. Fuchsberg

TELEPHONE: 212-869-3500

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

4/24/92
Date

John Mariotta
Signature

RESPONDENT'S NAME: John Mariotta

ADDRESS: 100 Woodford Road
Scarsdale, N.Y. 10583

HOME PHONE:

BUSINESS PHONE:

2304099553 54

OGC 46647

MANCUSO, RUBIN & FUFIDIO
ATTORNEYS AT LAW

ROBERT J. MANCUSO*
ANDREW A. RUBIN
GEORGE E. FUFIDIO, JR.**

* ADMITTED IN CT
** ADMITTED IN FL

ONE NORTH BROADWAY
SUITE 1504
WHITE PLAINS, NEW YORK 10601

TELEPHONE (914) 761-9200

April 24, 1992

92 APR 29 PM 4:22

BY FACSIMILE AND MAIL

Joan D. Aikens, Chairman
Federal Election Commission
Washington, D.C. 20463

RE: Bernard Ehrlich
MUR 2639

93040995355

Dear Ms. Aikens:

I am responding to your correspondence dated April 8, 1992. My client, Bernard Ehrlich, and I have reviewed the factual and legal analysis concerning the allegations raised from information provided by one, Mario Moreno, former executive with the now defunct Wedtech Corporation. As you are aware, my client was convicted in Federal Court concerning his association with the Wedtech Corporation.

Mr. Ehrlich has had associations in the past with Representative Mario Biaggi and Senator Alphonse D'Amato and their respective office staffs. You are well aware that Mr. Ehrlich and Mr. Biaggi were former law partners. Mr. Ehrlich has also had past associations with Mario Moreno, John Marriotta, Fred Neuberger, and Anthony Guariglia. Mr. Ehrlich provided these individuals and Wedtech Corporation both legal and consulting services over a period of years.

Mr. Ehrlich agrees with only one aspect of Mr. Moreno's information, Mr. Ehrlich never had any knowledge concerning the existence of the infamous "FHJ" account. In fact, Mr. Moreno so testified to Mr. Ehrlich's lack of such knowledge in Federal Court during the trial in United States v. Biaggi, et al.

My client vehemently disagrees with the balance of Mr. Moreno's statements. Between the years 1983-85, Mr. Ehrlich remembers on a few occasions alerting the Wedtech officers concerning fund-raising dinners for various elected officials. It was the practice at Wedtech to buy tickets to fund-raisers for many federal, state and local politicians. Wedtech would then send employees to attend these fund-raisers. Mr. Ehrlich recalls Wedtech purchasing tickets to fund-raisers for Presidents Ronald Reagan and George Bush, Senator D'Amato, Representatives Biaggi, and Garcia, and Mayor Edward I. Koch, to name a few, on several occassions. Mr. Ehrlich

remembers Mr. Moreno dealing directly with Armand D'Amato and John Zagame concerning D'Amato fund-raisers. Additionally, Mr. Ehrlich recalls that Mr. Moreno would deal directly with Representative Biaggi's staff or political committee members concerning fund-raisers over those years. Mr. Ehrlich may have on infrequent occassions delivered checks for Wedtech to political committees in order to purchase dinner tickets. Mr. Ehrlich denies ever having collected money orders or checks for any politician for campaign contributions, or ever making requests concerning political contributions to Wedtech officials.

It is interesting that Mr. Moreno in his statements to this Commission chooses to use the words "might have suspected" or "it was his assumption" when commenting on my client's knowledge concerning these allegations. Mr. Moreno seems unsure himself whether or not Mr. Ehrlich had any real knowledge of the acts complained of in these allegations.

It must be considered that Mr. Moreno is an acknowledged perjurer and was labelled as such by a federal appeals court in United States v. Wallach, 935 F.2d 445, 455 (2d. Cir. 1991). The trial court instructed the jury in the Wallach case that Mr. Moreno had committed perjury in earlier proceedings (United States v. Biaggi, et al.) and, therefore, they should evaluate his testimony carefully. Mr. Moreno has basically escaped any real responsibility for his looting of the Wedtech Corporation by trading information with the federal prosecutors.

Mr. Ehrlich is willing to cooperate with your investigation to the full extent of his personal knowledge. You must understand that Mr. Ehrlich has served forty -one (41) months in prison for his convictions in the Wedtech matter. He has been bankrupted and his longtime marriage has ended in divorce. These allegations concern events that may have happened some seven or more years ago. His recollections of this past period may very well be sketchy.

I hope that this response has helped clarify these matters. If you need any additional information, please contact me at your earliest convenience.

Very truly yours,

MANCUSO, RUBIN & FUFIDIO

George E. Fufidio Jr.

by George E. Fufidio, Jr.

GEF:am

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STATEMENT OF DESIGNATION OF COUNSEL

MUR 2639

NAME OF COUNSEL: Mancuso, Rubin & Fuhdio

ADDRESS: One North Broadway
White Plains, N.Y. 10601

TELEPHONE: (914) 761-9200

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

4/14/92
Date

Signature

RESPONDENT'S NAME: Bernard G. Ehrlich

ADDRESS: Miamus Drive
Bedford, N.Y. 10506

HOME PHONE:

BUSINESS PHONE:

2304099553357

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

April 30, 1992

Alan L. Fuchsberg, Esquire
The Jacob D. Fuchsberg Law Firm
500 Fifth Avenue
New York, NY 10110

RE: MUR 2639
John Mariotta

Dear Mr. Fuchsberg:

This is in response to your letter dated April 24, 1992, which we received on April 24, 1992, requesting an extension until May 18, 1992, to respond to the Commission's notification of reason to believe findings against John Mariotta. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on May 18, 1992.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Deborah Curry

Deborah Curry
Attorney

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MUR 2639

OGC 4592

ANGEL & FRANKEL, P.C.

ATTORNEYS AT LAW

(212) 286-0100
TELECOPIER (212) 286-0783

JOSHUA J. ANGEL
BRUCE FRANKEL
JOHN H. DRUCKER
LAURENCE MAY

IRA R. ABEL
MARTIN EISENBERG
DAVID H. WANDER
KEVIN R. TOOLE
LEONARD H. GERSON*
DEBORAH GRUSKIN
STEVEN H. NEWMAN*
HUGH H. SHULL, III

*ALSO ADMITTED IN NJ

366 MADISON AVENUE
NEW YORK, NEW YORK 10017-3191

April 27, 1992

92 MAY -4 PM 3:57

Certified Mail/Return Receipt Requested
Certified Mail Return Receipt # P 701 002 440

Federal Election Commission
Attention: Joan D. Aikens, Chairman
Washington, DC 20465

Re: Wedtech Corp.
Bankruptcy Case No. 86 B 12366 (HCB)(FGC)
Your Reference: MUR2639

Dear Ms. Aikens:

Reference is made to your letter of April 8, 1992 addressed to the Chairman of Wedtech Corporation.

Please be advised that on December 15, 1986, Wedtech Corp. f/k/a Welbilt Electronics Die Corp. filed a voluntary petition for reorganization pursuant to Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York ("Bankruptcy Court"). The proceeding was assigned the above-referenced case number. Pursuant to an order of the Bankruptcy Court dated October 31, 1990 (the "Confirmation Order"), Wedtech's Third Amended Chapter 11 Plan of Liquidation (the "Plan") was confirmed. In accordance with the Confirmation Order and the Plan, CEPA Consulting, Ltd. was approved as the Liquidating Trustee of the Wedtech Liquidating Trust ("Trustee"). This firm represented Wedtech Corp as debtor and debtor-in-possession in the Chapter 11 proceedings and has been retained by the Trustee of the Wedtech Liquidating Trust.

In accordance with the Plan and the Confirmation Order, all assets of Wedtech Corp. have been transferred and assigned and have automatically vested in the Wedtech Liquidating Trust, free and clear of all claims and interests, and all entities have been permanently enjoined from commencing or continuing in any manner, any action or proceeding of any kind with respect to any claim or interest against the Wedtech Corp. The Wedtech Liquidating Trust is in the process of concluding the liquidation of the assets of

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Wedtech Corp. for the benefit of the creditors of Wedtech Corp. and in accordance with the provisions of the confirmed Plan.

If you require any further information with regard to this matter, kindly contact the undersigned.

Very truly yours,

ANGEL & FRANKEL, P.C.
Attorneys for The Wedtech
Liquidating Trust

By: _____
John H. Drucker

JHD:eab
cc: The Wedtech Liquidating Trust

9304099536O

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 12, 1992

Mario Moreno
P. O. Box 545
North Salem, New York 10560

RE: MUR 2639
Mario Moreno

Dear Mr. Moreno:

In a letter dated April 8, 1992, the Federal Election Commission notified you of its new findings that you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). To date we have received no response from you regarding the Commission's new findings. If you intend to respond, please do so within five days of your receipt of this letter. In any case, we need to talk to you regarding this matter. Please call me, as soon as possible, at (202) 219-3400.

Sincerely,

Deborah Curry

Deborah Curry
Attorney

2304099536 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 12, 1992

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Robert Garcia
540 Concord Avenue
Bronx, New York 10455

RE: MUR 2639
Robert Garcia

Dear Mr. Garcia:

In a letter dated April 8, 1992, the Federal Election Commission notified you that there was reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b, 441f and 441c, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). On that same date, you were also sent the Factual and Legal Analysis which formed the basis for the Commission's findings.

As noted in that letter, under the Act, you have an opportunity to demonstrate that no action should be taken against you. The fifteen day time period for you to submit factual or legal materials relevant to the Commission's consideration of the matter has elapsed and to date we have received no response to our letter.

If we do not receive a response within five days of your receipt of this letter we will pursue compulsory legal process. If you wish to request an extension of time you must so request in writing. Additionally, if you have not received the letter (including the factual and legal analysis) or have any questions, please contact me at (202) 219-3400.

Sincerely,

Deborah Curry

Deborah Curry
Attorney

9304099553 62

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 12, 1992

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Fred Neuberger
429 West Walnut Street
Long Beach, New York 11561

RE: MUR 2639
Fred Neuberger

Dear Mr. Neuberger:

In a letter dated April 8, 1992, the Federal Election Commission notified you that there was reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). On that same date, you were also sent the Factual and Legal Analysis which formed the basis for the Commission's findings.

As noted in that letter, under the Act, you have an opportunity to demonstrate that no action should be taken against you. The fifteen day time period for you to submit factual or legal materials relevant to the Commission's consideration of the matter has elapsed and to date we have received no response to our letter.

If we do not receive a response within five days of your receipt of this letter we will pursue compulsory legal process. If you wish to request an extension of time you must so request in writing. Additionally, if you have not received the letter (including the factual and legal analysis) or have any questions, please contact me at (202) 219-3400.

Sincerely,

Deborah Curry

Deborah Curry
Attorney

9304099563

GCOH 4691

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

MAY 21 9 47 AM '92

THE JACOB D. FUCHSBERG LAW FIRM

500 FIFTH AVENUE

NEW YORK, NEW YORK 10110

(212) 869-3500

FAX: (212) 398-1532

JACOB D. FUCHSBERG
ROSALIND FUCHSBERG KAUFMAN
ALAN L. FUCHSBERG

S. STANLEY KREUTZER
MELVIN C. HARTMAN
MARK GLEN SOKOLOFF
DANIEL M. COHEN
COUNSEL

DIANE WELCH BANDO
KATHLEEN P. KETTLES
JAMES M. LANE
CHRISTOPHER J. PATSOS
HOWARD A. RAPHAELSON
BELLANCA SMIGEL RUTTER

May 18, 1992

BY FACSIMILE AND REGULAR MAIL (202) 219-3923

Debby Curry, Esq.
Federal Election Commission
999 E Street, N.W.
Washington, DC 20463

92 MAY 21 PM 3:40

Re: MUR 2639
John Mariotta

Dear Ms. Curry:

By a letter from Joan D. Aikens dated April 8, 1992, the Federal Election Commission notified John Mariotta of its finding that there was reason to believe that he had knowingly and willfully violated provisions of the Federal Election Campaign Act of 1971, as amended (the "Act"). He submitted a response dated April 20, 1992. Thereafter, he retained this firm to represent him in this matter. You graciously extended our time to respond on his behalf, as confirmed in Alan L. Fuchsberg's letter to you dated April 24, 1992.

The substance of Mr. Mariotta's position was set forth in his previous response, a copy of which is attached for your convenience. An additional point that we would like to note at this time concerns the criminal prosecution of Mr. Mariotta that has already occurred.

After his trial, Mr. Mariotta was sentenced on RICO counts to 8-year terms, on counts involving bribery of public officials to 5-year terms, and on mail fraud and tax evasion counts to 2-year terms, all terms to run concurrently. On appeal, the United States Court of Appeals for the Second Circuit reversed his RICO and bribery convictions, while letting stand the fraud and tax evasion convictions.

The convictions that were affirmed do not relate to the issues addressed by the Commission. The basis for the charge of mail fraud was that Mr. Mariotta's ownership interest in Wedtech had been overstated so as to enable Wedtech to receive treatment

9304099536 4

as a minority-owned business, a status to which it was not genuinely entitled. The tax evasion charge was that Mr. Mariotta had not declared as income, and had not paid taxes on, some payments made to him out of the "FHJ" bank account. Mr. Mariotta has already served his prison terms for those offenses.

In reversing the convictions on the other counts, the Second Circuit took note of "Mariotta's basic defense . . . that he was unaware of any wrongdoing in Wedtech . . .," a defense that drew "considerable support from the evidence" (slip opinion, p. 58). (Attached to this fax are pages 1 and 55-63 of the opinion. The full text is included with the original of this letter, which I am mailing.) After making that general comment, the Second Circuit went on to summarize the relevant portions of the trial transcript (slip opinion, pp. 58-60).

One critical item not found in the trial transcript is Mr. Mariotta's response to the Government's offer of immunity. He could have completely avoided criminal exposure by providing "what the Government regarded as truthful information regarding wrongdoing by other Wedtech officers and various public officials" (slip opinion, p. 55). He responded that he had no such knowledge. The Second Circuit agreed with Mr. Mariotta that these facts supported the inference that he really lacked such knowledge. As the court stated:

> When a defendant rejects an offer of immunity on the ground that he is unaware of any wrongdoing about which he could testify, his action is probative of a state of mind devoid of guilty knowledge. Though there may be reasons for rejecting the offer that are consistent with guilty knowledge, such as fear of reprisal from those who would be inculpated, a jury is entitled to believe that most people would jump at the chance to obtain an assurance of immunity from prosecution and to infer from rejection of the offer that the accused lacks knowledge of wrongdoing.

(Slip opinion, pp. 56-57).

We urge the Commission to draw the same inference. Mr. Mariotta's conduct was consistent with his statements that, despite his nominal position with Wedtech, he was not a knowing participant in the company's improper payments to public

9304099536 5

officials. This view of the facts is further supported by the other evidence referred to by the Second Circuit (slip opinion, pp. 58-60). We hope that you and the Commission will agree that Mr. Mariotta did not "knowingly and willfully" violate the Act.

Finally, the Commission's letter of April 8 refers to the possibility of pursuing pre-probable cause conciliation. On behalf of Mr. Mariotta, I hereby request such conciliation.

Yours truly,

James M. Lane

JML/wpc
Encs.

9304099553666

7-22-92

RECEIVED
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COMMISSION
MAIL ROOM

Jul 27 1 39 PM '92

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF
92 JUL 27 PM 3:37

FEDERAL ELECTION COMMISSION
999 E. STREET N.W.
WASHINGTON. D.C. 20463.

ATT: MRS. DEBBY CURRY.

RESPECTED LADY.

SUBJECT: MUR 2639

AS PER OUR CONVERSATION TODAY I AM REQUESTING A 20 DAY EXTENSION TO PREPARE A RESPONSE TO YOUR letter dated 8, 1992 and received 7/18/92. Since we moved to Miami from New York and these clerks are dated from early 1982 we need some time to prepare a response.

Very truly Yours

Reynaldo Bernal.

930409955367

Collins - Bramlett - Rhodes, Inc. - Equipment & Supplies for Restaurants, Hotels & Bakeries
1237 N. Miami Ave., Miami, FL 33136 - Tel. Dade (305) 373-7313 Broward (305) 522-1139 Fax (305) 373-7365

RECEIVED
FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 JUL 30 AM 11:05

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COMMISSION
MAIL ROOM
Jul 30 10 12 AM '92

MORVILLO, ABRAMOWITZ, GRAND, IASON & SILBERBERG, P.C.
ATTORNEYS
530 FIFTH AVENUE
NEW YORK, N.Y. 10036-5101
TELEPHONE
(212) 221-1414
CABLE: LITIGATOR, NEW YORK
FACSIMILE
(212) 575-1282

ELKAN ABRAMOWITZ
ROBERT J. ANELLO
LAWRENCE S. BADER
BARRY A. BOHRER
PAUL R. GRAND
LAWRENCE IASON
ROBERT G. MORVILLO
DIANA D. PARKER
MICHAEL C. SILBERBERG
COUNSEL
MICHAEL W. MITCHELL

THOMAS A. ARENA
ROBERT B. BUEHLER
JOEL M. COHEN
CATHERINE M. FOTI
JILL K. ISRAELOFF
JOYCE KANCIPER
SHERRIE F. NACHMAN
JEFFREY PLOTKIN
FREDERICK N. SAAL
JEREMY H. TEMKIN
ALAN P. WILLIAMSON
DEBORAH R. WINOGRAD

July 24, 1992

BY TELECOPIER AND FEDERAL EXPRESS

Debby Curry, Esq.
Office of General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: MUR 2639: Robert Garcia

Dear Ms. Curry:

Enclosed is an executed copy of the FEC's "Statement of Designation of Counsel" form, indicating that my firm represents Robert Garcia in the referenced matter.

Additionally, as we discussed on the telephone earlier this week, I request a twenty day extension of time to respond to the Federal Election Commission's finding. Presently both Barry Bohrer and I, the lawyers who represented Robert Garcia during his recent trial in the Southern District of New York, are busily engaged in preparing an appeal from his conviction to the Court of Appeals, which is due August 12, 1992. We both also have longstanding vacation plans during the first two weeks of August. Because of these circumstances, we will need the additional time to prepare an adequate response to the Commission's finding.

Thank you for your cooperation and courtesy.

Very truly yours,

Joel M. Cohen

Enclosure

9304099536 8

FEDERAL ELECTION COMMISSION
OFFICE OF GENERAL COUNSEL
92 JUL 30 AM 11:09

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2639

NAME OF COUNSEL: Barry A. Bohrer/Joel M. Cohen

ADDRESS: Morvillo, Abramowitz, Grand, Iason & Silberberg, P.C.
530 Fifth Avenue
New York, NY 10036

TELEPHONE: 212-221-1414

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.

7/28/92
Date

Robert Garcia
Signature

RESPONDENT'S NAME: Robert Garcia

ADDRESS: 301 S.E. Harbor Point Dr.
Stuart, Florida 34996

HOME PHONE:

BUSINESS PHONE:

9304099553669

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 3,1992

Joel M. Cohen, Esq.
Morvillo, Abramowitz, et al.
530 Fifth Avenue, Suite 1600
New York, NY 10036

RE: MUR 2639
Robert Garcia

Dear Mr. Cohen:

This is in response to your letter dated July 24, 1992, which we received on July 28, 1992, requesting an extension of 20 days to respond to the Commission's findings. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on August 28, 1992.

If you have any questions, please contact Debby Curry, the attorney assigned to this matter at (202) 219-3690.

Sincerely,

Jonathan A. Bernstein by MA

Jonathan A. Bernstein
Assistant General Counsel

9304099537O

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 3, 1992

Mr. Reynaldo Berney
Collins, Bramlett, Rhodes, Inc.
1237 N. Miami Ave.
Miami, FL 33136

RE: MUR 2639

Dear Mr. Berney:

This is in response to your letter dated July 22, 1992, which we received on July 22, 1992, requesting an extension of 20 days to respond to the Commission's findings in this matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on August 24, 1992.

If you have any questions, please contact Debby Curry, the attorney assigned to this matter at (202) 219-3690.

Sincerely,

Jonathan A. Bernstein by MA

Jonathan A. Bernstein
Assistant General Counsel

9304099537 1

RECEIVED
FEDERAL ELECTION
COMMISSION
MAIL ROOM

Aug 4 11 40 AM '92

Law Office of
Biaggi & Biaggi
299 Broadway
New York, N.Y. 10007

212-233-8000

July 30,1992

92 AUG -4 PM 3:14

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

Attn: Debbie Curry

Re: MUR 2639

Dear Ms. Curry:

Today I spoke with a representative from your office on how I should respond procedurally with respect to the above captioned matter.

In as much as I have just returned from a two week vacation and just received the papers, I am at a disadvantage timewise to respond to the Commission's initial report. However, after reading the Commission's factual and legal analysis it is clear that its basis is derived from the trial transcripts of Mario Moreno's 1988 trial testimony. In order for me to adequately assess the Commission's analysis I would first need to obtain these transcripts which would, in and of itself, take several weeks. After doing so I would be in a better position to respond to the Commissions' initial report.

Please accept my request for an extension of time. I have also enclosed an authorization for designation of counsel form. This letter and the enclosure is being faxed to your office today at 202-219-3880 and mailed under separate cover. I would appreciate your confirmation of my request for an extension so that I may adequately assess this matter and respond in an appropriate fashion.

Very truly yours,

Richard M. Biaggi

2304099537 2

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2639

NAME OF COUNSEL: Law Firm of Biaggi& Biaggi

ADDRESS: 299 Broadway
New York ,New York 10007

TELEPHONE: 212-233-8000

RECEIVED
FEDERAL ELECTION COMMISSION
92 AUG -4 PM 3:

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.

7-29-92
Date

Mario Biaggi
Signature

RESPONDENT'S NAME: Mario Biaggi

ADDRESS: 3333 Henry Hudson Parkway
Riverdale, New York 10463

HOME PHONE:

BUSINESS PHONE: none

9304099537 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 4, 1992

Richard M. Biaggi, Esquire
Biaggi & Biaggi
299 Broadway
New York, NY 10007

RE: MUR 2639
Mario Biaggi

Dear Mr. Biaggi:

This is in response to your letter dated July 30, 1992, which we received on July 30, 1992, requesting an extension of 30 days to respond to the Commission's findings. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on August 31, 1992.

If you have any questions, please contact me at (202) 219-3400.

Sincerely,

Deborah Curry

Deborah Curry
Attorney

9304099537 4

OGC 6215

August 22, 1992
MS Joan D. Aikens
Federal Election Commission
Washington, D.C. 20463

RE: MUR 2639
AH: MRS DEBBY CURRY.

92 AUG 26 PM 1:

DEAR MR AIKENS.
In your letter dated 9.8.1992 you indicated that the Federal Election Commission found that there is reason to believe I knowingly and willfully violated 2 USC S 441F, a provision of the federal Election campaign act of 1971.
I thank you for the opportunity given to me to explain why no action should be taken against me:

1-0 The dates indicated in section "D" of the factual and legal analysis were written before I had any knowledge of the FHJ account. I did not know this account existed during this period.

2-0 The amounts indicated in section "D" of the factual and legal analysis were never reimbursed by any person or company or fund.

3.0 I learned of the FHJ account in late 1984 However I was unaware of what the executives

II

late 1986, when the westtech problems became public.

4.0 I pleaded guilty to one count of tax evation for the year 1985. I was not involved nor did I know what my brother and the executives of Westtech were doing. I was given work as an electrical contractor and was ask to inflate some invoices and return the money via the FHS account, but was unaware of what they were doing with that account.

Hope this information is helpfull in determening that I did not violated any section of the Election campaign act of 1971. If you have any additional questions you can call me at or you can ask the U.S. district Attorney for the Southern District of New York where I cooperated fully for more than 4 years. In November of this year I will complete my probation period and I am looking forward to have this very tragic period of my life behind me. During my life this is the only problem that I had and I am very sorry for what had happened to my family whom have suffered a lot.

Very truly yours

Reynaldo Berrios

P/S. This letter was prepared in an computer system but because "Andrew" we have no electricity. and please

230402537

RECEIVED
F.E.C.
SECRETARIAT
92 AUG 12 PM 3:43

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of Wedtech, Mario Moreno, John Mariotta, Fred Neuberger, Anthony Guariglia, Richard Bluestine, Larry Shorten, Ceil Grandwotter, Reynaldo Berney, Bernard Erhlich, Mario Biaggi, Robert Garcia, Senator Alfonse D'Amato, D'Amato in '86 and Arthur Jaspan, as treasurer; and Friends of Senator D'Amato and Jack Libert, as treasurer	**SENSITIVE** MUR 2639

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GENERAL COUNSEL'S REPORT

I. BACKGROUND

On March 25, 1992, the Commission made the following additional findings in the matter: a) reason to believe Wedtech knowingly and willfully violated 2 U.S.C. §§ 441b and 441c; b) reason to believe Mario Moreno, John Mariotta, Fred Neuberger, Anthony Guariglia, Richard Bluestine, and Larry Shorten knowingly and willfully violated 2 U.S.C. § 441b(a) and 441f; c)reason to believe Ceil Grandwotter knowingly and willfully violated 2 U.S.C. § 441f; d) reason to believe Reynaldo Berney knowingly and willfully violated 2 U.S.C. § 441f; e) reason to believe Bernard Erhlich violated 2 U.S.C. §§ 441f and 441c; and f) reason to believe Representatives Mario Biaggi and Robert Garcia knowingly and willfully violated 2 U.S.C. §§ 441f, 441b, and 441c. Additionally, on the same date, the Commission approved subpoenas for the above mentioned respondents.

Notification of the new findings along with enclosed factual and legal analyses were sent to the respondents on April 8, 1992, based on addresses in the FEC database. Less than half of the twelve respondents responded to this initial mailing during April and May. Some of the mailings were returned because the addressees had moved and left no forwarding address or the forwarding address requests had expired. This Office tried to secure more recent addresses through the telephone company and a follow-up mailing via certified mail was sent out in May in cases where no response had been received and the mailing had not been returned by the U.S. Postal Service.

Recently, this Office solicited the assistance of the U.S. Attorney's Office in New York in obtaining addresses for respondents that had not been located. Additionallly, this office wrote the Department of Justice seeking use of the FBI locator service. A third mailing to respondents utilizing the addresses provided by the Assistant U.S. Attorney (AUSA) was sent out on July 8, 1992. So far there has been no response to our inquiry to the Department of Justice. This Office will also be looking into a tracing service to aid in the location of the two or three respondents the AUSA was not able to provide addresses for.

Some of the responses to the Commission's notification of reason to believe allude to testimony by respondents in the Wedtech-related trials. For this reason, this Office has made arrangements with the AUSA to examine and copy relevant trial testimony of all the respondents in the Wedtech-related trials

9304099537 8

during the week of August 10, 1992. After review and analysis of these materials we will be moving forward to formal interviews or to depose the respondents in this matter.

Of the respondents that have answered the Commission's notification of reason to believe, only John Mariotta has requested pre-probable cause conciliation at this time. In light of the need for further investigation in the matter, this Office recommends that the Commission reject Mr. Mariotta's request for conciliation prior to a finding of probable cause to believe.

II. **RECOMMENDATIONS**

1. Decline, at this time, to enter into conciliation with John Mariotta prior to a finding of probable cause to believe.

2. Approve the appropriate letter.

Date 8/12/92

Lawrence M. Noble
General Counsel

Attachment
1. Response of John Mariotta

Staff Assigned: Deborah Curry

93040995379

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
	)	
Wedtech, Mario Moreno, John Mariotta, Fred Neuberger, Anthony Guariglia, Richard Bluestine, Larry Shorten, Ceil Grandwotter, Reynaldo Berney, Bernard Erhlich, Mario Biaggi, Robert Garcia, Senator Alfonse D'Amato, D'Amato in '86 and Arthur Jaspan, as treasurer; and Friends of Senator D'Amato and Jack Libert, as treasurer.	)	MUR 2639

93040995380

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 18, 1992, the Commission decided by a vote of 5-0 to take the following actions in MUR 2639:

1. Decline, at this time, to enter into conciliation with John Mariotta prior to a finding of probable cause to believe

(Continued)

2. Approve the appropriate letter, as recommended in the General Counsel's Report dated August 12, 1992.

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

Attest:

8-18-92
Date

Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Wed., August 12, 1992 3:43 p.m.
Circulated to the Commission: Thurs., August 13, 1992 11:00 a.m.
Deadline for vote: Tues., August 18, 1992 4:00 p.m.

dr

2304099538 1

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 26, 1992

Alan L. Fuchsberg, Esquire
The Jacob D. Fuchsberg Law Firm
500 Fifth Avenue
New York, New York 10110

RE: MUR 2639
John Mariotta

Dear Mr. Fuchsberg:

On July 18, 1992, your client, John Mariotta, was notified that the Federal Election Commission found reason to believe that your client had knowingly and willfully violated 2 U.S.C. § 441b(a)and 441f. On April 24, 1992, you submitted a request on behalf of your client to enter into conciliation negotiations prior to a finding of probable cause to believe.

The Commission has considered your request and because of the need to complete the investigation, declined at this time to enter into conciliation.

Deborah Curry has left the Commission. As soon as another attorney is assigned to the matter, they will be in touch with you. In the interim, if you should have any questions, please contact me at (202) 219-3690.

Sincerely,

Jonathan Bernstein

Jonathan A. Bernstein
Associate General Counsel

9304099538 2

MORVILLO, ABRAMOWITZ, GRAND, IASON & SILBERBERG, P. C.
ATTORNEYS
530 FIFTH AVENUE
NEW YORK, N. Y. 10036-5101

TELEPHONE
(212) 221-1414

CABLE: LITIGATOR, NEW YORK

FACSIMILE
(212) 575-1282

ELKAN ABRAMOWITZ
ROBERT J. ANELLO
LAWRENCE S. BADER
BARRY A. BOHRER
PAUL R. GRAND
LAWRENCE IASON
ROBERT G. MORVILLO
DIANA D. PARKER
MICHAEL C. SILBERBERG

COUNSEL
MICHAEL W. MITCHELL

THOMAS A. ARENA
ROBERT B. BUEHLER
JOEL M. COHEN
CATHERINE M. FOTI
CHRISTOPHER J. GUNTHER
JILL K. ISRAELOFF
SHERRIE F. NACHMAN
JEFFREY PLOTKIN
FREDERICK N. SAAL
JOYCE SHULMAN
JEREMY H. TEMKIN
ALAN P. WILLIAMSON
DEBORAH R. WINOGRAD

RECEIVED
FEDERAL ELECTION COMMISSION
92 AUG 28 AM 10:31
OFFICE OF GENERAL COUNSEL

August 27, 1992

BY FEDERAL EXPRESS

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

RECEIVED
FEDERAL ELECTION
COMMISSION
AUG 28 9 43 AM '92

Re: MUR 2639: Robert Garcia

Dear Mr. Noble:

I am counsel to Robert Garcia in the referenced matter. I write in opposition to the finding of the Federal Election Commission (the "Commission") that "there is reason to believe "that Robert Garcia "knowingly and willfully violated 2 U.S.C. §§ 441b, 441f, and 441c" of the Federal Election Campaign Act (the "Act").

The essence of the Commission's finding is that when Robert Garcia was a member of Congress, he knowingly and willfully violated the Act through his relations with persons associated with the Wedtech Corporation ("Wedtech" or the "Company") by (1) accepting contributions in the name of another, (2) accepting corporate contributions on behalf of his political committee, and (3) soliciting contributions from a government contractor. With limited exceptions, we do not contest the accuracy of the facts set forth in the Commission's "Factual and Legal Analysis." However, we vigorously contest the Commission's erroneous conclusion that those facts "raise the strong inference that Congressman Garcia knew or suspected that the political contributions made to his campaign in fact came from Wedtech itself." The simple fact is that Robert Garcia never knew, suspected, or even had reason to suspect, that political contributions to him from individuals associated with Wedtech were in fact contributions from the Company.

9304099538 3

Moreover, even if the Commission's "reason to believe" conclusion were correct -- which it is not -- as set forth in greater detail below, the intense economic and emotional suffering and three and one-half months of incarceration that Robert Garcia already has experienced as a result of the investigation and criminal prosecution of his affairs is punishment enough. Robert Garcia has no intention of seeking public office again. Consequently, there is little chance that the Commission's contemplated charges would have any deterrent effect on him.

For the reasons set forth in greater detail below, it is respectfully submitted that there simply is no legal or factual basis for the Commission's "reason to believe" conclusion as to any of these allegations. Consequently, in accordance with 11 C.F.R. §§ 111.10, 111.16, and 111.17, the General Counsel to the Commission should recommend a finding of "no probable cause to believe" that the charges alleged in the referenced MUR occurred, and thereafter the Commission should accept that recommendation.

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A. Factual Statement

(1) Robert Garcia's Service in Congress

From February, 1978 until January, 1990, Robert Garcia served as the representative to the United States House of Representatives for the 18th Congressional District, which encompasses the South Bronx in New York City. Robert Garcia was immensely popular in the South Bronx, and as its Congressman, was an effective spokesman for the nation's Puerto Rican community, as well as for issues relevant to the poor and disadvantaged.

Like his fellow members of Congress, Robert Garcia solicited and received political contributions from constituents and others to support his election campaigns. In accordance with his legal obligations, he regularly filed the necessary periodic forms with the Commission, setting forth completely the financial contributions he or his political election committee received throughout his almost twelve years in Congress.

(2) The Criminal Charges Against Robert Garcia

In 1987, Robert Garcia and his wife, Jane Lee Garcia, learned that they were under investigation by representatives of the United States Attorney's Office for the Southern District of New York, concerning their relations with Wedtech. On November 21, 1988, the Garcias were charged in the Southern District of New

York, under Indictment 88 Cr. 852, with three counts of Hobbs Act extortion and four counts of receiving bribes and gratuities. The charges set forth in the indictment arose from two sets of allegations: (1) those relating to payments by Wedtech to Ralph Vallone, an attorney in Puerto Rico, who the government claimed was acting as a conduit for payments that ultimately were made to Jane Garcia (the "Vallone payments"), and (2) those relating to a $20,000 loan provided by Mario Moreno, a Wedtech principal, to Robert Garcia, which six months later was paid back in its entirety (the "$20,000 loan").

On October 19, 1989, after an arduously contested three-and-a half week jury trial before the Honorable Leonard B. Sand, the Garcias were convicted on the conspiracy and extortion counts (Counts One, Two, and Three), and were acquitted on the bribery and gratuity charges (Counts Four through Seven). On January 7, 1990, Robert Garcia voluntarily resigned from his position as a member of Congress.

Following the imposition of sentence, on March 19, 1990, Robert Garcia voluntarily surrendered to the Eglin federal prison facility in Florida to begin serving his sentence. On appeal, the Court of Appeals reversed the Garcias' conspiracy and extortion convictions, remanding the matter to the District Court for further proceedings. See United States v. Garcia, 907 F.2d 380, 385 (2d Cir. 1990). Soon thereafter, Robert Garcia was released from prison, having served three and one-half months there.

After the district court and the Court of Appeals denied the Garcias' motion for an order barring retrial, the government announced its intention to retry the Garcias on Counts One through Three of the original indictment, and to try for the first time Vallone on Counts One and Two of that indictment.

On October 18, 1991, after four and one-half weeks of retrial, including nine days of deliberations, the jury convicted Robert Garcia only on Count Three, the count relating to the $20,000 loan. The district court declared a mistrial as to the other remaining counts in the indictment. On June 16, 1992, the district court sentenced Robert Garcia to a term of imprisonment of three years for Count Three with the proviso that pursuant to 18 U.S.C. § 4205(b)(2), he receive credit for time served and be eligible for immediate parole.

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(3) **Robert Garcia and Wedtech**

Robert Garcia first became familiar with the Welbilt Electronics Tool and Die Company (renamed Wedtech in 1983 when it became public) in 1978, shortly after he was elected to Congress. Throughout the 1980's, Wedtech proved increasingly successful at securing contracts with the United States government and others relating to the defense industry, which marked it as one of the few beacons of business opportunity in Robert Garcia's otherwise gloomy and depressed Congressional district. Since Wedtech was one of the major employers of his constituents in the South Bronx, Robert Garcia developed a close professional relationship with Wedtech, and thus with some of its principal officers, providing various constituent services to the Company from 1980 until 1986, when it declared bankruptcy.[1]

During the period from 1980 through 1986, Robert Garcia solicited and received political contributions from persons who were associated with Wedtech, including its principals: Mario Moreno, Fred Neuberger and John Mariotta. He also received political contributions from employees and others associated with Wedtech, although he did not necessarily know at the time that these contributors were related to Wedtech in any way. The statements he filed with the Commission accurately reflected each of those contributions, all of which were within the yearly dollar limitations set forth by the Act for individual contributors. However, at no time before, during or since those contributions were made did Robert Garcia know or have reason to believe that anyone associated with Wedtech who made a political contribution to him was reimbursed for the contribution by Wedtech.

The Commission correctly notes that Robert Garcia had a "direct relationship" with Wedtech, which was an expected and

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[1]Indeed, during Robert Garcia's recent criminal trial in the Southern District of New York, the government made clear that these constituent services were both legal and proper. See, e.g. transcript from 1991 Garcia retrial before Judge David N. Edelstein (hereinafter "Tr." 1995-96), attached hereto as Exhibit A. ("Congressman Garcia had assisted his constituents [Wedtech] in getting loans, in going to the banks, in getting payments, proper payments in connection with government contracts, in contacting the IRS. This is what he is supposed to do." (emphasis added)).

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normal result of his and his staff's providing constituent services to the Company. However, the Commission's "Factual and Legal Analysis" overstates the extent of that relationship.

For example, the Commission has incorrectly concluded that "Wedtech funded a $20,000 loan" to Robert Garcia. Moreno repeatedly testified during the recent Garcia criminal trial in New York that he personally extended the $20,000 loan to Robert Garcia, and that Garcia understood the loan to be a personal one. Indeed, the loan was made through Moreno's personal checking account, and it was repaid seven months later by Robert Garcia in its entirety. (Tr. 385-88; see Exhibit A). While Moreno claimed that the ultimate source of funds to pay the loan was the FHJ account, he never even intimated that Garcia believed the ultimate source of the loan was illicit, and he made clear that Garcia did not know of the existence of the FHJ account. (Tr. 150; see Exhibit A).

Similarly, the Commission in its "Factual and Legal Analysis" inexplicably refers to $9,500 in cash that Moreno supposedly gave Robert Garcia a as political contribution. Our firm has been counsel to Robert Garcia for over six years, represented him during his two criminal trials and through three appeals, and is intimately familiar with the circumstances of the relationship between him and Moreno. We simply are unaware of the occurrence of any such transaction. Robert Garcia flatly denies receiving any $9500 cash political contribution from Moreno.

Finally, the Commission's "Factual and Legal Analysis" states that money orders sometimes were used by individuals to make political contributions when they were being reimbursed by Wedtech. However, the Commission fails to state whether these unnamed "individuals" included those who made contributions to Robert Garcia. Nor does the Commission offer any justification for its cursory suggestion that the mere receipt of money orders somehow put politicians (including Robert Garcia, if he received contributions in this manner) on notice that the source of the money orders was illicit income from Wedtech. In short, there is no logic to this conclusion.

(4) The Wedtech FHJ Account

We do not contest the accuracy of most of the description of the FHJ account set forth in the Commission's "Factual and Legal Analysis." Indeed, Mario Moreno's testimony as a government witness during Robert Garcia's recent criminal trial in New York

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essentially comports with the Commission's description of the slush fund.[2]

According to Moreno's recent trial testimony, the FHJ account apparently was created as an illegal slush fund by the Wedtech principals to deposit kickbacks from vendors to the Company. Its proceeds were used for various illegal payments, including bribes to union officials and reimbursements to Wedtech-related individuals who acted as disguised conduits for political contributions to politicians that actually were from Wedtech. (Tr. 148-49; see Exhibit A).

We believe it is vital, however, for the Commission to note the importance of its own conclusion, based on its discussions with Mario Moreno, that "the existence of the FHJ account was not discussed with anyone outside of the inner circle of officers at Wedtech." Indeed, at Robert Garcia's recent retrial, Moreno exonerated Robert Garcia even more broadly than he did during his discussions with the Commission regarding this subject. At that trial, Moreno testified unequivocally that, to the best of his knowledge, Robert Garcia did not know anything about Wedtech's reimbursing himself and others for political contributions made to him. (Tr. 150; see Exhibit A).

Moreover, it is extremely relevant that throughout the meticulous and far-ranging six year investigation of Robert Garcia's affairs conducted by prosecutors and agents from the United States Attorneys' Office for the Southern District of New York, which culminated in a detailed indictment and two trials, the government never formally or informally accused Robert Garcia of violating the federal election campaign laws. Indeed, during the recent Garcia retrial, just prior to its examination of Moreno concerning the FHJ fund and political contributions to Robert

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[2]This is not to say that Moreno's testimony generally should be believed. During both the Garcia trial and the recent retrial, the defense theory was that Moreno is a self-serving liar, who created out of whole cloth purported conversations with Robert and Jane Garcia in which they supposedly agreed to an extortionate scheme, in order to inculpate the Garcias and better his chances for lenient treatment from the government and Court at his own sentencing. Indeed, as was amply demonstrated during both Garcia trials, Moreno has committed a litany of crimes and falsehoods far too lengthy to list here, that continued even after he began cooperating with the government.

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Garcia, the government specifically stated that it "does not contend in this case that these political contributions were illegal in any respect." (Tr. 145; see Exhibit A)

The government repeated the same position during its summation, stating to the jury that it "want[s] to make something perfectly clear here. The government does not contend that there is anything illegal about the campaign contributions." (Tr. 1988). Later in its summation, the government stated that individuals at Wedtech "did things like give him [Garcia] political contributions, which were perfectly proper." (Tr. 1996; see Exhibit A, emphasis added)

(5) Robert Garcia's Present Status

The six year odyssey that began in 1987 with the investigation of the Garcias, and continued through two highly publicized criminal trials and three appeals, has obviously had a detrimental effect on Robert Garcia's life. He was forced by these circumstances to resign from Congress, and thereby to step down from serving his constituency in the South Bronx as their representative, a job which to which he had devoted his heart and soul. He has endured the embarrassment and pain of incarceration, and the emotional suffering caused by two highly publicized criminal trials and three appeals. The legal costs of defense have left Robert and Jane Garcia virtually penniless and without a home, and yet they still are saddled with enormous legal expenses for which they have no ability to pay.

Despite the horrible experiences Robert Garcia has been forced to endure, he has refused to retreat from his longstanding commitment to the public good. Indeed, since being released from prison in February 1990, Robert Garcia has sought new avenues to alleviate the plight of the neediest in our society. He has acted as a volunteer consultant for Prison Fellowship Ministries, counseling and visiting incarcerated individuals in jails. He also has worked with the South Bronx Overall Economic Development Organization, assisting then in securing funding for a 100 bed AIDS facility in the South Bronx, and with the Bronx Lebanon Hospital, helping them to establish a pediatric AIDS facility.

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B. Legal Analysis

(1) The Statutes

In its April 8, 1992 letter to Robert Garcia,[3] the Commission stated that it had "reason to believe" he "knowingly and willfully violated 2 U.S.C. §§ 441b, 441f, and 441c, provisions of the Federal Election Campaign Act of 1971." (the "Act") 2 U.S.C. §441b(a) states that:

> It is unlawful for any national bank, or any corporation organized by authority of any law of Congress, to make a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office, or for any corporation whatever, or any labor organization, to make a contribution or expenditure in connection with any election at which presidential and vice presidential electors or a Senator or Representative in, or a Delegate or Resident Commissioner to, Congress are to be voted for, or in connection with any primary election or political convention or caucus held to select candidates for any of the foregoing offices, or for any candidate, political committee, or other person knowingly to accept or receive any contribution prohibited by this section, or any officer or any director of any corporation or any national bank or any officer of any labor organization to consent to any contribution or expenditure by the corporation, national bank, or labor organization, as the case may be, prohibited by this section.
>
> (emphasis added).

2 U.S.C. § 441f states that:

> No person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution, and no person shall knowingly

[3]Although that letter was dated April 8, 1992, it was not received by Robert Garcia until July 18, 1992.

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accept a contribution made by one person in the name of another person.

(emphasis added).

2 U.S.C. § 441c, in relevant part, states that:

It shall be unlawful for any person --

(1) who enters into any contract with the United States or any department or agency thereof . . . at any time between the commencement of negotiations for and the later of (A) the completion of performance under; or (B) the termination of negotiations for, such contract . . . directly or indirectly to make any contribution of money or other things of value, or to promise expressly or impliedly to make any such contribution to any political party, committee, or candidate for public office or to any person for any political purpose or use; or

(2) knowingly to solicit any such contribution from any such person for any such purpose during any such period.

(emphasis added).

(2) The Legal Principles

Each of the three statutes cited by the Commission against Robert Garcia -- §441b (accepting corporate contributions on behalf of a political committee), §441f (soliciting contributions from a government contractor), and § 441c (accepting contributions in the name of another) -- requires as an essential element that Robert Garcia "knowingly" committed acts proscribed by the statute. The Commission's "reason to believe" determination, however, apparently was predicated on a higher degree of culpability, that Robert Garcia "knowingly and willfully" violated §§ 441b, 441f, and 441c.

While the phrase "willfully and knowingly" is not specifically defined in the Federal Election Campaign Act, it has been judicially interpreted to connote "defiance or such reckless disregard of the consequences as to be equivalent to a knowing, conscious, and deliberate flaunting of the Act." AFL-CIO v. Federal Election Commission, 628 F.2d 97, 101 (D.C. Cir.), cert. denied, 101 S.Ct. 397 (1980); Federal Election Commission v. Gus Savage for Congress, 606 F.Supp. 541, 548 (N.D. Ill. 1985). Thus,

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a "willfully and knowingly" standard specifically requires knowledge that one is violating a law. Federal Election Commission v. John A. Dramesi for Congress, 640 F.Supp. 985 (D.N.J. 1986); see United States v. Marvin, 687 F.2d 1221, 1225 (8th Cir. 1982), cert. denied, 103 S.Ct. 1768 (1983)

Similarly, while the word "knowingly" is not specifically defined in the Act, it has been judicially understood to connote "a party's knowledge of the facts rendering its conduct unlawful." Federal Election Commission v. John A. Dramesi for Congress, 640 F.Supp. at 987; see Federal Election Commission v. California Medical Association, 502 F.Supp. 196, 203-204 (N.D.Cal. 1980). In Dramesi, for example, the "knowingly" standard was met only because the political contribution in question exceeded $1000, an amount for which Commission regulations placed a responsibility upon Dramesi to to make his "best efforts to determine the legality of the contribution," a duty which he failed to meet. See Dramesi, 640 F.Supp. at 987; 11 C.F.R. § 103.3(b).

(3) Robert Garcia did not "knowingly and willfully" or "knowingly" violate the Act

The factual evidence proffered by the Commission in support of the proposed allegations fails completely to meet either of the legal standards of culpability cited in the "Factual and Legal Analysis." Even if all evidentiary inferences were to be drawn in favor of the proposed charges, these necessary legal standards simply could not be met here.

The two general factual predicates for the Commission's "reason to believe" finding appear to be that (1) Robert Garcia had a "close and direct relationship" with Wedtech, and, thus, that (2) he may have suspected that Wedtech was receiving kickbacks. According to the Commission's finding, the combination of those two factors "raise[s] the strong inference that Congressman Garcia knew or suspected that the political contributions made to his campaign in fact came from Wedtech itself."

As set forth above, we do not contest that Robert Garcia worked closely with Wedtech and its principals while he was in Congress. However, the fact that Robert Garcia provided important constituent services to Wedtech, occasionally socialized with its principals, or accepted a loan from Moreno, is no evidence whatsoever that he knew Wedtech was receiving kickbacks. Indeed, Moreno's testimony during the Garcia retrial about the high degree of secrecy attached by the Wedtech principals to the existence of

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the FHJ account, strongly suggests the opposite conclusion: that Robert Garcia was duped by and knew nothing of the Company's involvement in kickback schemes. The leap of logic proposed by the Commission -- finding that a close relationship itself, without any additional evidence, is sufficient evidence to infer specific knowledge that he was willfully violating the law by accepting campaign contributions -- is insupportable.

To meet its own proposed "willfulness and knowlege" charge, the Commission would have to demonstrate that Robert Garcia's solicitation or acceptance of political contributions from Wedtech-related individuals was done under circumstances that evidence "a deliberate flaunting of the Act," a standard which the evidence simply does not support. Nor can the evidence support even the lower "knowingly" degree of culpability set forth in the cited statutes. That standard would require evidence that Robert Garcia was "fully aware of the facts rendering his conduct unlawful." Dramesi, 640 F.Supp. at 987. Only if he understood that Wedtech was the ultimate source of individual contributions made to him could he be imputed to possess the awareness of the "facts rendering his conduct unlawful," information which he simply did not know about nor should have suspected. In contrast to the situation in Dramesi, Robert Garcia, in accepting the contributions in question, did not ignore any duty to investigate since the amount, form, and circumstances of the contributions were perfectly normal and raised no indicia of impropriety.

Moreno's claim that "individuals probably realized Wedtech was receiving kickbacks" because certain political contributions were paid by money order, adds nothing to the paltry evidence of Robert Garcia's culpability. The "Factual and Legal Analysis" fails to indicate whether Moreno believed that Robert Garcia was one of those unnamed "individuals" who "probably realized" that Wedtech was receiving kickbacks because of the receipt of money orders. Indeed, the Commission does not even allege that Robert Garcia ever received a money order from a Wedtech-related individual.

Even assuming that his campaign did receive contributions by means of money orders, there simply is no basis to presume from this fact that he "probably realized Wedtech was receiving kickbacks." Otherwise, every time a politician or his committee received a political contribution in the form of a money order or cashier's check, he or she would be required to suspect that the contribution was the proceeds of illicit activity, which obviously would be an absurd result.

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Consequently, there is no legal or factual basis for the Commission to find "probable cause to believe" that Robert Garcia violated the Act.

C. Principles of Fairness Compel the Commission Not to Pursue this Matter

Apart from the fact that the Commission's possible charges here are factually and legally insupportable, other, equally important factors militate against its pursuit of this matter. Thus, even if the Commission were to conclude that there was a legal basis for it to continue its investigation, principles of fairness should guide the Commission's ultimate decision.

The facts supposedly supporting the allegations made against Robert Garcia occurred well more than six years ago. Since then, the government has had extensive access to Moreno, meeting with him literally hundreds of times. It has reviewed hundreds of thousands of documents and interviewed hundreds of other witnesses relating to the "Wedtech scandal" in preparation for the two Garcia trials and three appeals.

Yet during this entire period of time the government has never charged or accused Robert Garcia of any federal campaign contribution violations, even though it is empowered to do so. Indeed, as demonstrated above, the government has repeatedly stated that Robert Garcia's acceptance of political contributions from Wedtech-related individuals was proper and legal.

Consequently, the Commission's possible pursuit of these stale charges, regardless of their merits, would constitute a fundamental injustice against Robert Garcia, who hopes now to put this painful period of his life behind him. Moreover, since Robert Garcia has now been out of Congress for over one and one-half years, and has stated that he has no intention of seeking public office in the future, the Commission could expect no individual deterrent effect in pursuing charges against him. Finally the specter of his having to bear the additional financial and emotional cost of defending against such stale charges, is a burden that significantly outweighs the seriousness of the allegations being contemplated by the Commission.

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* * * *

For all the reasons set forth above, the Commission should conclude that there is no "probable cause to believe" that Robert Garcia knowingly and willfully violated the Act, and that there is no viable public interest in pursuing what would be a fundamentally unfair proceeding against him.

Very truly yours,

Joel M. Cohen

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Law Offices of
Biaggi & Biaggi
299 Broadway
New York, N.Y. 10007
212-233-3000

August 28, 1992

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

Attn: Debbie Curry, Esq.

Re: MUR 2639
Respondent Mario Biaggi

This brief is submitted in response to the Commission's findings dated April 8, 1992 and is being filed with the Commission's permission on or before August 31, 1992.

Preliminary Statement

It is apparent that the basis for most, if not all, of the Commissions' findings, in its factual and legal analysis can be traced to the trial testimony of Mario Moreno (case no. 87 CR 265 CBM) in the Southern District Courthouse in New York in March of 1988 and more particularly in his testimony on March 24, 1988.

Firstly, all of the trial testimony, including Mr. Moreno's, which dealt with the FHJ scenario, was offerred for and relevant only to the charges in the indictment presented against two persons, co-defendant John Marriotta for his tax evasion

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counts, and the then Borough President of the Bronx, co-defendant Stanley Simon for campaign contributions. It is in this light that FHJ testimony should be viewed.

Argument

There is no testimony in the trial or any evidence whatsoever of any involvement by or any charge whatsoever against the respondent with respect to FHJ. This is so, despite the fact that from Moreno's own testimony, in September of 1987, the United States Attorney's Office for the Southern District was informed of the fact that Moreno and his co-conspirators reimbursed themselves through skimmed monies and kickbacks which they allegedly outlayed for campaign contributions and other expenditures. This testimony was not offered against the respondent. FHJ testimony was offered in detail against Mr. Mariotta and Mr. Simon. At best this witness' testimony offered against the respondent were general statements about attendance at dinners or luncheons. This fact in and of itself proves nothing.

Considering the numerous counts in the indictment presented against the respondent in June of 1987, arguably, if there was any wrongdoing by the respondent with respect to the FHJ scenario the United States Government through the U.S. Departemnt of Justice and the U.S. Attorneys' office would have charged the respondent with violating the Federal Election Campaign statutes, especially when

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at that time they may not have been time barred by the Statute of Limitations 2 USCA Section 455.

This point could not be emphasized more, since the U.S. Government did in fact charge another co-defendant Stanley Simon with respect to illegal campaign contributions in relation to the FHJ scenario. If there were any violations by the respondent concerning campaign contributions then the government would surely have indicted the respondent for that charge as well. There is only one reason the respondent was not charged with any wrongdoing concerning FHJ; the simple answer is because, there was none.

Mr. Moreno was an admitted perjurer. However, if you credit the government's own witness' testimony as true, then the government is also bound by its witnesses' responses.

In Moreno's trial testimony he is asked the following questions and gave the following answers.

Pg.2068,L.2 Q. You didn't tell any of the recipients or any of the committees here that it was kickback money, did you?

A. No.

Pg. 2068 L 17 Q. A check on FHJ was taken to the bank, is that correct?

A. Yes.

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Q. And there the bank issued a bank check, correct?

A. Yes

Q. And the bank check went out to the recipients?

A. Correct.

Q. And that way none of the recipients knew that it was out of a fund called FHJ, isn't that correct sir?

A. Yes.

Pg. 2069,L.7 Q. You didn't want people to know about FHJ isn't that correct sir?

A. Correct.

Pg. 2070,L.7 Q. While money came into the FHJ from an illegal source it wasn't necessarily paid out to an illegal source, isn't that correct sir?

A. Correct.

The government being bound by the aforementioned answers concedes a very critical and relevant fact when Moreno unquestionably states that none of the recipients of the FHJ monies knew that it came from FHJ. None of the recipients also includes the respondent. There is no testimony that the respondent's re-election committee received any illegal contribution.[1] The

[1] The respondent is unable to further defend, if necessary, against allegations raised by the Commission's findings due to the fact that Mr. John D. Tracy and Mr. Alphonse D'Andrea who solely handled the respondent's campaign finances are deceased. Furthermore, upon information and belief the only person who could supply information to the Commission based on respondent's campaign records Mr George Fufidio. He was the last custodian of the respondent's campaign records and, ironically, is an employee of the incumbent congressman , who is currently being challenged by

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respondent respectfully objects to any attempt to attribute knowledge to the respondent through the gross generalizations made by Moreno throughout his trial testimony. At best Moreno was vague.

From the witnesses' own testimony, it is clear that there is no knowledge by the respondent which is required for a willful violation of the federal election campaign statutes.

Moreno had concealed the FHJ source of funds from the recipients, didn't want people to know about it, and conceded the fact that it did not go toward an illegal source or purpose.

In the Commission's analysis, see p. 6, it found that the FHJ account was not discussed with anyone outside the inner circle of officers at Wedtech. For the Commission to credit that part of Moreno's testimony, where he makes a gross assumption, that based on his use of money orders that individuals probably realized Wedtech was receiving kickbacks, is totally in error. Moreno further testified that the individuals did not know where or how Wedtech handled these transactions. The fact that this witness stated that people probably realized.... is proof of nothing, purely speculation and not based on any fact. The fact that individuals did not know where or how Wedtech handled these transactions eliminates any knowledge on the part of the respondent

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the respondent in a political race for the 17th Congressional District in New York.

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which would be required in this present proceeding for there to be a willfull violation as alleged by the Commission.

Moreno did testify however that some well known politicians including former President Reagan, then Vice President George Bush, tr. tr. p. 2064 Senator Alphonse D'Amato tr. tr. p. 2078, Congressman Addabbo tr. tr. p. 2074 present Congresswoman Susan Molinari, tr. tr. p. 2085, former Mayor Ed Koch, tr. tr. p 2087, Governor Cuomo tr. tr. p. 2094-95, State Senator John Marchi tr. tr. p. 2095, N.Y.C. Comptroller Howard Goldin tr. tr. p. 2093-94 and Councilwoman June Eisland tr. tr. p. 2102 all received campaign contributions from Moreno and others through FHJ. In fact the only clear proof from Moreno's testimony is that Senator D'Amato received over $30,000 of illegal campaign contributions from individuals through Moreno's scheme . This latter fact, in and of itself, is not indicative that Sen. D'Amato or his staff did anything wrong. This is so despite the fact that Moreno testified that it was Senator D'Amato who was one of the most important persons in helping them win government contracts.

In the Commission's analysis, it stated that Bernard Ehrlich through the testimony of Moreno was middleman for much of the flow of contributions. This is a very broad characterization. Mr. Ehrlich was never found to have violated any campaign laws nor was he ever charged with any criminal wrongdoing with respect to FHJ by the United States Government. In fact, contrary to Moreno's

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testimony, there was no special relationship that Ehrlich offered as middleman that Ehrlich in his own right did not accomplish on his own. Mr. Ehrlich at the time was the special military advisor to Senator Alphonse D'Amato and his daughter worked for the Senator in public relations.

In addition to being the former law partner of the respondent in the law firm of Biaggi and Ehrlich, Ehrlich's clients such as Moreno were not proscribed from contributing to political campaigns as long as they complied with the federal campaign statutes.

The respondent had no knowledge of FHJ nor can one assume or impute knowledge through his association with Ehrlich or others . Knowledge is a critical factor for there to be a willful violation of 2 USC Section 441 b(a), 2 USC Section 441 f and 2 USC 441 c (a)(1)(2).

If there were any violations it was Moreno and his other contributors in the FHJ scheme who violated the federal election campaign laws.

It is also curious to note, the gross exaggeration, that Moreno met with the respondent 150 times. However, this fact went uncorroborated at the trial. In fact, during the trial when Moreno again advanced his lies that he met with the respondent and other

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people to discuss a stock transfer agreement in the law offices of Biaggi & Ehrlich, it was proven at trial that the respondent was voting on the floor of Congress at the same time on the same day. The respondent was acquitted on this charge.

Conclusion

It is for the aforementioned reasons that the respondent requests that the complaint be dismissed in its entirety.

If the Commission requests the supporting trial transcript pages referred to herein respondent will provide same.

Respectfully submitted,

Richard M. Biaggi

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U.S. Department of Justice

United States Attorney
Southern District of New York

MUR 2639

One Saint Andrew's Plaza
New York, New York 10007

November 16, 1992

Jonathan Bernstein, Esquire
Assistant General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

92 NOV 19 PM 3:13
FEDERAL ELECTION COMMISSION

Re: Wedtech

Dear Mr. Bernstein:

Just a reminder of what we discussed today over the telephone: In connection with the retrial of E. Robert Wallach, currently scheduled for the end of January, I will be obligated to turn over to the defense all statements, as defined in 18 U.S.C. § 3500, for the witnesses Anthony Guariglia and Mario Moreno. Please forward to me all such statements, including deposition transcripts and interview notes, at your earliest convenience.

Thanks in advance for your help.

Very truly yours,

OTTO G. OBERMAIER
United States Attorney for the
Southern District of New York

By: Baruch Weiss
BARUCH WEISS
Assistant United States Attorney
Tel.: (212) 791-0005

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U.S. Department of Justice

United States Attorney
Southern District of New York

One Saint Andrew's Plaza
New York, New York 10007

December 14, 1992

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VIA FACSIMILE AND REGULAR MAIL

Jonathan Bernstein, Esq.
Assistant General Counsel
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

Re: United States v. E. Robert Wallach
S 87 Cr. 985 (RO)

Dear Mr. Bernstein:

Enclosed is the subpoena we discussed today.

Thank you for your prompt attention to this matter.

Very truly yours,

OTTO G. OBERMAIER
United States Attorney

By: Baruch Weiss
BARUCH WEISS
Assistant United States Attorney
Telephone: (212) 791-0005

BW:sgp

Enclosure (1)

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Form No. USA-33s-225-Subpoena Duces Tecum (Gov't)

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

TO Chairman Joan Aikens
FEDERAL ELECTION COMMISSION
999 E Street, N. W.
Washington, D.C. 20463

GREETINGS:

WE COMMAND YOU that all and singular business and excuses being laid aside you and each of you appear and attend before the Judge of the District Court of the United States for the Southern District of New York, at a District Court to be held in Courtroom No. 128 in the United States Courthouse, Foley Square, in the Borough of Manhattan, City of New York, in and for the said Southern District of New York, on the 25th day of January , 19 93 , at 10:00 o'clock in the Fore noon, to testify and give evidence in a certain cause now pending undetermined in the said District Court of the United States for the Southern District of New York, between the UNITED STATES OF AMERICA, Plaintiff, and

E. ROBERT WALLACH

Defendant , on the part of the United States, and not depart the Court without leave thereof or of the District Attorney, and that you bring with you and produce at the time and place aforesaid the following:

1). Any and all statements, as defined in Title 18, U.S.C. § 3500(e), of Mario Moreno or Anthony Guariglia.

2). Any and all interview notes or transcripts (draft or final) of any tapes made of interviews with Mario Moreno or Anthony Guariglia.

and all other deeds, evidence, and writings, which you have in your custody or power concerning the premises. And failure to attend and produce said documents, you will be deemed guilty of a contempt of Court, and liable to pay all loss and damages sustained thereby to the party aggrieved, and forfeit Two Hundred and Fifty Dollars in addition thereto and to other penalties of the Law.

Dated: New York, N.Y. December 14, 1992

Otto G. Obermaier

OTTO G. OBERMAIER
United States Attorney for the
Southern District of New York.

James M. Parisenet

Clerk.

NOTE: REPORT AT ROOM 767. In order to secure your witness fees and mileage, it is necessary that you retain this Subpoena and present the same at the United States Attorney's Office, Room 767, upon each day on which you attend Court as a witness.

BARUCH WEISS
Assistant United States Attorney
Telephone: (212) 791-0005

Room 739
One St. Andrew's Plaza
New York, New York 10007

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

SENSITIVE

December 15, 1992

MEMORANDUM

TO: The Commission

FROM: Lawrence M. Noble
General Counsel

BY: Lois G. Lerner
Associate General Counsel

SUBJECT: Justice Department Request for Materials in MUR 2639

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This matter relates to a long-standing corporate contribution reimbursement scheme involving Wedtech, its officers, and several federal candidates who were closely associated with that company. The Commission made its most recent findings in this matter on March 25, 1992, and it is currently in the investigatory phase (see General Counsel's Report dated August 12, 1992). This Office has been in telephone contact with an Assistant United States Attorney for the Southern District of New York who is responsible for the criminal retrial of E. Robert Wallach scheduled for January of next year. The AUSA explained that Mario Moreno and Anthony Guariglia may be called as government witnesses; if so the Jencks Act would obligate him to turn over prior statements by these individuals in the government's possession. The AUSA understood the Commission may have taken statements from Messrs. Moreno and/or Guariglia and requested that the statements be made available to him for use in the event the obligation was triggered. The AUSA confirmed this request by letter shortly thereafter (Attachment 1), and at this Office's request issued a trial subpoena for these materials (Attachment 2).

Messrs. Moreno and Guariglia are respondents in MUR 2639 against whom the Commission made knowing and willful reason to believe findings based upon the Wedtech contribution reimbursement scheme. We have not received any statement thus far from Mr. Guariglia, but the investigatory file in MUR 2639 does contain the tape recording of a day long interview that staff of this Office conducted with Mario Moreno, as well as Mr. Moreno's earlier responses to interrogatories. Because the criminal prosecution relates to Mr. Wallach's transactions with Wedtech and his interactions with Mr. Moreno as well as Mr. Guariglia, see United States v. Wallach, 935 F.2d 445 (2nd Cir. 1991) (describing basis for convictions), it is likely that

testimony to be elicited at the upcoming trial will relate to some of Mr. Moreno's statements to us.

The Commission not infrequently receives requests by criminal investigators for information from its open investigatory files. Because of the confidentiality requirement at 2 U.S.C. § 437g(a)(12), the Commission ordinarily complies only upon issuance of formal process (e.g. a grand jury subpoena) and with the caveat that the materials are confidential by statute. In this instance, the request via subpoena for statements arises not during the investigatory phase of a criminal proceeding but from the prosecutor's legal obligation to disclose certain materials to criminal defendants. Principally, the Jencks Act, 18 U.S.C. § 3500, provides that after direct examination of a witness, "the court shall, on motion of the defendant, order the United States to produce any statement... of the witness in the possession of the United States which relates to the subject matter as to which the witness has testified." 18 U.S.C. § 3500(b).[1]

To allow compliance with the government's Jencks Act requirement, this Office recommends that the Commission comply with the subpoena and make available all statements by Mr. Moreno contained in the Commission's investigative files.[2] The letter enclosing these materials will make clear that the materials are confidential pursuant to 2 U.S.C. § 437g(a)(12); that they are provided with the stipulation that they be used only as required by the Jencks Act, 18 U.S.C. § 3500, unless the Court orders otherwise; and that the AUSA should notify the Commission before any other use of these materials takes place.

RECOMMENDATIONS

1. Authorize the Office of the General Counsel to comply with the subpoena from the United States Attorney's Office for the Southern District of New York by providing all statements by Mr. Moreno contained in the Commission's investigative files in MUR 2639.

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1. If a statement also contains matter not relevant to the subject of the direct testimony, the court in camera excises the appropriate portions of the statement before it is made available to the defendant. 18 U.S.C. § 3500(c).

2. This Office also intends to provide the AUSA with its unofficial transcript of Mr. Moreno's tape recorded interview, see General Counsel's Report dated March 12, 1992, at Attachment 3 (excerpts), to assist him in working with the tapes.

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2. Approve the appropriate letter.

Attachments
1. Letter from AUSA dated November 16, 1992
2. Subpoena dated December 14, 1992

Staff Assigned: J. Bernstein

9304099954 09

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of	)	
	)	
Wedtech, et al. - Justice Department Request for Materials.	)	MUR 2639

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on December 21, 1992, the Commission decided by a vote of 5-0 to take the following actions in MUR 2639:

1. Authorize the Office of the General Counsel to comply with the subpoena from the United States Attorney's Office for the Southern District of New York by providing all statements by Mr. Moreno contained in the Commission's investigative files in MUR 2639.

2. Approve the appropriate letter, as recommended in the General Counsel's Report dated December 15, 1992.

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

Attest:

12-21-92
Date

Delores Hardy
for Marjorie W. Emmons
Secretary of the Commission

Received in the Secretariat: Tues., Dec. 15, 1992 4:22 p.m.
Circulated to the Commission: Wed., Dec. 16, 1992 11:00 a.m.
Deadline for vote: Mon., Dec. 21, 1992 4:00 p.m.

bjr

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

December 24, 1992

Baruch Weiss
Assistant United States Attorney
United States Attorney's Office
One Saint Andrew's Plaza
New York, NY 10007

re: Retrial of E. Robert Wallach

Dear Mr. Weiss:

In response to your request by telephone and by letter dated November 16, 1992, and via trial subpoena dated December 14, 1992, enclosed are statements by Mario Moreno contained in the Commission's investigative files. Specifically, I enclose a copy of Mr. Moreno's interrogatory responses (as well as a copy of the questions to which his submission was responding), 4 cassette tapes which record a day long interview FEC enforcement attorneys conducted with Mr. Moreno, as well as a working transcript of these tapes. Please note that the transcript is not verbatim or a formal transcription and is only included to assist you in working with the tapes. Our investigatory file contains no statements by Anthony Guariglia.

Because these materials come from the investigatory file of an open enforcement matter, they are confidential pursuant to 2 U.S.C. § 437g(a)(12) and may not be made public by any person. These materials are provided with the stipulation that they be used only as required by the Jencks Act, 18 U.S.C. § 3500, unless the Court orders otherwise. Should you wish to make any other use of these materials, please notify this Office before doing so.

Should you have any questions about these materials or about the conditions under which the Commission is providing them, please contact me directly, at (202) 219-3690.

Sincerely,

Lawrence M. Noble
General Counsel

Lois G. Lerner 88

BY: Lois G. Lerner
Associate General Counsel

Enclosures

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2639

DATE FILMED 11-8-83 CAMERA NO. 2

CAMERAMAN JMH

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

✓ Microfilm

_____ Public Recds

_____ Press

THE FOLLOWING DOCUMENTATION IS ADDED TO

THE PUBLIC RECORD IN CLOSED MUR 2639.

12/10/93

93043541961

THE READER IS REFERRED TO ADDITIONAL MICROFILM LOCATIONS

FOR THE FOLLOWING DOCUMENTS PERTINENT TO THIS CASE

1. Memo, General Counsel to the Commission, dated September 22, 1992, Subject: Priority System Report. See Reel 354, pages 1590-94.

2. Memo, General Counsel to the Commission, dated April 14, 1993, Subject: Enforcement Priority System. See Reel 354, pages 1595-1620.

3. Certification of Commission vote, dated April 28, 1993. See Reel 354, pages 1621-22.

4. General Counsel's Report, In the Matter of Enforcement Priority, dated December 3, 1993. See Reel 354, pages 1623-1740.

5. Certification of Commission vote, dated December 9, 1993. See Reel 354, pages 1741-1746.

9304354196 2

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

The Honorable Alfonse D'Amato
520 Hart Senate Office Bldg.
Washington, D.C. 20510

RE: MUR 2639

Dear Senator:

On July 11, 1988 the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against you. Accordingly, the Commission closed its file in this matter.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

9304354 1963

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

Lawrence Shorten
440 East 88th Street,
New York, N.Y. 10028

RE: MUR 2639

Dear Mr. Shorten:

On March 25, 1992, you were notified that the Federal Election Commission had found reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no further action against you. Accordingly, the Commission closed its file in this matter.

The Commission reminds you, however, that 2 U.S.C. § 441b(a) prohibits corporate contributions, and 2 U.S.C. § 441 prohibits contributions in the name of another. Therefore, you should take steps to ensure future compliance with this statutory provision.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receipt of your additional materials, any permissible submissions will be added to the public record when they are received.

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If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

Linda Schwantner, Treasurer
Friends of Senator D'Amato
143 Willis Avenue
P.O. Box 888
Mineola, NY 11501

RE: MUR 2639

Dear Ms. Schwantner:

On July 11, 1988, the Federal Election Commission notified Friends of Senator D'Amato, and its treasurer, of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against Friends of Senator D'Amato, and Linda Schwantner, as treasurer. Accordingly, the Commission closed its file in this matter.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

Reynaldo Berney
1385 Biscaya Drive,
Surfside, FL 33154

RE: MUR 2639

Dear Mr. Berney:

On March 25, 1992, you were notified that the Federal Election Commission had found reason to believe you knowingly and willfully violated 2 U.S.C. § 441f. On April 24, 1992, you submitted a response to the Commission's reason to believe finding.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no further action against you. Accordingly, the Commission closed its file in this matter.

The Commission reminds you, however, that 2 U.S.C. § 441f prohibits contributions in the name of another. Therefore, you should take steps to ensure future compliance with this statutory provision.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receipt of your additional materials, any permissible submissions will be added to the public record when they are received.

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If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mark Green
530 E. 90th St.,
New York, NY 10128

RE: MUR 2639

Dear Mr. Green:

On June 29, 1988, the Federal Election Commission received your complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against Alfonse D'Amato, D'Amato in '86, Arthur Jaspan, as treasurer, and Friends of Senator D'Amato, Linda Schwantner, as treasurer. Accordingly, the Commission closed its file in this matter. This matter will become part of the public record within 30 days.

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437g(a)(8).

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

Fred Neuberger
108-21 69th Road,
Forest Hills, NY 11375

RE: MUR 2639

Dear Mr. Neuberger:

On March 25, 1992, you were notified that the Federal Election Commission had found reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no further action against you. Accordingly, the Commission closed its file in this matter.

The Commission reminds you, however, that 2 U.S.C. § 441b(a) prohibits corporate contributions, and 2 U.S.C. § 441f prohibits contributions in the name of another. Therefore, you should take steps to ensure future compliance with this statutory provision.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receipt of your additional materials, any permissible submissions will be added to the public record when they are received.

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If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

Joel M. Cohen, Esq.
Morvillo, Abramovitz, Grand,
Iason & Silberberg, P.C.
530 Fifth Avenue, Suite 1600
New York, N.Y. 10036

RE: MUR 2639
Robert Garcia

Dear Mr. Cohen:

On March 25, 1992, you were notified that the Federal Election Commission had found reason to believe Robert Garcia knowingly and willfully violated 2 U.S.C. §§ 441b, 441f, and 441c

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretio and to take no further action against Robert Garcia. Accordingly the Commission closed its file in this matter.

The Commission reminds Robert Garcia, however, that 2 U.S.C. § 441b prohibits contributions by a corporation, 2 U.S.C. § 441c prohibits government contractors from making contributions, and 2 U.S.C. § 441f prohibits making a contribution in the name of another person. Therefore, your client should take steps to ensure future compliance with this statutory provision.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, althoug the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receipt of your additional materials, any permissible

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submissions will be added to the public record when they are received.

If you have any questions, please contact me at (202) 219-2639.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

9304354197 3

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

Anthony Guariglia
17 Whittier Court
Freehold, N.J. 07728

RE: MUR 2639

Dear Mr. Guariglia:

On March 25, 1992, you were notified that the Federal Election Commission had found reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no further action against you. Accordingly, the Commission closed its file in this matter.

The Commission reminds you, however, that 2 U.S.C. § 441b(a) prohibits corporate contributions, and 2 U.S.C. § 441f prohibits contributions in the name of another. Therefore, you should take steps to ensure future compliance with this statutory provision.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receipt of your additional materials, any permissible submissions will be added to the public record when they are received.

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If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

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FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

DEC 10 1993

Henry Putzel, III, Esq.
530 Fifth Avenue, 10th Floor,
New York, N.Y. 10036

RE: MUR 2639
Ceil Grandwotter

Dear Mr. Putzel:

On March 25, 1992, you were notified that the Federal Election Commission had found reason to believe Ceil Grandwotter knowingly and willfully violated 2 U.S.C. § 441f. On April 23, 1992, you submitted a response to the Commission's reason to believe finding.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no further action against Ceil Grandwotter. Accordingly, the Commission closed its file in this matter.

The Commission reminds Ceil Grandwotter, however, that 2 U.S.C. § 441f prohibits contributions in the name of another. Therefore, your client should take steps to ensure future compliance with this statutory provision.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receipt of your additional

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materials, any permissible submissions will be added to the public record when they are received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

9304354197 7

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

Richard Bluestine
57 Round Tree Drive,
Melville, N.Y. 11747

RE: MUR 2639

Dear Mr. Bluestine:

On March 25, 1992, you were notified that the Federal Election Commission had found reason to believe you knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no further action against you. Accordingly, the Commission closed its file in this matter.

The Commission reminds you, however, that 2 U.S.C. § 441b(a) prohibits corporate contributions, and 2 U.S.C. § 441f prohibits contributions in the name of another. Therefore, you should take steps to ensure future compliance with this statutory provision.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receipt of your additional materials, any permissible submissions will be added to the public record when they are received.

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If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

John H. Drucker, Esq.
Angel & Frankel, P.C.
366 Madison Avenue
New York, NY 10017-3191

RE: MUR 2639
Wedtech Corp.

Dear Mr. Drucker:

On March 25, 1992, the Wedtech Corporation was notified that the Federal Election Commission had found reason to believe that Wedtech violated 2 U.S.C. §§ 441b and 441c. On April 27, 1992, you submitted a response to the Commission's reason to believe findings.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no further action against the Wedtech Corporation. Accordingly, the Commission closed its file in this matter.

The Commission reminds the Wedtech Corporation, however, that 2 U.S.C. § 441b prohibits contributions by a corporation, and 2 U.S.C. § 441c prohibits government contractors from making contributions. Therefore, your client should take steps to ensure future compliance with this statutory provision.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receipt of your additional

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materials, any permissible submissions will be added to the public record when they are received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

9304354198

FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

George E. Fufidio, Jr., Esq.
Mancuso, Rubin & Fufidio
One North Broadway
Suite 1504
White Plains, N.Y. 10601

RE: MUR 2639
Bernard Ehrlich

Dear Mr. Fufidio:

On March 25, 1992, you were notified that the Federal Election Commission had found reason to believe Bernard Ehrlich violated 2 U.S.C. §§ 441f and 441c. On April 24, 1992, you submitted a response to the Commission's reason to believe findings.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no further action against Bernard Ehrlich. Accordingly, the Commission closed its file in this matter.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receipt of your additional materials, any permissible submissions will be added to the public record when they are received.

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If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 0 9 1992

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FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

DEC 1 0 1993

Richard M. Biaggi, Esq.
Biaggi & Biaggi
299 Broadway
New York, N.Y. 10007

RE: MUR 2639
Mario Biaggi

Dear Mr. Biaggi:

On March 25, 1992, you were notified that the Federal Election Commission had found reason to believe Mario Biaggi had knowingly and willfully violated 2 U.S.C. §§ 441b, 441c and 441f. On August 4, 1992, you submitted a response to the Commission's reason to believe findings.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no further action against Mario Biaggi. Accordingly, the Commission closed its file in this matter.

The Commission reminds Mario Biaggi, however, that 2 U.S.C. § 441b prohibits contributions by corporations, 2 U.S.C. § 441c prohibits contributions by government contractors, and 2 U.S.C. § 441f prohibits contributions in the name of another. Therefore, your client should take steps to ensure future compliance with this statutory provision.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receipt of your additional

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materials, any permissible submissions will be added to the public record when they are received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

Alan L. Fuchsberg, Esq.
The Jacob D. Fuchsberg Law Firm
500 Fifth Avenue,
New York, NY 10110

RE: MUR 2639
John Mariotta

Dear Mr. Fuchsberg:

On March 25, 1992, you were notified that the Federal Election Commission had found reason to believe John Mariotta knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f. On May 21, 1992, you submitted a response to the Commission's reason to believe findings.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no further action against John Mariotta. Accordingly, the Commission closed its file in this matter.

The Commission reminds John Mariotta, however, that 2 U.S.C.§ 441b(a) prohibits corporate contributions, and 2 U.S.C. § 441f prohibits contributions in the name of another. Therefore, your client should take steps to ensure future compliance with this statutory provision.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public recordbefore receipt of your additional

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materials, any permissible submissions will be added to the public record when they are received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

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FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

DEC 10 1993

Arthur Jaspan, Treasurer
D'Amato in '86
300 Garden City Plaza,
Room 516
Garden City, NY 11530

RE: MUR 2639

Dear Mr. Jaspan:

On July 11, 1988, the Federal Election Commission notified D'Amato in '86, and you, as treasurer, of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no action against D'Amato in '86, and you, as treasurer. Accordingly, the Commission closed its file in this matter.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

DEC 10 1993

Arthur H. Christy, Esq.
Christy & Viener
620 Fifth Avenue,
New York, NY 10020

RE: MUR 2639
Mario Moreno

Dear Mr. Christy:

On March 25, 1992, you were notified that the Federal Election Commission had found reason to believe Mario Moreno knowingly and willfully violated 2 U.S.C. §§ 441a(a)(1)(A) and 441f. On June 22, 1989, Mr. Moreno submitted a response to the Commission's reason to believe findings.

After considering the circumstances of this matter, the Commission has determined to exercise its prosecutorial discretion and to take no further action against Mr. Moreno. Accordingly, the Commission closed its file in this matter.

The Commission reminds Mr. Moreno, however, that 2 U.S.C. § 441a(a)(1)(A) prohibits contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed $1,000 and 2 U.S.C. § 441f prohibits contributions in the name of another. Therefore, your client should take steps to ensure future compliance with this statutory provision.

The confidentiality provisions at 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record before receipt of your additional

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materials, any permissible submissions will be added to the public record when they are received.

If you have any questions, please contact me at (202) 219-3690.

Sincerely,

Erik Morrison

Erik Morrison
Staff Member

Date the Commission voted to close the file: DEC 09 1993

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