



FEDERAL ELECTION COMMISSION  
WASHINGTON D.C. 20463

THE FOLLOWING MATERIAL IS BEING ADDED TO THE FILE IN

MUR 2036

8 9 0 4 0 7 3 5 1 9 9



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 2, 1988

Patricia Ann Fiori, Esquire  
David M. Ifshin, Esquire  
Manatt, Phelps, Rothenberg & Evans  
1200 New Hampshire Avenue, N.W., Suite 200  
Washington, D.C. 20036

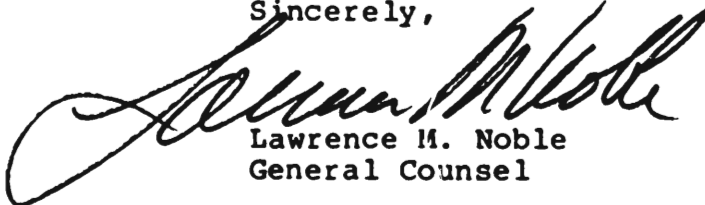
RE: MUR 2036  
Roger Lee

Dear Ms. Fiori and Mr. Ifshin:

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

Should you have any questions, contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,



Lawrence M. Noble  
General Counsel

89040735200





FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 2, 1988

Burton A. Schwalb, Esquire  
Schwalb, Donnenfeld, Bray & Silbert  
1025 Thomas Jefferson Street, N.W., Suite 300  
Washington, D.C. 20007

RE: MUR 2036  
Albert Labinger

Dear Mr. Schwalb:

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

Should you have any questions, contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble  
General Counsel

39040735201



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 2, 1988

Mr. Gary Klein  
12710 Goethe Place  
Granada Hills, California 91344

RE: MUR 2036  
Gary Klein

Dear Mr. Klein:

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

Should you have any questions, contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble  
General Counsel

3 3 7 4 0 7 3 5 2 0 2



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

December 2, 1988

Mr. Louis Friedman  
3949 Los Feliz Boulevard, #208  
Los Angeles, California 90027

RE: MUR 2036  
Louis Friedman

Dear Mr. Friedman:

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

Should you have any questions, contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble  
General Counsel

93040735203



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 2, 1988

Mr. Jack Foti  
3342 Troy Drive  
Los Angeles, California 90068

RE: MUR 2036  
Jack Foti

Dear Mr. Foti:

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

Should you have any questions, contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

A handwritten signature in cursive script, reading "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble  
General Counsel

83040735204



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20461

December 2, 1988

Mr. Norman Kent  
7547 March Avenue  
Canoga Park, California 91304

RE: MUR 2036  
Norman Kent

Dear Mr. Kent:

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

Should you have any questions, contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name and title. The signature is fluid and cursive.

Lawrence M. Noble  
General Counsel

89740735205



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 2, 1988

Mr. Ronald Hartman  
17976 Medley Drive  
Encino, California 91316

RE: MUR 2036  
Ronald Hartman

Dear Mr. Hartman:

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

Should you have any questions, contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

A handwritten signature in cursive script, reading "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble  
General Counsel

3 3 7 4 0 7 3 5 2 0 6



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 2, 1988

Richard Sauber, Esquire  
Fried, Frank, Harris, Shriver & Jacobson  
1001 Pennsylvania Avenue, N.W., Suite 800  
Washington, D.C. 20004

RE: MUR 2036  
Philip Berlin  
Phillip Scott  
Joel Yachzel

Dear Mr. Sauber:

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

Should you have any questions, contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble  
General Counsel

99740735207



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

December 2, 1988

David McLean, Esquire  
Kenneth Oder, Esquire  
Latham & Watkins  
555 South Flower Street  
Los Angeles, California 90071

RE: MUR 2036  
The Bekins Company  
Ernest Gallego  
Richard Morse  
Joseph Noga  
Shannon Sesmas  
George Smith

Dear Messrs. McLean and Oder:

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

Should you have any questions, contact Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble  
General Counsel

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2





FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 2036

DATE FILMED 3/12/89 CAMERA NO. 3

CAMERAMAN AS

99040740002

PM ACC 6770  
05 FEB 25 11:21  
LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET

LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

CABLE ADDRESS LATHWAT

TWX 910 321-3733

TELECOPIER (213) 680-2098

PAUL R. WATKINS (1899-1973)

DANA LATHAM (1898-1974)

CHICAGO OFFICE

SEARS TOWER, SUITE 6900

CHICAGO, ILLINOIS 60608

TELEPHONE (312) 876-7700

TELECOPIER (312) 993-9767

TWX 910 221-0355

NEWPORT BEACH OFFICE

660 NEWPORT CENTER DRIVE, SUITE 1400

NEWPORT BEACH, CALIFORNIA 92660

TELEPHONE (714) 752-9100

TELECOPIER (714) 759-8891

SAN DIEGO OFFICE

701 "B" STREET, SUITE 2100

SAN DIEGO, CALIFORNIA 92101-8197

TELEPHONE (619) 215-1234

TELECOPIER (619) 696-8281

WASHINGTON, D.C. OFFICE

1333 NEW HAMPSHIRE AVE. N.W., SUITE 1200

WASHINGTON, D.C. 20036-1694

TELEPHONE (202) 828-4400

TELECOPIER (202) 828-4415

TWX 710 822-9375

February 21, 1985

9 3 7 4 0 7 3  
Kenneth Gross, Assistant  
General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Dear Sir or Madam:

The Bekins Company ("Bekins") and its parent corporation Minstar, Inc. ("Minstar") discovered last week that several of Bekins' former executives took actions in early 1984 which may violate the Federal Elections Act. As soon as they became aware of these actions, Bekins, Minstar and Irwin Jacobs, Minstar's majority shareholder, engaged this firm to investigate this matter and to advise them about the legality of these actions. Pursuant to their directions, I am writing to inform the Commission of the facts we have discovered to date and that a violation of the Federal Elections Campaign Act of 1971 may have occurred.

In early November, 1984, Bekins discovered that its then General Counsel and member of the Board of Directors, Ronald Hartman, had embezzled sums of money from it by, among other things, requiring outside law firms to kickback to him a percentage of their billings to Bekins in exchange for inflated fee rates. Bekins terminated Mr. Hartman's employment in November and gave the United States Attorney's Office and the Federal Bureau of Investigation data uncovered by its own internal investigation of this matter. The United States Attorney filed an Information against Mr. Hartman, and he has pled guilty to federal charges of mail fraud, wire fraud and income tax evasion. He is currently awaiting sentencing.

Kenneth Gross, Assistant  
General Counsel  
February 21, 1985  
Page 2

Bekins cooperated extensively with the United States Attorney's Office and the Federal Bureau of Investigation in this investigation of Mr. Hartman. In that connection, Bekins discovered last week that Mr. Hartman required the inside counsel who worked for him to make \$250.00 contributions each to the John Glenn Presidential Committee. The facts we have discovered which led to this action are as follows.

In early 1984, Irwin Jacobs became a member of the John Glenn Presidential Committee. One of his business partners, Gerald Schwalbach, in a telephone conversation in early 1984 with Albert L. Labinger, then the Chief Executive Officer of Bekins, asked Mr. Labinger if he would like to make a contribution to the Committee. He said he would. Neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at minstar talked to Mr. Labinger or anybody else at Bekins about this matter again or ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement.

Mr. Labinger and Roger Lee, then Chief Financial Officer of Bekins, approached seven executives and told them that they should draft a personal check to the Committee for \$250.00 each. We believe, but are not certain, that in some cases they expressly or impliedly indicated to these individuals that their future employment depended on their agreeing to make these contributions. In some instances, they also represented to each of these people that Bekins would repay them for the contribution with an addition to their bonus payments of \$360.25, representing a "grossed-up" for taxes reimbursement of \$250.00. With respect to the contributions of several of these executives, including Mr. Hartman and Richard Morse, the Senior Vice President of Human Resources, Mr. Labinger told them to submit fraudulent expense reports designating the contribution as a fictitious expense item. For example, Mr. Hartman reported a \$250.00 litigation entertainment expense. See Exhibit A. Mr. Morse reported a \$250.00 Hawaii/Europe car rental expense. See Exhibit B. Mr. Morse accompanied his expense report with a note to Mr. Labinger making clear to Mr. Labinger that he was doing so at Mr. Labinger's instructions. See Exhibit C.

Kenneth Gross, Assistant  
General Counsel  
February 21, 1985  
Page 3

Mr. Hartman directed each attorney working for him in the Bekins legal department to contribute \$250.00 to the Glenn Committee. Ernest Gallego, one of the attorneys, has told us that Mr. Hartman told each such attorney (Gallego, Phil Berlin, Norman Kent, Gary Klein, Joel Yachzel and Louis Friedman) that he was requiring them to make such contributions, implying that their employment would be terminated if they did not comply. Mr. Hartman further stated that he and other top executives at Bekins did not wish the employees to be "out-of-pocket", and he therefore informed these attorneys that their bonuses would be "grossed-up" by an amount sufficient to repay each \$250.00 contribution plus the additional income tax payable on the receipt of \$250.00 additional income.

Mr. Labinger's secretary prepared a single page which lists the fifteen individuals who had contributed to the Glenn Committee. See Exhibit D. The individuals whose names have a line drawn through them were reimbursed through their expense reports. The others received \$360.25 in extra bonus awards. This document was used to direct the payroll department to include such amounts in the indicated bonus distributions. The specific authorization to the payroll department was supplied by Mr. Morse whose initials appear next to the letters "OK". Mr. Morse states that Mr. Labinger instructed him to grant these approvals.

We do not know why Mr. Labinger decided to repay certain of the executives by expense reimbursement and others by bonus awards. However, the six executives who were not paid by bonus awards as listed on Exhibit D are individuals who had already received their regular bonus payments by the time of the contributions. In addition, they were high level executives whose compensation was often reviewed by Minstar. Cutting a special bonus check of \$360.25 for these executives would have risked scrutiny by Minstar.

Bekins is continuing to investigate this matter. The investigation has been impeded somewhat by the circumstance that Messrs. Labinger, Hartman and Lee no longer work for Bekins. We will notify the Commission

Kenneth Gross, Assistant  
General Counsel  
February 21, 1985  
Page 4

immediately of any additional facts we discover. In the interim, my clients are anxious to cooperate with the Commission in every way possible to rectify this matter. In the event the Commission decides to investigate this matter, we are ready and willing to assist it in the gathering of facts and in the notification of any individuals who may be under investigation. If the Commission decides not to investigate this matter, we would appreciate it if you could inform us of that decision.

Very truly yours,

*Kenneth W. Oder*

Kenneth W. Oder  
of LATHAM & WATKINS

Attachments

cc: Henry H. Rossbacher, Esq.  
James B. Farrell, Esq.

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## EXPENSE REIMBURSEMENT REQUEST

(FOR USE BY ALL DIVISIONS)

BRANCH NO.:

NAME \_\_\_\_\_

**COMPANY****TRIP PURPOSE**

PERIOD: FROM

TO

SEE REVERSE FOR INSTRUCTIONS		DATE	CITY	TOTALS				ACCOUNTING USE ONLY	
SELF EXPENSE ONLY:				CHARGED TO COMPANY ACCOUNT	PAID BY EMPLOYEE	"PAID BY EMPLOYEE" DISTRIBUTION			
						ACCOUNT NO.	AMOUNT		
						DEPT.	GENERAL LEDGER ACCOUNT		
BREAKFAST									
LUNCH									
DINNER									
LODGING (ATTACH HOTEL RECEIPTS)									
TRAVEL:									
TRANSPORTATION (AIR, RAIL, ETC.)									
PARKING, TOLLS									
LOCAL TAXI, BUS									
RENTAL CAR									
TIPS									
BUSINESS DEVELOPMENT (BREAKDOWN BELOW)									
TELEPHONE									
AUTO MAINTENANCE (ATTACH INVOICE)									
MILEAGE: 00 / MILE									
OTHER EXPENSES (ITEMIZE)									
MISC. EXPENSES									
TOTAL EXPENSES									
BUSINESS DEVELOPMENT EXPENSE EXPLAINED:									
DATE	WITH	WHERE AND PURPOSE	AMOUNT	REMARKS					
8/31	Wenderson		486	0100-113600 263407931.91					
2/1	Kodish		37-	0100-113600 56340793.01					
				2910-780902					
				2910-791000					
TOTAL				300.- CR					
				100.00 CR					
				892.60					
				260.00					

RECEIPTS ARE REQUIRED FOR ALL EXPENDITURES CHARGED TO COMPANY ACCOUNT AND OTHERS OVER \$25 INCLUDE FOR ITEMS UNDER \$25 IF PRACTICAL

8 7 7 7 4 0 7 4 0 0 7

# BEKINS

## EXPENSE REIMBURSEMENT REQUEST

(FOR USE BY ALL DIVISIONS)

NAME

**TRIP PURPOSE**

**COMPANY**

PERIOD. FROM

Feb 1, 1984 to MAR 1, 1984

SEE REVERSE FOR INSTRUCTIONS		DATE	CITY	DATE	CITY	DATE	CITY	DATE	CITY	TOTALS		ACCOUNTING USE ONLY	
										CHARGED TO COMPANY ACCOUNT	PAID BY EMPLOYEE	"PAID BY EMPLOYEE" DISTRIBUTION	
SELF EXPENSE ONLY:												ACCOUNT NO	AMOUNT
												DEPT.	GENERAL LEDGER ACCOUNT
BREAKFAST				4 80	11 90						16 70		
LUNCH													
DINNER													
LODGING (ATTACH HOTEL RECEIPTS)		82 95			132 09						215 04		
TIPS		2 00									2 00		
TRAVEL													
TRANSPORTATION (AIR, RAIL, ETC.)													
PARKING, TOLLS		4 20	12 50	6 00	6 50						29 20		
LOCAL TAXI, BUS					20 00						20 00		
RENTAL CAR													
TIPS		2 00	1 50								3 50		
BUSINESS DEVELOPMENT (BREAKDOWN BELOW)													
TELEPHONE										275 19	275 19		
AUTO MAINTENANCE (ATTACH INVOICE)										74 55	74 55		
MILEAGE: 0 5 / MILE													
OTHER EXPENSES (ITEMIZE)													
HAWAII / LE ROI - CAR RENTAL		2 50	-								2 50		
AIR TICKETS		720	-								720		
UNIV. FELLOWS CLUB		280	-								280		
CLUB MEMBERSHIP & MEALS & DRINKS		126 42									126 42		
TOTAL EXPENSES		1407 57	18 80	17 90	158 59	349 74					1952 60	TOTAL PAID BY EMPLOYEE	
BUSINESS DEVELOPMENT EXPENSE EXPLAINED										LESS ADVANCE			
										SUB TOTAL		1952 60	
DATE	WITH	WHERE AND PURPOSE	AMOUNT	DUE COMPANY (CHECK ATTACHED)		DUE EMPLOYEE		EMPLOYEE SIGNATURE		APPROVAL SIGNATURE		DATE	
2/1	J. SCHMIDT, B. JORDAN	WEST LON GARAGE - BEO CONSULT	24 99										
3/2	B. BURTON, A. HANAW	CHURCHILLS - BEO CONSULT	23 01										
2/6	BOB BELGIE	WORTHWESTERN UNIV - TRAINING	19 80										
2/9	JOHN PORTER	REFLECTIONS - BEO CONSULT	43 05										
3/11	BOB COHEN	CHURCH FRIENDS - INDUSTRY	22 49										
3/14	RUSS KALLOD	HTM. HARTLEY - EXEL. REG.	19 35										
3/15	WELBY SCHMIDT	BOB-AUTUMNAL - EXEL. REG.	21 70										
2/18	RUSS KALLOD - B. BUR	HUNGARY TIGER - I.O.U.	52 48										
3/23/74	JOHN BURNS, DON PEDRO	CHURCHILLS, REFLECTIONS - TRAINING	48 32										
RECEIPTS ARE REQUIRED FOR ALL EXPENDITURES CHARGED TO			TOTAL	275 19									
REMARKS CHARGE - 8360 AIR FARE TO L. LEE HANAW 8360 TO R. HANAW													

CN10110733

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3/2/04

al

THE \$250 EXPENSE  
FOR "HAWAII/EUROPE-  
CAR RENTAL" IS PER  
YOUR INSTRUCTIONS.

RPM



# Gross up

T.C. V

✓ Phil Scott 250 net 360.25 ✓

~~Her. Smith 250~~

✓ Joe Koga 250 net 360.25 ✓

~~Roger Lee 250~~

~~Jack Felti 250~~

~~Dick Morse 250~~

✓ Shannon Seamus 250 net 360.25 ✓

~~Ron Hartman 250~~

✓ Ernie Gallego 250 net 360.25 ✓

✓ Phil Berlin 250

✓ Norm Kent 250

✓ Joel Zackgel 250

✓ Gary Klein 250

~~at Lohinger 250~~

✓ Lew Friedman 250 net 360.25 ✓

OK B. 2/27/84

80040740010

GCC# 7345  
FEDERAL ELECTION COMMISSION  
**HAND DELIVERED**  
85 MAY 1 PI2: 07  
PM 140  
PAUL R. WATKINS (8899-1973)  
DANA LATHAM (8898-1974)

**LATHAM & WATKINS**  
ATTORNEYS AT LAW  
555 SOUTH FLOWER STREET  
LOS ANGELES, CALIFORNIA 90071-2466  
TELEPHONE (213) 485-1234  
CABLE ADDRESS LATHWAT  
TWX 910 321-3733  
TELECOPIER (213) 680-2098

CHICAGO OFFICE  
SEARS TOWER, SUITE 6900  
CHICAGO, ILLINOIS 60606  
TELEPHONE (312) 876-7700  
TELECOPIER (312) 993-9767  
TWX 910 221-0355

NEWPORT BEACH OFFICE  
660 NEWPORT CENTER DRIVE, SUITE 1400  
NEWPORT BEACH, CALIFORNIA 92660  
TELEPHONE (714) 752-9100  
TELECOPIER (714) 759-8891

NEW YORK OFFICE  
437 MADISON AVENUE, SUITE 1400  
NEW YORK, NEW YORK 10022  
TELEPHONE (212) 319-2570  
TELECOPIER (212) 751-4864  
TELEX INT 177-128  
TWX 510 100-0655

SAN DIEGO OFFICE  
701 "B" STREET, SUITE 2100  
SAN DIEGO, CALIFORNIA 92101-8197  
TELEPHONE (619) 236-1234  
TELECOPIER (619) 696-8281

WASHINGTON, D.C. OFFICE  
1333 NEW HAMPSHIRE AVE. N.W. SUITE 1200  
WASHINGTON, D.C. 20036-1594  
TELEPHONE (202) 828-4400  
TELECOPIER (202) 828-4415  
TWX 510 822-9375

April 30, 1985

VIA FEDERAL EXPRESS

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

Dear Mr. Gerson:

Enclosed is the list of names and last known addresses you requested from us. I apologize once again for the delay in sending this list to you.

Very truly yours,

*Kenneth W. Oder*

Kenneth W. Oder  
of LATHAM & WATKINS

Enclosure

8 3 0 0 4 0 3 4 0 0 1 1

Bekins Personnel List

1. Phillip S. Scott  
3025 Patricia Avenue  
Los Angeles, California 90064
2. George A. Smith  
929 South Brand Boulevard  
Suite 341  
Glendale, California 91204
3. Joseph P. Noga  
29175 West Quail Run Drive  
Agoura Hills, California 91301
4. Roger Lee  
22748 Liberty Bell Road  
Woodland Hills, California 91364
5. Jack R. Foti  
3342 Troy Drive  
Los Angeles, California 90068
6. Richard J. Morse  
P.O. Box 3943  
Glendale, California 91201
7. Shannon D. Sesmas  
660 North Stephora  
Covina, California 91724
8. Ernest E. Gallego  
6803 Warm Springs Avenue  
La Verne, California 91750
9. Philip E. Berlin  
408 North Niagara Street  
Burbank, California 91505
10. Normar Kent  
7547 March Avenue  
Canoga Park, California 91304
11. Joel S. Yachzel  
12954 Otsego Street  
Sherman Oaks, California 91423

8 9 0 4 0 7 4 0 0 1 2

- 8 9 7 4 0 7 4 0 0 1 3
12. Gary H. Klein  
12710 Goethe Place  
Granada Hills, California 91344
  13. Albert L. Labinger  
1313 Clay Street  
Ashland, Oregon 97520
  14. Louis Friedman  
3949 Los Feliz Boulevard  
#208  
Los Angeles, California 90027
  15. Gerald A. Schwalback  
Minstar, Inc.  
1215 Marshall Street N.E.  
P.O. Box 9311  
Minneapolis, Minnesota 55440
  16. Irwin L. Jacobs  
Minstar, Inc.  
1215 Marshall Street N.E.  
P.O. Box 9311  
Minneapolis, Minnesota 55440

**SENSITIVE**

**FEDERAL ELECTION COMMISSION**  
1325 K Street, N.W.  
Washington, D.C. 20463

**FIRST GENERAL COUNSEL'S REPORT**

DATE AND TIME OF TRANSMITTAL

BY OGC TO THE COMMISSION: 6/3/85 - 3:35

PRE-MUR 140

STAFF MEMBER:

Matt Gerson

SOURCE OF PRE-MUR: Sua Sponte letter from Counsel

RESPONDENTS' NAME: Bekins Company and Thomas J. Epley, as  
Chief Executive Officer

Albert Labinger

Roger Lee

Ronald Hartman

Richard Morse

Philip E. Berlin

Jack Foti

Louis Friedman

Ernest Gallego

Norman Kent

Gary Klein

Joseph P. Noga

Philip S. Scott

Shannon Sesmas

George Smith

Joel Yachzel

RELEVANT STATUTES: 2 U.S.C. § 441b  
2 U.S.C. § 441b(b) (2)  
2 U.S.C. § 441f  
11 C.F.R. § 114.5(b) (1)

INTERNAL REPORTS

CHECKED: Public Records

FEDERAL AGENCIES

CHECKED: None

**GENERATION OF MATTER**

This matter is based upon a sua sponte inquiry from counsel for Minstar, Inc., the parent corporation of Bekins Company. Counsel sets forth information uncovered during an internal investigation. See Attachment 1.

93040740014

### SUMMARY OF ALLEGATION

It appears that top Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

The following discussion is based solely on counsel's unsworn letter -

Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, <sup>1/</sup> his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. Counsel asserts that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and

<sup>1/</sup> Mr. Jacobs provided Senator Glenn a letter of comfort that was submitted to the bank respondents in MUR 1689.

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told them that they should draft \$250 personal checks to the Glenn Committee. 2/ Counsel believes, but is not certain, "that in some cases they expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

Counsel asserts that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. 3/ He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys told counsel that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses."

2/ The seven executives are Phil Scott, Joe Noga, George Smith, Jack Foti, Richard Morse, Shannon Sesmas and Ronald Hartman.

3/ Ernest Gallego, Phil Berlin, Norman Kent, Gary Klein, Joel Yachzel, and Louis Friedman

Mr. Richard Morse, Senior Vice President of Human Resources stated that he authorized the bonus payments at Mr. Labinger's instruction. It appears that higher level executives were reimbursed through their expense accounts to avoid Minstar's scrutiny.

B. Legal Analysis

1. § 441b - Corporate Contributions

2 U.S.C. § 441b(a) prohibits any corporation from making contributions or expenditures in connection with a federal election. § 441b(b)(2) states that the term contribution "shall include any direct or indirect payment ... or gift of money ... to any candidate [or] campaign committee...." When a corporation instructs its employees to make a contribution to a specific candidate or committee, and then reimburses those employees with corporate funds, it is making the type of "indirect" contribution that this provision intends to prohibit. In fact, one of the Commission's regulations addressing § 441b and contributions to separate segregated funds states:

A contributor may not be paid for his or her contribution through a bonus, expense account, or other form of direct or indirect compensation. 11 C.F.R. § 114.5(b)(1)

Therefore, the General Counsel's Office recommends that the Commission find reason to believe that the Bekins Company violated § 441b(a). The executives who participated in the scheme individually violated § 441b(a) because it is unlawful for

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any "officer or any director of any corporation ... to consent to any [prohibited] contribution by the corporation." 11 C.F.R. §114.2(d). Thus, the General Counsel's Office also recommends that the Commission find reason to believe that those officers personally involved in developing and executing the scheme, former CEO Albert Labinger, former CFO Roger Lee, and former GC Ronald Hartman, violated § 441b(a). In addition, this Office recommends that the Commission find reason to believe that Richard Morse, the officer who authorized the payroll disbursements, violated § 441b(a) by consenting to the prohibited disbursements.

2. § 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies that a person has knowledge of the facts which establish a

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violation of the statute. <sup>4/</sup> The General Counsel's Office recommends, therefore, that the Commission find reason to believe that Bekins Company as well as the conduit officers and attorneys violated § 441f. Those officers and attorneys are: Phil Berlin, Jack Foti, Lou Friedman, Ernest Gallego, Ronald Hartman, Norman Kent, Gary Klein, Albert Labinger, Roger Lee, Richard Morse, Joe Noga, Phil Scott, Shannon Sesman, George Smith and Joel Yachzel.

3. Additional Issues

There is no evidence that the Glenn Committee or any of its agents, including Mr. Jacobs, were aware of the scheme surrounding Bekins' payments. Therefore, the General Counsel's Office is not prepared to recommend that the Commission find that the Glenn Committee knowingly accepted or received any unlawful corporate contributions under 2 U.S.C. § 441b(a) or that the Committee accepted unlawful contributions under 2 U.S.C. § 441f. The General Counsel's Office has, nonetheless, prepared questions for Messrs. Jacobs and Schwalbach as well as Bekins' past and present officers, directors, and employees who were involved in the scheme. Those questions will help discern whether the Glenn Committee or its agents knew about or participated in the

<sup>4/</sup> See December 5, 1984 memorandum to the Commission captioned, "Interpretation of the Word 'Knowingly' as found in 2 U.S.C. § 441a(f).

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scheme's execution or development. This Office recommends that the Commission send those questions and issue the attached Orders to Submit Written Answers and Subpoenae to Produce Documents and Materials. This Office has prepared Orders to Messrs. Jacobs and Schwalbach even though they are witnesses only and not respondents.

Finally, after reviewing the responses and becoming more familiar with the case, this Office will be in a better position to recommend whether the Commission should pursue a 2 U.S.C. § 437g(d)(1)(A) "knowing and willful" violation.

#### RECOMMENDATIONS

1. Open a MUR.
2. Find reason to believe that Bekins Company and Thomas J. Epley, as Chief Executive Officer, violated 2 U.S.C. § 441b(a).
3. Find reason to believe that Albert Labinger, Roger Lee, Richard Morse and Ronald Hartman violated 2 U.S.C. § 441b(a).
4. Find reason to believe that Bekins Company and Thomas J. Epley, as Chief Executive Officer, violated 2 U.S.C. § 441f.
5. Find reason to believe that Philip E. Berlin, Jack Foti, Louis Friedman, Ernest Gallego, Ronald Hartman, Norman Kent, Gary Klein, Albert Labinger, Roger Lee, Richard Morse, Joseph P. Noga, Philip S. Scott, Shannon Sesmas, George Smith and Joel Yachzel violated 2 U.S.C. § 441f.
6. Approve and send the attached legal and factual analyses.
7. Approve and send the attached questions.
8. Approve and send the attached Orders to Submit Written Answers and Subpoenae to Produce Documents and Materials.

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- 9 Approve and send the attached letters.

Charles N. Steele  
General Counsel

Date

June 3, 1985

BY:

Kenneth A. Gross  
Associate General Counsel

Attachments

1. Letter from Kenneth W. Order to Kenneth Gross dated February 21, 1985.
2. Legal and Factual Analyses
3. Questions
4. Orders to Submit Written Answers and Subpoenae to Produce Documents and Materials.
5. Letters.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20541

MEMORANDUM TO: CHARLES STEELE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/ CHERYL A. FLEMING

DATE: June 5, 1985

SUBJECT: Objection PM 140 - First General Counsel's  
Report signed June 3, 1985

The above-named document was circulated to the  
Commission on TUESDAY, June 4, 1985, 11:00.

Objections have been received from the Commissioners  
as indicated by the name(s) checked:

Commissioner Aikens	_____
Commissioner Elliott	_____
Commissioner Harris	_____X_____
Commissioner McDonald	_____
Commissioner McGarry	_____
Commissioner Reiche	_____

This matter will be placed on the Executive Session  
agenda for TUESDAY, June 11, 1985.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Bekins Company and Thomas J. )  
Epley, as Chief Executive )  
Officer )  
Albert Labinger )  
Roger Lee )  
Ronald Hartman )  
Richard Morse ) Pre-MUR 140  
Philip E. Berlin )  
Jack Foti )  
Louis Friedman )  
Ernest Gallego )  
Norman Kent )  
Gary Klein )  
Joseph P. Noga )  
Philip S. Scott )  
Shannon Sesmas )  
George Smith )  
Joel Yachzel )

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of June 11, 1985, do hereby certify that the Commission decided by a vote of 5-0 to take the following actions in Pre-MUR 140:

1. Open a MUR.
2. Find reason to believe that Bekins Company violated 2 U.S.C. § 441b(a).

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3. Find reason to believe that Albert Labinger, Roger Lee, Richard Morse and Ronald Hartman violated 2 U.S.C. § 441b(a).
4. Find reason to believe that Bekins Company violated 2 U.S.C. § 441f.
5. Find reason to believe that Philip E. Berlin, Jack Foti, Louis Friedman, Ernest Gallego, Ronald Hartman, Norman Kent, Gary Klein, Albert Labinger, Roger Lee, Richard Morse, Joseph P. Noga, Philip S. Scott, Shannon Sesmas, George Smith and Joel Yachzel violated 2 U.S.C. § 441f.
6. Approve and send the legal and factual analyses attached to the General Counsel's report dated June 3, 1985.
7. Approve and send the questions attached to the General Counsel's report dated June 3, 1985.
8. Approve and send the Order to Submit Written Answers and Subpoenas to Produce Documents and Materials as recommended in the General Counsel's report dated June 3, 1985.
9. Approve and send the letters attached to the General Counsel's report dated June 3, 1985.

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

Attest:

6-12-85

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 27, 1985

Mr. Thomas J. Epley  
Chief Executive Officer  
Bekins Company  
777 Flower  
Glendale, California 91201

RE: MUR 2036

Dear Mr. Epley:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe Bekins Company violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 Bekins Company. You may submit any factual or legal materials which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates that no further action should be taken against Bekins Company, 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.



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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement

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**GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Bekins Company

MUR 2036

**SUMMARY OF ALLEGATION**

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

**FACTUAL AND LEGAL ANALYSIS**

A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

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It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

Mr. Richard Morse, Senior Vice President of Human Resources stated that he authorized the bonus payments at Mr. Labinger's instruction. It appears that higher level executives were reimbursed through their expense accounts to avoid Minstar's scrutiny.

B. Legal Analysis

1. § 441b - Corporate Contributions

2 U.S.C. § 441b(a) prohibits any corporation from making contributions or expenditures in connection with a federal election. § 441b(b)(2) states that the term contribution "shall include any direct or indirect payment ... or gift of money ... to any candidate [or] campaign committee...." When a corporation instructs its employees to make a contribution to a specific candidate or committee, and then reimburses those employees with corporate funds, it is making the type of "indirect" contribution that this provision intends to prohibit. In fact, the Commission's regulation addressing § 441b and contributions to separate segregated funds states:

A contributor may not be paid for his or her contribution through a bonus, expense account, or other form of direct or indirect compensation. 11 C.F.R. § 114.5(b)(1)

Therefore, the General Counsel's Office recommends that the Commission find reason to believe that the Bekins Company violated § 441b(a). The executives who participated in the scheme individually violated § 441b(a) because it is unlawful for

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any "officer or any director of any corporation ... to consent to any [prohibited] contribution by the corporation." 11 C.F.R. §114.2(d). Thus, the General Counsel's Office also recommends that the Commission find reason to believe that those officers personally involved in developing and executing the scheme, former CEO Alber Labinger, former CFO Roger Lee, and former GC Ronald Hartmen, violated § 441b(a). In addition, this Office recommends that the Commission find reason to believe that Richard Morse, the officer who authorized the payroll disbursements, violated § 441b(a) by consenting to the prohibited disbursement.

2. § 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies

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that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commision find reason to believe that Bekins Company violated 2 U.S.C. § 441f.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 27, 1985

**CERTIFIED MAIL  
RETURN RECEIPT REQUESTED**

Mr. Ronald Hartman  
17976 Medley Drive  
Encino, California 91316

RE: MUR 2036

Dear Mr. Hartman:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your responses to the enclosed Order to Submit Written Answers and Subpoena to Produce Documents and Materials, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Order to Submit Written Answers  
Subpoena to Produce Documents

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Ronald Hartman

MUR 2036

### SUMMARY OF ALLEGATION

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

Mr. Richard Morse, Senior Vice President of Human Resources stated that he authorized the bonus payments at Mr. Labinger's instruction. It appears that higher level executives were reimbursed through their expense accounts to avoid Minstar's scrutiny.

B. Legal Analysis

1. § 441b - Corporate Contributions

2 U.S.C. § 441b(a) prohibits any corporation from making contributions or expenditures in connection with a federal election. § 441b(b)(2) states that the term contribution "shall include any direct or indirect payment ... or gift of money ... to any candidate [or] campaign committee...." When a corporation instructs its employees to make a contribution to a specific candidate or committee, and then reimburses those employees with corporate funds, it is making the type of "indirect" contribution that this provision intends to prohibit. In fact, the Commission's regulation addressing § 441b and contributions to separate segregated funds states:

A contributor may not be paid for his or her contribution through a bonus, expense account, or other form of direct or indirect compensation. 11 C.F.R. § 114.5(b)(1)

Therefore, the General Counsel's Office recommends that the Commission find reason to believe that the Bekins Company violated § 441b(a). The executives who participated in the

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scheme individually violated § 441b(a) because it is unlawful for any "officer or any director of any corporation ... to consent to any [prohibited] contribution by the corporation." 11 C.F.R. §114.2(d). Thus, the General Counsel's Office also recommends that the Commission find reason to believe that those officers personally involved in developing and executing the scheme, former CEO Alber Labinger, former CFO Roger Lee, and former GC Ronald Hartmen, violated § 441b(a). In addition, this Office recommends that the Commission find reason to believe that Richard Morse, the officer who authorized the payroll disbursements, violated § 441b(a) by consenting to the prohibited disbursement.

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The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies

that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find that Ronald Hartman violated § 441f.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20461

June 27, 1985

Mr. Albert Labinger  
1313 Clay Street  
Ashland, Oregon 97520

RE: MUR 2036

Dear Mr. Labinger:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your responses to the enclosed Order to Submit Written Answers and Subpoena to Produce Documents and Materials, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

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

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Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Order to Submit Written Answers  
Subpoena to Produce Documents

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Albert Labinger

MUR 2036

### SUMMARY OF ALLEGATION

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

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It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

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Mr. Richard Morse, Senior Vice President of Human Resources stated that he authorized the bonus payments at Mr. Labinger's instruction. It appears that higher level executives were reimbursed through their expense accounts to avoid Minstar's scrutiny.

B. Legal Analysis

1. § 441b - Corporate Contributions

2 U.S.C. § 441b(a) prohibits any corporation from making contributions or expenditures in connection with a federal election. § 441b(b)(2) states that the term contribution "shall include any direct or indirect payment ... or gift of money ... to any candidate [or] campaign committee...." When a corporation instructs its employees to make a contribution to a specific candidate or committee, and then reimburses those employees with corporate funds, it is making the type of "indirect" contribution that this provision intends to prohibit. In fact, the Commission's regulation addressing § 441b and contributions to separate segregated funds states:

A contributor may not be paid for his or her contribution through a bonus, expense account, or other form of direct or indirect compensation. 11 C.F.R. § 114.5(b)(1)

Therefore, the General Counsel's Office recommends that the Commission find reason to believe that the Bekins Company violated § 441b(a). The executives who participated in the

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2. § 441f - Contribution in Another's Name

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies

that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find that Albert Labinger violated § 441f.

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FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

June 27, 1985

Mr. Roger Lee  
22748 Liberty Bell Road  
Woodland Hills, California 91364

RE: MUR 2036

Dear Mr. Lee:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your responses to the enclosed Order to Submit Written Answers and Subpoena to Produce Documents and Materials, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Order to Submit Written Answers  
Subpoena to Produce Documents

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Roger Lee

MUR 2036

### SUMMARY OF ALLEGATION

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

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It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

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Mr. Richard Morse, Senior Vice President of Human Resources stated that he authorized the bonus payments at Mr. Labinger's instruction. It appears that higher level executives were reimbursed through their expense accounts to avoid Minstar's scrutiny.

B. Legal Analysis

1. § 441b - Corporate Contributions

2 U.S.C. § 441b(a) prohibits any corporation from making contributions or expenditures in connection with a federal election. § 441b(b)(2) states that the term contribution "shall include any direct or indirect payment ... or gift of money ... to any candidate [or] campaign committee...." When a corporation instructs its employees to make a contribution to a specific candidate or committee, and then reimburses those employees with corporate funds, it is making the type of "indirect" contribution that this provision intends to prohibit. In fact, the Commission's regulation addressing § 441b and contributions to separate segregated funds states:

A contributor may not be paid for his or her contribution through a bonus, expense account, or other form of direct or indirect compensation. 11 C.F.R. § 114.5(b)(1)

Therefore, the General Counsel's Office recommends that the Commission find reason to believe that the Bekins Company violated § 441b(a). The executives who participated in the

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scheme individually violated § 441b(a) because it is unlawful for any "officer or any director of any corporation ... to consent to any [prohibited] contribution by the corporation." 11 C.F.R. §114.2(d). Thus, the General Counsel's Office also recommends that the Commission find reason to believe that those officers personally involved in developing and executing the scheme, former CEO Alber Labinger, former CFO Roger Lee, and former GC Ronald Hartmen, violated § 441b(a). In addition, this Office recommends that the Commission find reason to believe that Richard Morse, the officer who authorized the payroll disbursements, violated § 441b(a) by consenting to the prohibited disbursement.

2. § 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies

that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find that Roger Lee violated § 44lf.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 27, 1985

Mr. Richard J. Morse  
P.O. Box 3943  
Glendale, California 91201

RE: MUR 2036

Dear Mr. Morse:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your responses to the enclosed Order to Submit Written Answers and Subpoena to Produce Documents and Materials, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
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**GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Richard Morse

MUR 2036

**SUMMARY OF ALLEGATION**

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

**FACTUAL AND LEGAL ANALYSIS**

A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

Mr. Richard Morse, Senior Vice President of Human Resources stated that he authorized the bonus payments at Mr. Labinger's instruction. It appears that higher level executives were reimbursed through their expense accounts to avoid Minstar's scrutiny.

B. Legal Analysis

1. § 441b - Corporate Contributions

2 U.S.C. § 441b(a) prohibits any corporation from making contributions or expenditures in connection with a federal election. § 441b(b)(2) states that the term contribution "shall include any direct or indirect payment ... or gift of money ... to any candidate [or] campaign committee...." When a corporation instructs its employees to make a contribution to a specific candidate or committee, and then reimburses those employees with corporate funds, it is making the type of "indirect" contribution that this provision intends to prohibit. In fact, the Commission's regulation addressing § 441b and contributions to separate segregated funds states:

A contributor may not be paid for his or her contribution through a bonus, expense account, or other form of direct or indirect compensation. 11 C.F.R. § 114.5(b)(1)

Therefore, the General Counsel's Office recommends that the Commission find reason to believe that the Bekins Company violated § 441b(a). The executives who participated in the

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scheme individually violated § 441b(a) because it is unlawful for any "officer or any director of any corporation ... to consent to any [prohibited] contribution by the corporation." 11 C.F.R. §114.2(d). Thus, the General Counsel's Office also recommends that the Commission find reason to believe that those officers personally involved in developing and executing the scheme, former CEO Alber Labinger, former CFO Roger Lee, and former GC Ronald Hartmen, violated § 441b(a). In addition, this Office recommends that the Commission find reason to believe that Richard Morse, the officer who authorized the payroll disbursements, violated § 441b(a) by consenting to the prohibited disbursement.

2. § 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies

that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find that Richard Morse violated § 441f.

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THE \$250 EXPENSE  
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YOUR INSTRUCTIONS.

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ATTN:

UNITED STATES OF AMERICA  
FEDERAL ELECTION COMMISSION

ORDER TO SUBMIT WRITTEN ANSWERS  
SUBPOENA TO PRODUCE DOCUMENTS AND MATERIALS

TO: Richard J. Morse  
P.O. Box 3943  
Glendale, California 91201

RE: MUR 2036

At the instance of the Federal Election Commission, pursuant to 2 U.S.C. § 437d(a)(1) and (3), Richard J. Morse is hereby ordered to submit to the Federal Election Commission responses in writing and under oath to the questions propounded in the attached ORDER TO SUBMIT WRITTEN ANSWERS TO RICHARD J. MORSE. In addition, Richard J. Morse is hereby ordered to submit to the Federal Election Commission the documents and materials requested in the attached SUBPOENA TO PRODUCE DOCUMENTS AND MATERIALS TO RICHARD J. MORSE, that are in the possession or control of Richard J. Morse. The documents, materials and responses must be submitted within fifteen (15) days of receipt of this Order.

As used in the Order, the terms listed below are defined as follows:

1. "Identify" with respect to individuals shall mean to give the full name, last known residence address of such individual, the last known place of business where such individual is or was employed, the title of the job position held with Minstar, Inc. or Bekins Company and the dates of such service.
2. The term "concerning" with reference to subject or object shall mean mentioning, discussing or directly or indirectly

3. The terms "and" and "or" shall be construed disjunctively or conjunctively as necessary to bring within the scope of this request any information which may be otherwise construed to be out of its scope.

1. Please explain your official corporate duties at Bekins during the period that you were approached about issuing a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee")?
2. Please identify the individual who approached you about issuing a personal check to the Glenn Committee.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
3. Please state to the best of your recollection the date, place and manner in which you were approached about issuing a personal check to the Glenn Committee. Include information concerning:
  - a. whether you were approached individually or as part of a larger group;
  - b. whether you were aware of any other Bekins senior executives who were similarly being asked to give money to the Glenn Committee;
  - c. your corporate relationship to the employee who approached you about making a payment to the Glenn Committee, e.g., immediate supervisor or department chief.
4. Please state to the best of your recollection what was requested from you with regard to your issuing a personal check to the Glenn Committee. Include information concerning:
  - a. whether the solicitation was oral or written;

- b. whether an exact amount of money was requested;
  - c. to whom you issued the check;
  - d. to whom you delivered the check.
5. Did the individual whom you identified in question two above explain to you that you would be reimbursed or otherwise repaid for your payment to the Glenn Committee? Please explain.
- 6a. Were you reimbursed for your \$250 payment to the Glenn Committee through a March 2, 1984 expense report that contained a \$250 car rental expense? Was the car rental expense a false expense item?
- 6b. A March 2, 1984 handwritten note from you to Albert Labinger states, "the \$250 expense for 'Hawaii/Europe car rental' is per your instructions." (See Attached) Does this concern the reimbursement for the \$250 payment to the Glenn Committee?
- 6c. Please explain the circumstances that caused you to submit a false expense report in order to be reimbursed for your \$250 payment to the Glenn Committee.
- 6d. Please identify the individual who instructed you to submit a false expense report in order to be reimbursed for that payment.
- 6e. To whom did you deliver that note? Why did you write that note?
- 6f. Did Mr. Labinger ever respond or comment to you about the note? If so, please explain.
- 6g. Did any other Bekins employee ever respond to that note? If so, please explain.
7. Were you told that your employment status at Bekins would be affected in any way if you did not issue a personal check to the Glenn Committee? Please explain.
8. Were you told whether a higher ranking officer at Bekins, or its parent company, Minstar, Inc., requested or required that you, or executive officers like you, issue a personal check to the Glenn Committee? If so, please explain and identify the higher ranking official.

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- 8a. Did any higher ranking official acknowledge your payment to the Glenn Committee? Please identify those higher ranking officials who acknowledged your payment and explain the manner in which they did so.
9. Did any Bekins officer or official request or suggest that you approach individuals who worked for you about their issuing \$250 personal checks to the Glenn Committee? If so, please identify the officer who made that request or suggestion. Please restate the request or suggestion that that officer made.
- 9a. During the period that you were Bekins' Senior Vice President of Human Resources, did you request or suggest that individuals who worked for you issue \$250 personal checks to the Glenn Committee? If so, please explain and identify those individuals that you approached with that request or suggestion.
- 9b. Please state the date, place and manner in which you requested or suggested that those individuals make those payments. Please state whether your request was oral or written. Please state whether you approached those individuals who worked for you individually or as part of a larger group.
10. Did any individuals who worked for you whom you approached about issuing a \$250 personal check to the Glenn Committee refuse to do so? If so, please identify that/those individual(s).
11. With regard to your request or suggestion that individuals who worked for you issue \$250 personal checks to the Glenn Committee, did you request or suggest that specific amount of money?
- a. What was your basis for requesting or suggesting that amount?
- b. to whom did you instruct those individuals to issue their checks?
- c. to whom did you instruct those individuals to deliver those checks?
12. Did you suggest, or cause anyone else to suggest, that a Bekins employee's employment status would be affected in any way if that employee did not comply with the request or suggestion to issue a personal check to the Glenn Committee?

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- 13a. Please state the manner in which you explained to the Bekins employees who worked for you that they would be reimbursed for their payments to the Glenn Committee.
- 13b. Did you require that those employees who made payments to the Glenn Committee at your request or suggestion present evidence that they made those payments?
- 13c. Please explain the process by which Bekins employees who worked for you were reimbursed for their payments to the Glenn Committee.
14. Did you ever direct or instruct other Bekins executives to request or suggest that the employees whom they supervised issue \$250 personal checks to the Glenn Committee?
15. The unsworn letter containing the sua sponte inquiry to the Commission states, "the specific authorization to the payroll department was supplied by Mr. Morse ..." The letter states that, "Mr. Morse states that Mr. Labinger instructed him to grant these approvals." Did you ever participate in a meeting with Mr. Albert Labinger and/or Mr. Roger Lee and/or Mr. Ronald Hartman during which the participants discussed the development and execution of an arrangement under which Bekins employees would be reimbursed or otherwise repaid for issuing personal checks to the Glenn Committee? If so, please explain the manner in which that arrangement was developed and executed. Your explanation should include, but not be limited to, information identifying:
- i. the individuals who participated in those meetings;
  - ii. the dates those meetings occurred; and
  - iii. where those meetings occurred.
- 15a. Please identify the individual who initiated the discussion(s) about the reimbursements or repayments.
16. Please identify the individual(s) at Bekins who was (were) responsible for developing, executing and administering the arrangement whereby Bekins employees would be reimbursed for making payments to the Glenn Committee. Please explain your role in developing, executing and administering the arrangement.
17. Please identify all individuals who participated in the conception, development, execution or administration of the reimbursement or repayment arrangement. Please identify any person affiliated with the Glenn Committee, or any Glenn



Committee agent or employee, who you believe participated in the conception, development, execution, or administration of the reimbursement or repayment arrangement.

**SUBPOENA TO PRODUCE DOCUMENTS AND MATERIALS  
TO RICHARD J. MORSE**

1. Please provide photocopies of both sides of every check that you issued to the John Glenn Presidential Committee.
2. Please provide photocopies of all checks, documents, materials and writings of any kind concerning the \$250 payment to the John Glenn Presidential Committee for which you were reimbursed or repaid by Bekins Company.
3. Please provide photocopies of all documents, materials and writings of any kind concerning the conception, development, execution or administration of the reimbursement or repayment arrangement.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand in Washington, D.C. on this 25th day of June 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20543

June 27, 1985

Mr. Philip E. Berlin  
408 North Niagara Street  
Burbank, California 91505

RE: MUR 2036

Dear Mr. Berlin:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

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

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For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Questions

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Philip E. Berlin

MUR 2036

### SUMMARY OF ALLEGATIONS

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

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B. Legal Analysis

§ 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find reason to believe that Philip E. Berlin violated § 441f.

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QUESTIONS TO PHILIP E. BERLIN

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
     b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20543

June 27, 1985

Mr. Jack Foti  
3342 Troy Drive  
Los Angeles, California 90068

RE: MUR 2036

Dear Mr. Foti:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Questions

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Jack Foti

MUR 2036

### SUMMARY OF ALLEGATIONS

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

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It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

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B. Legal Analysis

§ 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find reason to believe that Jack Foti violated § 441f.

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QUESTIONS TO JACK FOTI

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
     b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

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5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

June 27, 1985

Mr. Louis Friedman  
3949 Los Feliz Boulevard  
#208  
Los Angeles, California 90027

RE: MUR 2036

Dear Mr. Friedman:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.



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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,



John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Questions

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Louis Friedman

MUR 2036

### SUMMARY OF ALLEGATIONS

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

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It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

B. Legal Analysis

§ 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find reason to believe that Louis Friedman violated § 441f.

QUESTIONS TO LOUIS FRIEDMAN

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

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1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
     b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
  - 2a. Did you issue a \$250 personal check to the Glenn Committee?
  - 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
  - 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
  - 2d. How were you reimbursed?
  - 2e. When were you reimbursed?
  3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
  4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 27, 1985

Mr. Ernest Gallego  
6803 Warm Springs Avenue  
La Verne, California 91750

RE: MUR 2036

Dear Mr. Gallego:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,



John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Questions

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Ernest Gallego

MUR 2036

### SUMMARY OF ALLEGATIONS

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

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§ 441f - Contribution in Another's Name

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find reason to believe that Ernest Gallego violated § 441f.

QUESTIONS TO ERNEST GALLEG0

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
     b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

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5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

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FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

June 27, 1985

Mr. Norman Kent  
7547 March Avenue  
Canoga Park, California 91304

RE: MUR 2036

Dear Mr. Kent:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,



John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Questions

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Norman Kent

MUR 2036

### SUMMARY OF ALLEGATIONS

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

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The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

B. Legal Analysis

§ 441f -- Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find reason to believe that Norman Kent violated § 441f.

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QUESTIONS TO NORMAN KENT

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
     b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

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5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 27, 1985

Mr. Gary H. Klein  
12710 Goethe Place  
Granada Hills, California 91344

RE: MUR 2036

Dear Mr. Klein:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Questions

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Gary Klein

MUR 2036

### SUMMARY OF ALLEGATIONS

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

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It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.



## B. Legal Analysis

§ 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find reason to believe that Gary Klein violated § 441f.

QUESTIONS TO GARY KLEIN

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
     b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

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5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 27, 1985

Mr. Joseph P. Noga  
29175 West Quail Run Drive  
Agoura Hills, California 91301

RE: MUR 2036

Dear Mr. Noga:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Questions

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Joseph P. Noga

MUR 2036

### SUMMARY OF ALLEGATIONS

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

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B. Legal Analysis

§ 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find reason to believe that Joseph P. Noga violated § 441f.

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QUESTIONS TO JOSEPH P. NOGA

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
     b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

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5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

June 27, 1985

Mr. Philip S. Scott  
3025 Patricia Avenue  
Los Angeles, California 90064

RE: MUR 2036

Dear Mr. Scott:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,



John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Questions

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Philip S. Scott

MUR 2036

### SUMMARY OF ALLEGATIONS

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

### FACTUAL AND LEGAL ANALYSIS

#### A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

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It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

B. Legal Analysis

§ 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find reason to believe that Philip S. Scott violated § 441f.

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QUESTIONS TO PHILIP SCOTT

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
     b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

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5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 27, 1985

Mr. Shannon Sesmas  
660 North Stephora  
Covina, California 91724

RE: MUR 2036

Dear Mr. Sesmas:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Questions

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**GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Shannon Sesmas

MUR 2036

**SUMMARY OF ALLEGATIONS**

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

**FACTUAL AND LEGAL ANALYSIS**

A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

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It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

B. Legal Analysis

§ 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find reason to believe that Shannon Sesmas violated § 441f.

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QUESTIONS TO SHANNON SESMAS

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1. a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue? b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

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5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 27, 1985

Mr. George A. Smith  
929 South Brand Boulevard  
Suite 341  
Glendale, California 91204

RE: MUR 2036

Dear Mr. Smith:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's 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 which you believe are relevant to the Commission's consideration of this matter. Please submit any such materials, along with your answers to the enclosed questions, within fifteen days of your receipt of this letter. Statements should be submitted under oath.

In the absence of any additional information which demonstrates 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 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 General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent will not be entertained.

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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 General Counsel is not authorized to 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 each counsel, and a statement authorizing such counsel to receive any notifications and other communications from the Commission.

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

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-9530.

Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Questions

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GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: George Smith

MUR 2036

SUMMARY OF ALLEGATIONS

Certain Bekins executives caused at least six staff attorneys and seven executive officers to draft \$250 personal checks to the John Glenn Presidential Committee. Because Bekins reimbursed the employees for their payments, there may be 2 U.S.C. § 441b and 441f violations.

FACTUAL AND LEGAL ANALYSIS

A. Factual Summary

The following discussion is based solely on an unsworn letter containing a sua sponte inquiry to the Commission.

Minstar, Inc. is the parent corporation of Bekins Company. Irwin Jacobs is Minstar's majority shareholder. When Mr. Jacobs became a member of the John Glenn Presidential Committee, his business partner, Gerald Schwalbach, contacted Bekins' former Chief Executive Officer, Albert Labinger, and asked him to make a contribution to the Glenn Committee. It is asserted that Mr. Labinger agreed and that, "neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at Minstar talked to Mr. Labinger or anyone else," at Bekins about the issue again. No one from Minstar, "ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement."

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It is asserted that Mr. Labinger and Roger Lee, Bekins' former Chief Financial Officer, approached seven executives and told them that they should draft \$250 personal checks to the Glenn Committee. It is believed, "that in some cases (Messrs. Labinger and Lee) expressly or impliedly indicated to these individuals that their future employment depended on their making these contributions." Messrs. Labinger and Lee allegedly stated that Bekins would reimburse the contributors by "grossing-up" their bonuses by an amount sufficient to repay each \$250 contribution plus the additional income tax charged against the bogus bonuses. According to the sua sponte letter, Mr. Labinger told others to submit expense reports in which the contributions were disguised as expense items. One executive accompanied his expense report with a note explaining that he was doing so at Mr. Labinger's instruction.

The letter states that one of those executives approached by Messrs. Labinger and Lee, former General Counsel and Board member Ronald Hartman, developed a similar arrangement involving the six staff attorneys who worked for him. He, too, implied that their employment would be terminated if they did not comply. One of the staff attorneys explained that, "Mr. Hartman stated that he and other top executives at Bekins did not want the employees to be out of pocket (the \$250)," and, thus, they were going to gross-up the bonuses.

B. Legal Analysis

§ 441f - Contribution in Another's Name

It is unlawful for any person, "to make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution ..." 2 U.S.C. § 441f. The term "person" includes corporations such as Bekins. 2 U.S.C. § 431(11). The bogus bonuses and fictitious expense reports were clearly part of a plan to funnel corporate contributions to the Glenn Committee through individuals who allowed their names to be misused.

The fact that some of the individuals may have been coerced into allowing Bekins to use their names does not remove them from liability under the letter of § 441f. While "knowingly" is not defined in the Act or regulations, the term generally implies that a person has knowledge of the facts which establish a violation of the statute. The General Counsel's Office recommends, therefore, that the Commission find reason to believe that George Smith violated § 441f.

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QUESTIONS TO GEORGE SMITH

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
     b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
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5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20543

June 27, 1985

Mr. Joel Yachzel  
12954 Otsego Street  
Sherman Oaks, California 91423

RE: MUR 2036

Dear Mr. Yachzel:

On June 11, 1985, the Federal Election Commission determined that there is reason to believe you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). The General Counsel's factual and legal analysis, which formed a basis for the Commission's finding, is attached for your information.

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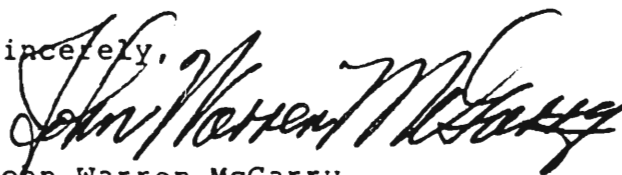
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Sincerely,

  
John Warren McGarry  
Chairman

Enclosures

General Counsel's Factual and Legal Analysis  
Procedures  
Designation of Counsel Statement  
Questions

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## GENERAL COUNSEL'S FACTUAL AND LEGAL ANALYSIS

RESPONDENT: Joel Yachzel

MUR 2036

### SUMMARY OF ALLEGATIONS

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QUESTIONS TO JOEL YACHZEL

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
      b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

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5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

89040740143



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

July 5, 1985

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Irwin L. Jacobs  
Minstar, Inc.  
1215 Marshall Street, N.E.  
P.O. Box 9311  
Minneapolis, Minnesota 55440

RE: MUR 2036

Dear Mr. Jacobs:

The Federal Election Commission, established in April, 1975, has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended. In connection with an investigation being conducted by the Commission, the attached Order which requires you to provide certain information has been issued. The Commission does not consider you a respondent in this matter; but rather as a witness only.

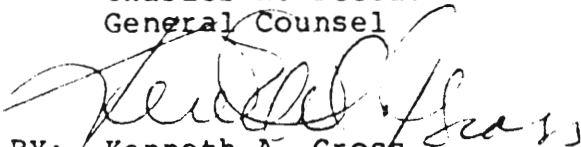
Since this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) apply. This section of the Act prohibits the making public of any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this Order. However, it is required that you submit the information under oath and that you do so within fifteen days of your receipt of this Order.

If you have any questions please direct them to Matt Gerson, the attorney handling this matter, at 202-523-4143.

Sincerely,

Charles N. Steele  
General Counsel

BY:   
Kenneth A. Gross  
Associate General Counsel

Enclosures  
Order to Submit Written Answers  
Questions

8 2 7 4 0 1 4 4

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Bekins Company ) MUR 2036  
Philip E. Berlin, Jack Foti, )  
Louis Friedman, Ernest Gallego, )  
Ronald Hartman, Norman Kent, )  
Gary Klein, Albert Labinger, )  
Roger Lee, Richard Morse, )  
Joseph P. Noga, Philip S. Scott, )  
Shannon Sesmas, George Smith and )  
Joel Yachzel )

ORDER TO SUBMIT WRITTEN ANSWERS

TO: Mr. Irwin Jacobs  
Minstar, Inc.  
1215 Marshall Street, N.E.  
P.O. Box 9311  
Minneapolis, Minnesota 55440

Pursuant to 2 U.S.C. § 437g(a)(1), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order.

Such answers must be submitted under oath and must be forwarded to the Commission within fifteen days of your receipt of this Order.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this day of *July 3*, 1985.

*Joan D. Aikens*  
Joan D. Aikens  
Vice Chairman

ATTEST:

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

Attachment  
Questions

93040740145



ORDER TO SUBMIT WRITTEN ANSWERS TO IRWIN JACOBS

1. Please state your position and responsibilities with the John Glenn Presidential Committee ("Glenn Committee").
2. Did you approach any Bekins or Minstar employees regarding contributions to the Glenn Committee?
- 2a. When did you approach Bekins or Minstar employees regarding contributions to the Glenn Committee?
- 2b. Please identify all Bekins or Minstar employees whom you approached regarding contributions to the Glenn Committee.
3. Please identify all Bekins or Minstar employees whom you asked, or directed, to approach other Bekins or Minstar employees regarding contributions to the Glenn Committee.
4. For questions 2, 2a, 2b, and 3 above, please explain the circumstances surrounding any solicitations undertaken by you or at your request. Your explanation should include, but not be limited to, the following:
- a. how many Bekins or Minstar employees were solicited;
  - b. whether the solicitations were oral or written;
  - c. whether the employees were approached individually or as part of a larger group;
  - d. whether the employees were asked to provide a specific sum of money;
  - e. whether the employees were instructed to give their checks directly to the person who requested them;
  - f. whether you asked that the employees be informed that the request or solicitation was initiated by you or at your direction
5. When did you first learn about a program in which the Bekins Company reimbursed or otherwise repaid employees for contributions made to the Glenn Committee?
- 6a. Did you participate in the development or execution of an arrangement in which the Bekins Company would reimburse or otherwise repay employees for contributions made to the Glenn Committee?
- 6b. Did you explain to any Bekins or Minstar employee that they would be reimbursed or repaid for any contributions that they made to the Glenn Committee?

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- 6c. Did you direct any Bekins or Minstar employee to reimburse or otherwise repay any other Bekins or Minstar employee for their contribution to the Glenn Committee?
- 6d. Did you direct or encourage anyone to develop or execute a program in which the Bekins Company reimbursed or otherwise repaid employees for contributions to the Glenn Committee?
- 6e. Did you direct or encourage anyone else to explain that any Bekins or Minstar employee would be reimbursed or repaid for their contribution to the Glenn Committee?
7. Did the John Glenn Presidential Committee or any of its agents directly or indirectly suggest or request that you establish, or cause to be established, an arrangement wherein a corporation, such as Bekins, might reimburse or otherwise repay any of that corporation's employees who contributed to the John Glenn Presidential Committee?
- 7a. Did any of the Glenn Committee's agents discuss with you an arrangement wherein a corporation might reimburse its employees who contributed to the Glenn Committee?
8. How much money did you contribute to the Glenn Committee?
- 8a. Did any entity directly or indirectly reimburse or repay you for your personal financial contribution to the Glenn Committee?

00040740147



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

July 9, 1985

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Gerald A. Schwalbach  
Minstar, Inc.  
1215 Marshall Street, N.E.  
P.O. Box 9331  
Minneapolis, Minnesota 55440

RE: MUR 2036

Dear Mr. Schwalbach:

The Federal Election Commission, established in April, 1975, has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended. In connection with an investigation being conducted by the Commission, the attached Order which requires you to provide certain information has been issued. The Commission does not consider you a respondent in this matter; but rather as a witness only.

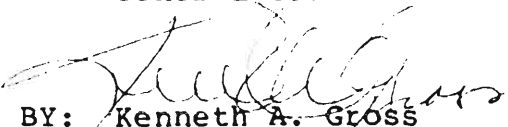
Since this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) apply. This section of the Act prohibits the making public of any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made.

You may consult with an attorney and have an attorney assist you in the preparation of your responses to this Order. However, it is required that you submit the information under oath and that you do so within fifteen days of your receipt of this Order.

If you have any questions please direct them to Matt Gerson, the attorney handling this matter, at 202-523-4143.

Sincerely,

Charles N. Steele  
General Counsel

BY:   
Kenneth A. Gross  
Associate General Counsel

Enclosures  
Order to Submit Written Answers  
Questions

9 3 7 4 7 4 0 1 4 8

ORDER TO SUBMIT WRITTEN ANSWERS TO MR. GERALD SCHWALBACH

1. Please state your affiliation, if any, with the John Glenn Presidential Committee. ("Glenn Committee").
2. Please state the nature of your business relationship with Mr. Irwin Jacobs.
3. Did Mr. Jacobs ask or direct you to approach people about making contributions to the Glenn Committee? Please explain.
- 3a. Did Mr. Jacobs ask or direct you to approach Bekins or Minstar employees about making contributions to the Glenn Committee? Please explain. Note that "Bekins" refers to Bekins Company and "Minstar" refers to Bekins' parent corporation, Minstar, Inc.
- 3b. Did any other individual ask or direct you to approach people about making contributions to the Glenn Committee? Please explain.
- 3c. Please restate the instruction that Mr. Jacobs or any other individual gave to you about approaching Bekins or Minstar employees so that they might contribute to the Glenn Committee.
4. Did you ask Mr. Albert Labinger to make a monetary contribution to the Glenn Committee?
- 4a. When did you ask Mr. Albert Labinger to make a monetary contribution to the Glenn Committee?
- 4b. Please state to the best of your recollection what you requested from Mr. Albert Labinger with regard to his making a monetary contribution to the Glenn Committee. Include information concerning:
  - i. an exact amount of money requested;
  - ii. to whom you asked him to deliver the payment;
  - iii. whether you explained that you were speaking at Mr. Jacobs', or anyone else's, request;
  - iv. whether you asked Mr. Labinger to approach other Bekins executives about making contributions to the Glenn Committee;
  - v. whether you suggested that Bekins reimburse or otherwise repay Mr. Labinger for any payments that he made to the Glenn Committee;

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- vi. whether you suggested that Bekins reimburse or otherwise repay certain Bekins employees for any payments that they made to the Glenn Committee.
5. Did you approach any Bekins or Minstar employees beside Mr. Labinger about their making contributions to the Glenn Committee? If so, please explain. Your explanation should include information concerning:
- i. which Bekins or Minstar employees you approached about making contributions to the Glenn Committee;
  - ii. to whom did you ask them to deliver their payments;
  - iii. whether you explained that you were speaking at Mr. Jacobs', or anyone else's, request;
  - iv. whether you asked those other Bekins or Minstar employees to approach other Bekins employees about making contributions to the Glenn Committee;
  - v. whether you suggested that Bekins or Minstar would reimburse or otherwise repay them for payments that they made to the Glenn Committee;
6. Did the John Glenn Presidential Committee or any of its agents directly or indirectly suggest or request that you establish, or cause to be established, an arrangement wherein a corporation, such as Bekins, might reimburse or otherwise repay any of that corporation's employees who contributed to the John Glenn Presidential Committee?
- 6a. Did any of the Glenn Committee's agents discuss with you an arrangement wherein a corporation might reimburse its employees who contributed to the Glenn Committee?
7. Are you aware of any other situations in which corporations reimbursed or otherwise repaid individuals for payments that they made to the Glenn Committee or other candidates for federal office or other campaign committees? If so, please explain.

00040740150

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Bekins Company ) MUR 2036  
Philip E. Berlin, Jack Foti, )  
Louis Friedman, Ernest Gallego, )  
Ronald Hartman, Norman Kent, )  
Gary Klein, Albert Labinger, )  
Roger Lee, Richard Morse, )  
Joseph P. Noga, Philip S. Scott, )  
Shannon Sesmas, George Smith and )  
Joel Yachzel )

ORDER TO SUBMIT WRITTEN ANSWERS

TO: Mr. Gerald A. Schwalbach  
Minstar, Inc.  
1215 Marshall Street, N.E.  
P.O. Box 9311  
Minneapolis, Minnesota 55440

Pursuant to 2 U.S.C. § 437g(a)(1), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order.

Such answers must be submitted under oath and must be forwarded to the Commission within fifteen days of your receipt of this Order.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this day of *July 3*, 1985.

*Joan D. Aikens*  
Joan D. Aikens  
Vice Chairman

ATTEST:

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

Attachment  
Questions

STATEMENT OF DESIGNATION OF COUNSEL

CCC# 8113  
RECEIVED AT THE FEC

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MUR 2036

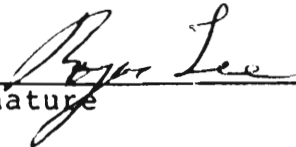
NAME OF COUNSEL: David Ifshin

ADDRESS: Manatt, Phelps, Rothenberg & Tunney  
1200 New Hampshire Avenue, N.W.  
Washington, DC 20036

TELEPHONE: (202) 463-4300

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.

7/23/85  
Date

  
Signature

RESPONDENT'S NAME: Roger Lee

ADDRESS: 22748 Liberty Bell Road  
Woodland Hills, CA 91364

HOME PHONE: (818) 992-6861

BUSINESS PHONE: (213) 552-2711

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GENERAL  
COUNSEL

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LAW OFFICES  
SCHWALB, DONNENFELD, BRAY & SILBERT

A PROFESSIONAL CORPORATION

BURTON A. SCHWALB  
CHARLES R. DONNENFELD  
JOHN M. BRAY  
EARL J. SILBERT  
JAMES K. STEWART  
PHILIP D. GREEN  
DAVID J. CURTIN  
ALLEN V. FARBER  
CHARLES B. WAYNE  
STEVEN SARFATTI  
LAURA A. KUMIN  
LUCINDA J. BACH  
PATRICIA L. MAHER  
RONALD J. FRIEDMAN  
CARY M. FELDMAN  
AMY G. RUDNICK  
KEITH R. ANDERSON

SUITE 300  
1025 THOMAS JEFFERSON STREET, N. W.  
WASHINGTON, D. C. 20007

AREA CODE 202  
965-7910

TELECOPIER 202-337-0676

TELEX 897007

July 24, 1985

JUL 29 A10:23

Matthew Gerson, Esquire  
Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Re: MUR 2036  
Albert L. Labinger

Dear Mr. Gerson:

Enclosed are the responses with attachment by Mr. Labinger in connection with the above. I would appreciate it if you would acknowledge receipt and provide me with an explanation of the status of the matter.

Sincerely yours,

  
Burton A. Schwalb

BAS:pb

Enclosure

cc: Mr. Albert L. Labinger

0040740153



FEDERAL ELECTION COMMISSION

In Re

BEKINS COMPANY  
MUR 2036

---

ANSWERS  
BY  
ALBERT L. LABINGER  
TO  
QUESTIONS PROPOUNDED

---

1a. Yes. Irwin Jacobs called me and said he wanted his friends at Bekins, and those who reported to me, to consider making a \$250 contribution to the John Glenn Campaign Fund.

1b. No.

1c. President. Chief Executive Officer. In charge of wide range of corporate activities, as well as involved in various specific business projects, but none of which involved political activity.

2. No. See No. 3, below.

3. On December 5, 1983, Irwin Jacobs called me in California and asked if I would make a \$1,000 contribution to the John Glenn Campaign Fund; I do not know if he asked others at the company. I made such a contribution. (See attached copy of check). I did not request, nor receive, any reimbursement.

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On or about February 5, 1984, Irwin Jacobs again called me and said he wanted his friends at the company (those who reported to me and those who knew him -- see 1a above) to make contributions of \$250 each, and he asked me to pass that request on to those who reported to me.

I sent my \$250 check to Irwin Jacobs (payable to the Fund) as I did the checks of others which were given to me to send to Irwin Jacobs (see #11 below). Mr. Schwalbach called me a few days later and said that, in Irwin Jacob's absence, he received the checks but that, since I had previously given \$1,000, I could not give more. He asked me what I wanted him to do with my check, and I told him he could simply tear it up, which he presumably did since it never cleared. I had not known of any \$1,000 limitation.

I do not know if Irwin Jacobs contacted anyone else at the company, nor do I know if Gerald Schwalbach did.

4. See No. 3, above.

5. There was no discussion of reimbursement concerning my \$1,000 contribution in December 1983. In the February 1984 telephone call from Irwin Jacobs regarding \$250 contributions, my understanding from him was that Jacobs would permit the company to reimburse.

6. No.

7. No.

8. See No. 3, above.

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9. Shortly after Irwin Jacob's telephone call on or about February 5, 1984, and in response to his request, I met with Roger Lee, Ronald Hartman and Richard Morse, and I passed on what Irwin Jacobs had asked me to. I also had such a conversation with Shannon Sesmas. In each instance, I tried to tell them, respectively, what Irwin Jacobs had said. I do not know their respective addresses.

9a. See No. 9, above.

10. I believe that each of the four made a \$250 check to the Fund, although I do not recall the specific payee, but assume it was to the same Fund.

11. See Nos. 3 and 9, above. Irwin Jacobs had asked me to pass on his request for payments of \$250 to the Fund. I suggested to them that they could give me their checks, and I would send them to Irwin Jacobs, which occurred, after which time Mr. Schwalbach called me about my own check as noted in #3 above.

12. No.

13a. I was not reimbursed. I left Bekins within weeks of the above conversations and do not recall that anyone was reimbursed during the short period of time between the above-noted conversations and my departure. To the extent anyone was ultimately reimbursed after I left, I do not know how that was finally determined.

13b. See Nos. 1, 3, 5 and 9 above.

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14. When I met with Messrs. Lee, Hartman and Morse, I passed on what Irwin Jacobs had said. See Nos. 1, 3 and 9 above.

15. See Nos. 1, 3, 5, 9 and 13a and 14 above. I would not characterize it as discussing "the development and execution of an arrangement", since that seems to imply greater depth and finality on the subject. It had been a short telephone conversation in February 1984 with Irwin Jacobs and short conversations thereafter with the four people noted in No. 3 above; as noted in No. 13 above, I recall no reimbursements while I was still at Bekins (I left in March). It was a busy and trying time; the entire matter of contributions probably took less than one hour of my time in the aggregate, and hence it was not something I focused on in depth while I was at Bekins in those remaining weeks. I do not know what reimbursements were ultimately made, nor what arrangement was finally developed and executed in that regard.

15a. See Nos. 1, 3, 5, 9, 13, 14 and 15 above.

16. See Nos. 3, 9, 13, 14 and 15 above.

17. See No. 3 above. Aside from my short telephone conversation with Irwin Jacobs, two short meetings at the Belkins' offices as noted above, my forwarding the checks to Irwin Jacobs, and the call from Gerald Schwalbach, I had no knowledge of others involved, nor do I know about any reimbursements. I have no knowledge as to anyone on behalf of Glenn except Irwin Jacobs who was engaged in fund-raising.

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HAND DELIVERED

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273-0561

LAW OFFICES

HOCHMAN, SALKIN AND DeROY

A PROFESSIONAL CORPORATION

9100 WILSHIRE BOULEVARD

SEVENTH FLOOR-WEST TOWER

BEVERLY HILLS, CALIFORNIA 90212

July 24, 1985

BRUCE I. HOCHMAN  
AVRAM SALKIN  
GEORGE DeROY  
STEPHEN V. WILSON  
MARTIN N. GELFAND  
JAMES V. LOOBY  
WILLIAM M. WEINTRAUB  
RICHARD MARMORO  
JORDAN R. WEISS  
CATHY DeROY  
CHARLES R. BETTIG  
JOHN A. MAGE

BY FEDERAL EXPRESS

Matt Gerson, Esq.  
Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Seventh Floor  
Washington, D.C. 20463

Re: Richard J. Morse

Dear Mr. Gerson:

Enclosed please find the following documents:

1. Statement of Designation of Counsel;
2. Response of Richard J. Morse to Order to Submit Written Answers; and
3. Response of Richard J. Morse to Subpoena to Produce Documents and Materials (including a copy of the documents referred to in the Response).

After you have had an opportunity to review the enclosed material, please call so that we may discuss an appropriate resolution of this matter.

Very truly yours,

*Martin N. Gelfand*

MARTIN N. GELFAND

MNG:cs  
Enclosures

cc: Richard J. Morse

JUL 25  
A10:47

3 9 0 4 0 7 4 0 1 3 8

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2036

NAME OF COUNSEL: MARTIN N. GELFAND, ESQ.

ADDRESS: HOCHMAN, SALKIN and DeROY  
9100 Wilshire Boulevard

7th Floor, West Tower

Beverly Hills, California 90212

TELEPHONE: (213) 273-1181, 272-0561

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.

July 24, 1985  
Date

Richard J. Morse  
Signature

RESPONDENT'S NAME: RICHARD J. MORSE

ADDRESS: 130 West Mountain Street, #207

Glendale, California 91202

HOME PHONE: (818) 240-3384, (213) 747-7176

BUSINESS PHONE: --

89040740159

**RESPONSE OF RICHARD J. MORSE  
TO ORDER TO SUBMIT WRITTEN ANSWERS AND  
SUBPOENA TO PRODUCE DOCUMENTS AND MATERIALS**

In accordance with the Order of the Federal Election Commission, RICHARD J. MORSE hereby submits his responses to the questions propounded as follows:

Response to Question 1:

RICHARD J. MORSE ("MORSE") during the time period referenced in question number 1 was the Vice President of Human Resources for the Bekins Company. Primarily his duties involved the personnel area.

Response to Question 2:

Albert Labinger -- President and Chief Executive Officer of the Bekins Company.

Response to Question 2a:

Yes.

Response to Question 3:

On February 2, 1984 at about 5:00 p.m., Albert Labinger approached MORSE and asked him to issue a check in the amount of \$250 made payable to the John Glenn Presidential Committee. Mr. Labinger did not threaten MORSE in any way, but insisted that MORSE promptly issue the check with the assurance that MORSE would be repaid. At the time, MORSE had no idea as to the nature of the payment (gift as opposed to loan to the John Glenn Presidential Committee). When MORSE attempted to question Mr. Labinger, Mr. Labinger said he had no time to discuss the matter with him and he wanted a check issued right away. Mr. Labinger was MORSE's immediate supervisor. At the time Mr. MORSE was requested to issue his check, Mr. Labinger indicated to MORSE that Labinger was going to request other people in the office to issue checks as well.

Response to Question 4:

See response to question 3. The solicitation was oral, MORSE was asked to issue a check in the amount of \$250, the check was made payable to the John Glenn Campaign, and the check was delivered by MORSE to Mr. Albert Labinger on February 3, 1984.

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Response to Question 5:

Yes. At the time Mr. Labinger solicited the contribution from MORSE, Mr. Labinger indicated that MORSE would be repaid. At that time, Mr. Labinger did not give any details with respect to the reimbursement.

Response to Question 6a:

MORSE was reimbursed \$250 for a car rental expense actually incurred but which normally, under standard Bekins Company reimbursement policy, would not have been reimbursed to MORSE.

Response to Question 6b:

Yes.

Response to Question 6c:

Mr. Labinger decided that reimbursement would be made to Bekins Employees who made contributions to the Glenn Committee by either "grossing up" bonus checks to those employees who had not yet received their bonus checks, or if the employee had already received his or her bonus check, the reimbursement would be by way of expense reimbursement.

Response to Question 6d:

Albert Labinger.

Response to Question 6e:

On March 2, 1984, MORSE delivered the note and expense report to Albert Labinger's secretary. MORSE wrote the note to remind Mr. Labinger that Labinger had instructed MORSE to submit the expense reimbursement request.

Response to Question 6f:

No.

Response to Question 6g:

No.

Response to Question 7:

No.

Response to Question 8:

No.



Response to Question 8a:

No.

Response to Question 9:

No.

Response to Question 9a:

No.

Response to Question 9b:

Not applicable.

Response to Question 10:

Not applicable.

Response to Question 11:

Not applicable.

Response to Question 12:

Not applicable.

Response to Question 13a:

Not applicable.

Response to Question 13b:

Not applicable.

Response to Question 13c:

Not applicable.

Response to Question 14:

No.

Response to Question 15:

No, except see response to question 6c where Mr. Labinger advised MORSE on the procedures for reimbursement.

Response to Question 15a:

Albert Labinger.

Response to Question 16:

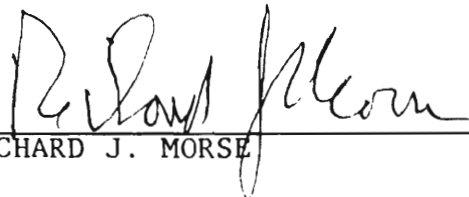
See response to question 6c. Mr. Albert Labinger requested MORSE to submit a list of individuals who had made contributions to the Glenn Committee to the Payroll Department for reimbursement of their contribution either by way of (i) grossing up their bonus, or (ii) expense reimbursement.

Response to Question 17:

Albert Labinger.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 24 day of July, 1985, at Beverly Hills, California.

  
\_\_\_\_\_  
RICHARD J. MORSE

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RESPONSE OF RICHARD J. MORSE TO SUBPOENA  
TO PRODUCE DOCUMENTS AND MATERIALS

Response to Document Request No. 1:

Check number 5099 drawn on the Security Pacific National Bank, dated February 3, 1984, made payable to John Glenn Campaign in the amount of \$250 and executed by RICHARD J. MORSE.

Response to Document Request No. 2:

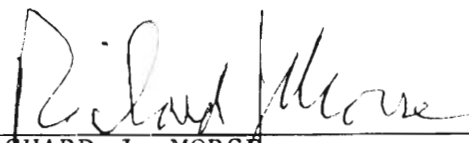
Handwritten note dated March 2, 1984; Expense Reimbursement Request form; Bekins check summary; list of employees who made contributions to the John Glenn Presidential Committee.

Response to Document Request No. 3:

See response to document requests 1 and 2.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 24 day of July, 1985, at Beverly Hills, California.

  
\_\_\_\_\_  
RICHARD J. MORSE

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FB '84 15  
3-11-84  
PAY ANY  
BANK

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1820-0018-6

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2552

FOR DEPOSIT  
ACCOUNT WITHIN  
NAMED PAYEE  
PAY ANY BANK

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PROCESSED

3/2/04

al

THE \$250 EXPENSE  
FOR "HAWAII/EUROPE-  
CAR RENTAL" IS PER  
YOUR INSTRUCTIONS.

Rm

# BEKINS

## EXPENSE REIMBURSEMENT REQUEST (FOR USE BY ALL DIVISIONS)

NAME

RICHARD J. MORSE

TRIP PURPOSE

GENERAL

COMPANY

THE BEKINS CO

PERIOD: FROM FEB 1, 1964 TO MAR 1, 1964

SEE REVERSE FOR INSTRUCTIONS		DATE	CITY	TOTALS		ACCOUNTING USE ONLY	
				CHARGED TO COMPANY ACCOUNT	PAID BY EMPLOYEE	PAID BY EMPLOYEE DISTRIBUTION	
SELF EXPENSE ONLY:						ACCOUNT NO.	AMOUNT
BREAKFAST		2/6	CHICKO		16.70		
LUNCH		2/7	CHICKO				
DINNER		2/27	BURMAN				
LODGING (ATTACH HOTEL RECEIPTS)		3/28	APLS				
TIPS		FEB	LOLA				
TRANSPORTATION (AIR, RAIL, ETC.)							
PARKING, TOLLS							
LOCAL TAXI, BUS							
RENTAL CAR							
TIPS							
BUSINESS DEVELOPMENT (BROOKS)							
TELEPHONE							
AUTO MAINTENANCE (ATTACH INVOICE)							
MILEAGE: @ 5 / MILE							
OTHER EXPENSES (ITEMIZE)							
HAIR/LEAD - CHICKO		250 -					
AIR TICKETS		780 -					
VISIT + TRAVEL - CHICKO		380 -					
CHICKO - TRAVEL - CHICKO		126.42					
TOTAL EXPENSES		1407.57	18.80	17.80	153.54	349.74	
BUSINESS DEVELOPMENT EXPENSE EXPLAINED:		WHERE AND PURPOSE		AMOUNT	LESS ADVANCE		
DATE	WITH				SUB TOTAL		
2/1	J. S. SMITH, B. MORRIS	WEST END SCHOOL - REL. VISIT		34.49	1452.60		
2/3	B. BURMAN, A. HARRIS	CHICKO - REL. VISIT		23.01			
2/6	B. BURMAN, A. HARRIS	CHICKO - REL. VISIT		19.80			
2/9	REL. VISIT	CHICKO - REL. VISIT		43.05			
2/11	REL. VISIT	CHICKO - REL. VISIT		22.49			
2/14	REL. VISIT	CHICKO - REL. VISIT		19.35			
2/17	REL. VISIT	CHICKO - REL. VISIT		21.70			
2/19	REL. VISIT	CHICKO - REL. VISIT		52.48			
2/20	REL. VISIT	CHICKO - REL. VISIT		48.32			
REMARKS: CHICKO - 8360 AIR FARE TO R. LEE ALA 4360							
TO R. LEE ALA 4360							
TOTAL				275.14			

RECEIPTS ARE REQUIRED FOR ALL EXPENDITURES CHARGED TO COMPANY ACCOUNT AND OTHERS OVER \$25 INCLUDE FOR ITEMS UNDER \$25 IF PRACTICAL.

CH 10 (10/73)

8 5 1 0 7 2 6 6 6 0

3/1



# Gross up

Re. V

✓ Phil Scott 250 net 360.25 ✓

~~Geo. Smith 250~~

✓ Joe Kaya 250 net 360.25

~~Roger Lee 250~~

~~Jack Tate 250~~

~~Dick Morse 250~~

✓ Shannon Seamus 250 net 360.25

~~Ron Hartman 250~~

✓ Ernie Gallagher 250 net 360.25

✓ Phil Berlin 250

✓ Norm Kent 250

✓ Joel Gachzel 250

✓ Gary Klein 250

~~at Lohingpo 250~~

✓ Lew Friedman 250 net 360.25

OK By 2/27/84



THE BEKINS COMPANY  
77 FLOWER STREET, GLENDALE, CALIFORNIA 91201

DATE

CHECK  
NO.

VENDOR  
NO.

REFERENCE	DATE	AMOUNT	DISCOUNT	OTHER DED.	REMARKS	NET AMOUNT
			gl.loc	acct.		
	exp.report		2910	780902		360.00
	dated 2-1 to 2-29-84		0005	780902		360.00
			1110	792900		220.00
			1110	730902		268.54
			1110	791000		419.51
			1110	711900		250.00
TOTALS			1110	750900		74.55

89040740170

GCC #8123

MANATT, PHELPS, ROTHENBERG & TUNNEY

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

1200 NEW HAMPSHIRE AVENUE, N.W.

SUITE 200

WASHINGTON, D.C. 20036

TELEPHONE (202) 463-4300

July 26, 1985

WESTSIDE OFFICE

11355 WEST OLYMPIC BOULEVARD  
LOS ANGELES, CALIFORNIA 90064  
(213) 312-4000

SAN FRANCISCO OFFICE

FOUR EMBARCADERO CENTER  
SAN FRANCISCO, CALIFORNIA 94111  
(415) 981-7540

LOS ANGELES (DOWNTOWN)

811 WEST SEVENTH STREET  
LOS ANGELES, CALIFORNIA 90017  
(213) 486-5500

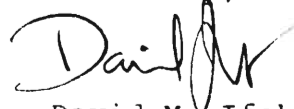
Lois Lerner, Esq.  
Matthew Gersen, Esq.  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Re: MUR 2036 - Roger Lee

Dear Ms. Lerner and Mr. Gersen:

This firm was retained by Roger Lee on July 22, 1985, to represent him before the Commission in MUR 2036. A response to the Commission's Order to Submit Written Answers and Subpoena to Produce Documents And Materials is due on August 2, 1985. As discussed in our conference yesterday afternoon, we believe an extension of time for our response would be appropriate in light of the presence of new counsel. This letter constitutes a formal request for a two week extension. If granted, the response would be filed by August 16, 1985.

Sincerely,



David M. Ifshin  
of Manatt, Phelps,  
Rothenberg & Tunney

DMI:mp

RECEIVED  
GENERAL COUNSEL

JUL 26 P 3:17

8 2 2 4 0 7 4 0 1 7 1

RECEIVED THE FEC  
GCC#8136  
65 JUL 29 A8:38

July 26, 1985

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

Gentlemen:

The undersigned hereby submits the following answers to the questions contained in the Order of the Federal Election Commission dated July 3, 1985 (copy attached):

JUL 23  
A10:22

1. None.
2. Employee, business associate and partner.
3. Mr. Jacobs asked me to call certain individuals to ask them if they would be willing to contribute to the John Glenn Campaign Committee.
- 3a. Yes, Mr. Jacobs asked me to contact Mr. Don Nicholson at Minstar to ask him if he wished to contribute to John Glenn's campaign. Mr. Jacobs also asked me to contact Mr. Walt Mahanes at Minstar to ask him if he wished to contribute and if he would contact Mr. Don Spitzley, an employee of Larson a subsidiary of Minstar, to see if Mr. Spitzley wished to contribute to the John Glenn Campaign Fund. Mr. Jacobs also asked me to contact Mr. Al Labinger at Bekins to ask him if he wished to contribute money to the John Glenn Campaign Fund and to ask him if he would contact Mr. Roger Lee and Mr. Ron Hartman, also employees of Bekins, to see if they might also be interested in contributing to the John Glenn Campaign Fund.
- 3b. No.
- 3c. Mr. Jacobs asked me to contact Messrs. Don Nicholson, Walt Mahanes and Al Labinger to ask them if they wished to contribute to John Glenn's Campaign Fund and if they would ask others to make voluntary contributions if they wished to do so. Specifically, Mr. Jacobs asked me to request Mr. Mahanes to ask Mr. Don Spitzley if he wanted to contribute and to request Mr. Labinger to ask Messrs. Roger Lee and Ron Hartman if they wanted to contribute.
4. Yes.
- 4a. November, 1983.

3 2 0 4 0 7 4 0 1 7 2

- 4b. (i) \$1,000.  
(ii) Mr. Jacobs' secretary.  
(iii) See 3c above.  
(iv) See 3c above.  
(v) Absolutely not.  
(vi) Absolutely not.
5. (i) Messrs. Nicholson and Mahanes.  
(ii) Mr. Jacobs' secretary.  
(iii) See 3c above.  
(iv) See 3c above.  
(v) Absolutely not.
6. No.
- 6a. No.
7. No.

I declare under penalty of perjury that the foregoing is true and correct. Signed this 26th day of July, 1985, in Minneapolis, Minnesota.

  
Gerald A. Schwalbach

83040740173

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
)  
Bekins Company ) MUR 2036  
Philip E. Berlin, Jack Foti, )  
Louis Friedman, Ernest Gallego, )  
Ronald Hartman, Norman Kent, )  
Gary Klein, Albert Labinger, )  
Roger Lee, Richard Morse, )  
Joseph P. Noga, Philip S. Scott, )  
Shannon Sesmas, George Smith and )  
Joel Yachzel )

ORDER TO SUBMIT WRITTEN ANSWERS

TO: Mr. Gerald A. Schwalbach  
Minstar, Inc.  
1215 Marshall Street, N.E.  
P.O. Box 9311  
Minneapolis, Minnesota 55440

Pursuant to 2 U.S.C. § 437g(a)(1), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order.

Such answers must be submitted under oath and must be forwarded to the Commission within fifteen days of your receipt of this Order.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this day of *July 3*, 1985.

*Joan D. Aikens*  
Joan D. Aikens  
Vice Chairman

ATTEST:

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

Attachment  
Questions

99040740174

ORDER TO SUBMIT WRITTEN ANSWERS TO MR. GERALD SCHWALBACH

1. Please state your affiliation, if any, with the John Glenn Presidential Committee. ("Glenn Committee").
2. Please state the nature of your business relationship with Mr. Irwin Jacobs.
3. Did Mr. Jacobs ask or direct you to approach people about making contributions to the Glenn Committee? Please explain.
- 3a. Did Mr. Jacobs ask or direct you to approach Bekins or Minstar employees about making contributions to the Glenn Committee? Please explain. Note that "Bekins" refers to Bekins Company and "Minstar" refers to Bekins' parent corporation, Minstar, Inc.
- 3b. Did any other individual ask or direct you to approach people about making contributions to the Glenn Committee? Please explain.
- 3c. Please restate the instruction that Mr. Jacobs or any other individual gave to you about approaching Bekins or Minstar employees so that they might contribute to the Glenn Committee.
4. Did you ask Mr. Albert Labinger to make a monetary contribution to the Glenn Committee?
- 4a. When did you ask Mr. Albert Labinger to make a monetary contribution to the Glenn Committee?
- 4b. Please state to the best of your recollection what you requested from Mr. Albert Labinger with regard to his making a monetary contribution to the Glenn Committee. Include information concerning:
  - i. an exact amount of money requested;
  - ii. to whom you asked him to deliver the payment;
  - iii. whether you explained that you were speaking at Mr. Jacobs', or anyone else's, request;
  - iv. whether you asked Mr. Labinger to approach other Bekins executives about making contributions to the Glenn Committee;
  - v. whether you suggested that Bekins reimburse or otherwise repay Mr. Labinger for any payments that he made to the Glenn Committee;

39040740175

- vi. whether you suggested that Bekins reimburse or otherwise repay certain Bekins employees for any payments that they made to the Glenn Committee.
5. Did you approach any Bekins or Minstar employees beside Mr. Labinger about their making contributions to the Glenn Committee? If so, please explain. Your explanation should include information concerning:
- i. which Bekins or Minstar employees you approached about making contributions to the Glenn Committee;
  - ii. to whom did you ask them to deliver their payments;
  - iii. whether you explained that you were speaking at Mr. Jacobs', or anyone else's, request;
  - iv. whether you asked those other Bekins or Minstar employees to approach other Bekins employees about making contributions to the Glenn Committee;
  - v. whether you suggested that Bekins or Minstar would reimburse or otherwise repay them for payments that they made to the Glenn Committee;
6. Did the John Glenn Presidential Committee or any of its agents directly or indirectly suggest or request that you establish, or cause to be established, an arrangement wherein a corporation, such as Bekins, might reimburse or otherwise repay any of that corporation's employees who contributed to the John Glenn Presidential Committee?
- 6a. Did any of the Glenn Committee's agents discuss with you an arrangement wherein a corporation might reimburse its employees who contributed to the Glenn Committee?
7. Are you aware of any other situations in which corporations reimbursed or otherwise repaid individuals for payments that they made to the Glenn Committee or other candidates for federal office or other campaign committees? If so, please explain.

9 2 0 4 0 7 4 0 1 7 6

July 26, 1985

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

Gentlemen:

The undersigned hereby submits the following answers to the questions contained in the Order of the Federal Election Commission dated July 3, 1985 (copy attached):

1. A member of the John Glenn Presidential Committee.
2. Yes.
- 2a. November, 1983.
- 2b. Gerald Schwalbach, Daniel Lindsay.
3. Gerald Schwalbach, Daniel Lindsay.
4. I asked those persons listed above if they would assist me in trying to solicit funds for John Glenn.
- 4a. Several, exact number of people unknown to me.
- 4b. To the best of my knowledge, all solicitations were oral.
- 4c. I believe individually.
- 4d. Yes, I asked Gerald Schwalbach to request of Al Labinger that he contribute \$1,000 and that Mr. Labinger request similar amounts from Mr. Roger Lee and Mr. Ron Hartman. I also asked Gerald Schwalbach to request of Mr. Walt Mahanes and Mr. Don Nicholson that they each contribute \$250.
- 4e. Yes, I told both Mr. Schwalbach and Mr. Lindsay to have any checks sent to my secretary, Rosie Shanks.
- 4f. I requested that those people contacted be made aware that I was on the John Glenn Presidential Committee, but specifically requested that no pressure be asserted on anyone.



5. On or about February 15, 1985, I became aware that certain Bekins employees had been reimbursed for contributions they had made to the John Glenn Presidential Committee. I immediately directed my attorneys to investigate this matter fully and to inform the FEC in writing of the full extent of our information.

6a. No.

6b. No.

6c. No.

6d. No.

6e. No.

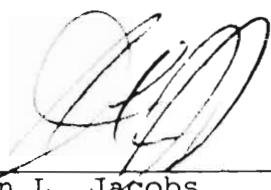
7. No.

7a. No.

8. \$1,000.

8a. No.

I declare under penalty of perjury that the foregoing is true and correct. Signed this 26th day of July, 1985, in Minneapolis, Minnesota.

  
\_\_\_\_\_  
Irwin L. Jacobs

89040740178

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
Bekins Company ) MUR 2036  
Philip E. Berlin, Jack Foti, )  
Louis Friedman, Ernest Gallego, )  
Ronald Hartman, Norman Kent, )  
Gary Klein, Albert Labinger, )  
Roger Lee, Richard Morse, )  
Joseph P. Noga, Philip S. Scott, )  
Shannon Sesmas, George Smith and )  
Joel Yachzel )

ORDER TO SUBMIT WRITTEN ANSWERS

TO: Mr. Irwin Jacobs  
Minstar, Inc.  
1215 Marshall Street, N.E.  
P.O. Box 9311  
Minneapolis, Minnesota 55440

Pursuant to 2 U.S.C. § 437g(a)(1), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby orders you to submit written answers to the questions attached to this Order.

Such answers must be submitted under oath and must be forwarded to the Commission within fifteen days of your receipt of this Order.

WHEREFORE, the Vice Chairman of the Federal Election Commission has hereunto set her hand in Washington, D.C. on this day of *July 3*, 1985.

*Joan D. Aikens*  
Joan D. Aikens  
Vice Chairman

ATTEST:

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

Attachment  
Questions

9 3 0 4 0 7 4 0 1 7 9



- 6c. Did you direct any Bekins or Minstar employee to reimburse or otherwise repay any other Bekins or Minstar employee for their contribution to the Glenn Committee?
- 6d. Did you direct or encourage anyone to develop or execute a program in which the Bekins Company reimbursed or otherwise repaid employees for contributions to the Glenn Committee?
- 6e. Did you direct or encourage anyone else to explain that any Bekins or Minstar employee would be reimbursed or repaid for their contribution to the Glenn Committee?
7. Did the John Glenn Presidential Committee or any of its agents directly or indirectly suggest or request that you establish, or cause to be established, an arrangement wherein a corporation, such as Bekins, might reimburse or otherwise repay any of that corporation's employees who contributed to the John Glenn Presidential Committee?
- 7a. Did any of the Glenn Committee's agents discuss with you an arrangement wherein a corporation might reimburse its employees who contributed to the Glenn Committee?
8. How much money did you contribute to the Glenn Committee?
- 8a. Did any entity directly or indirectly reimburse or repay you for your personal financial contribution to the Glenn Committee?

99040740191

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED  
OFFICE OF THE FEC  
COMMISSION SECRETARY

In the Matter of )

Bekins Company, Ronald Hartman, )  
Albert Labinger, Roger Lee, )  
Richard Morse, Philip Berlin, )  
Jack Foti, Louis Friedman, )  
Ernest Gallego, Norman Kent, )  
Gary Klein, Joseph P. Noja, )  
Philip S. Scott, Shannon Sesmas, )  
George Smith, Joel Yachzel )

MUR-2006 7 AIO: 00

**SENSITIVE**

GENERAL COUNSEL'S REPORT

BACKGROUND

The Commission has found reason to believe that the respondents listed above violated 2 U.S.C. § 441b(a) and/or 441f. On June 27, 1985, the Commission sent notification letters to the Respondents. Each of the letters contained questions, Subpoenae, and/or Orders.

REQUEST FOR AN EXTENSION OF TIME TO RESPOND

Roger Lee is the only individual who has not yet responded to the Commission. Because Mr. Lee appears to have played a significant role in this matter, the General Counsel awaits his response before providing the Commission with a comprehensive report.

It appears that Mr. Lee's response has been delayed because he initially retained one individual as counsel and, on July 22, 1985, selected another. While the originally retained attorney communicated with the Commission through a request for an extension of time to answer until August 2, 1985, the Commission received only one counsel designation statement. See Attachments

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1 & 2. That statement indicates that the second of the above referenced attorneys is Mr. Lee's counsel in this matter.

This Office did not process the initial extension request because of its uncertainty concerning the appropriate counsel. The second counsel presumed that the Commission granted the initial request and, in a letter following a July 25, 1985 meeting with staff attorneys, requested an additional extension until August 16, 1985. See Attachment 3. Because of the presence of new counsel, the General Counsel recommends that the Commission grant the request.

REQUESTS FOR CONCILIATION PRIOR TO A PROBABLE CAUSE  
TO BELIEVE DETERMINATION

Seven respondents have already requested conciliation prior to a probable cause to believe determination.\* / Because this Office believes that the Commission's investigation will extend beyond the initial questions, Subpoenae and Orders, this Office recommends that the Commission decline the requests to enter into conciliation at this time. The letters to the respondents who have requested conciliation will note that the Commission will entertain their request when the investigation is completed.

**RECOMMENDATIONS**

1. Grant Mr. Roger Lee an extension of time to respond to the Commission's Subpoena to Produce Documents and Materials and Order to Submit Written Answers until August 16, 1985.

---

\* / Those Respondents are: Bekins Company, Ronald Hartman, Jack Foti, Norman Kent, Gary Klein, Philip Scott, and Joel Yachzel.

2. Decline the requests to enter into conciliation prior to a probable cause to believe determination submitted by: Bekins Company, Ronald Hartman, Jack Foti, Norman Kent, Gary Klein, Philip Scott and Joel Yachzel.
3. Approve and send the attached letters.

Charles N. Steele  
General Counsel

August 5, 1985  
Date

BY:

Kenneth A. Gross  
Associate General Counsel

Attachments

1. Letter from William Oldaker to Matt Gerson received July 17, 1985
2. Counsel designation statement received July 25, 1985.
3. Letter from David Ifshin to Lois Lerner received July 26, 1985.
4. Letters

89040740184

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 2036  
Bekins Company, et. al. )

### CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on August 9, 1985, the Commission decided by a vote of 4-0 to take the following actions in MUR 2036:

1. Grant Mr. Roger Lee an extension of time to respond to the Commission's subpoena to produce documents and materials and order to submit written answers until August 16, 1985.
2. Decline the requests to enter into conciliation prior to a probable cause to believe determination submitted by: Bekins Company, Ronald Hartman, Jack Foti, Norman Kent, Gary Klein, Philip Scott and Joel Yachzel.
3. Approve and send the letters attached to the General Counsel's Report signed August 5, 1985.

Commissioners Elliott, Harris, McDonald and McGarry  
voted affirmatively in this matter.

Attest:

8-13-85

Date \_\_\_\_\_

Marjorie W. Emmons

✓ Marjorie W. Emmons  
Secretary of the Commission





FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

August 15, 1985

HAND DELIVERED

David Ifshin, Esquire  
Manatt, Phelps, Rothenberg & Tunney  
1200 New Hampshire Avenue, N.W.  
Suite 200  
Washington, D.C. 20036

Re: MUR 2036  
Roger Lee

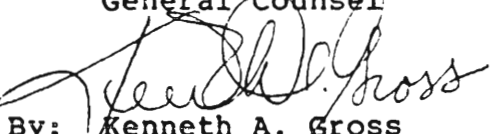
Dear Mr. Ifshin:

This is in reference to your letter dated July 26, 1985, requesting an extension until August 16, 1985 to respond to the Commission's reason to believe finding, Subpoena to Produce Documents and Materials, and Order to Submit Written Answers. After considering the circumstances presented in your letter, the Commission has determined to grant you your requested extension. Accordingly, your response will be due no later than August 16, 1985.

If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure

22740740186

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QUESTIONS TO LOUIS FRIEDMAN

MONDAY, JULY 1, 1985; 10:30 A.M.

MUR 2036

1a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?

Legal department.

1b. What was your title?

Litigation attorney.

1c. Who was your supervisor?

Ronald L. Hartman, Esq.

1d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue?

Approximately six years.

1e. Are you currently employed at Bekins?

No.

1f. Please provide your current address.

85 JUL 3 5:02

RECEIVED

RECEIVED

1 My current address is Louis C. Friedman, Esq.,  
2 3949 Los Feliz Boulevard #208, Los Angeles,  
3 California 90027.

4  
5 Work phone: 213/515-0639

6 Home phone: 213/666-8562  
7

8 2a. Did you issue a \$250 personal check to the  
9 Glenn Committee?

10  
11 Yes.

12  
13 2b. When did you issue a \$250 personal check to the  
14 Glenn Committee?

15  
16 Early in 1984.

17  
18 Please provide a photocopy of the cancelled check,  
19 if available.

20  
21 Photocopy unavailable.

22  
23 2c. Were you reimbursed by Bekins for issuing the \$250  
24 personal check to the Glenn Committee?

25  
26 No.

27  
28 2d. Not applicable.

1 2e. When were you reimbursed?

2  
3 Not applicable.

4  
5 3. Please identify the Bekins or Minstar executive  
6 or employee who approached you about, or  
7 solicited, the \$250 personal check that you  
8 wrote to the Glenn Committee. Please explain  
9 in full the circumstances surrounding that  
10 solicitation. Your explanation should include,  
11 but not be limited to, the following: a) What  
12 was said or written, and by whom; b) Whether you  
13 were approached individually or as part of a  
14 larger group; c) Whether you knew at the time  
15 you were approached whether any other Bekins  
16 employees were also being approached about  
17 giving money to the Glenn Committee; d) Whether  
18 the person who approached you suggested the  
19 amount; and e) Your corporate relationship to  
20 the employee who solicited the payment to the  
21 Glenn Committee.

22  
23 Nothing was written.

24  
25 I was originally approached by our corporate  
26 attorney, Joel Yachzel, who informed me that each  
27 attorney in the Legal Department was to issue a  
28 check to the John Glenn Election Committee.

Mr. Yachzel stated to me that Irwin Jacobs had mandated that all top-level executives at the Bekins Company issue such a check to support John Glenn. Furthermore, I was informed by Mr. Yachzel that such a contribution would be tax deductible, and, owing to the fact he was both an attorney and a C.P.A., I assumed his advice was accurate.

Since I felt that it was inappropriate for a company to dictate to its employees that such a check be issued, I refused for a period of seven to ten days. Thereafter, Ronald L. Hartman personally entered my office to demand that the check be on his desk that day or my employment would be severed immediately. Mr. Hartman corroborated the fact that the check would be tax deductible.

I was approached individually at all times.

My understanding was that all members of the Legal Department, as well as many other executives in the company, were being approached by their department supervisors to cause such checks to be issued.

I was instructed to cause a check in the amount

of \$250 to be issued to the John Glenn Committee.

Mr. Yachzel was a fellow worker in the Legal Department with me. Mr. Hartman was my direct supervisor.

4a. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? To whom were you instructed to issue the check?

I was instructed to issue the check to the John Glenn Election Committee.

4b. To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

I was instructed to give the check to Mr. Hartman directly.

5a. Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain.

1  
2 I was told categorically by Mr. Hartman that if I  
3 did not cause the check to be issued, my  
4 employment would be severed accordingly. I was  
5 given absolutely no choice, other than simply  
6 being terminated if I did not comply.

7  
8 Mr. Hartman never, directly or indirectly,  
9 informed me that I would be reimbursed for my  
10 contribution. He did, however, explain that the  
11 contribution was tax deductible.

12  
13 For the record, I did discover that several  
14 Bekins executives had apparently been promised  
15 reimbursement either by way of additional bonus  
16 money or additional expense account money for  
17 their contributions. Specifically, I recall  
18 Mr. Joe Noga, one of Mr. Roger Lee's employees,  
19 making the statement that the Accounting  
20 Department executives who participated in the  
21 check-writing campaign would be reimbursed by  
22 their department. In fact, the statement was  
23 jokingly made by him that it was unfortunate I  
24 worked for the "wrong department," meaning that  
25 the attorneys in the Legal Department would  
26 apparently not be reimbursed.

27  
28 5b. During the period that you were approached by

1 a Bekins or Minstar employee about the payment to the  
2 Glenn Committee, were you asked by a Bekins or Minstar  
3 employee to make a contribution to any other candidate  
4 for federal office? If so, please explain.

5

6

No.

7

8

6. Were you asked to ask others to contribute to the  
9 Glenn Committee? If so, please explain.

10

11

No.

12

13

6a. Did the Bekins or Minstar executive or employee  
14 who solicited the check indicate whether his or her  
15 supervisor, or anyone else connected with Minstar or  
16 Bekins, had instructed him or her to solicit from  
17 you a check to the Glenn Committee? If so, please  
18 identify that other person and explain.

19

20

My understanding of the situation was that

21

Irwin Jacobs had specifically instructed Albert

22

Labinger, Roger Lee, and Ronald Hartman to both

23

participate in the check-writing campaign themselves,

24

as well as, to instruct their employees to so

25

participate. There was no doubt in my mind, nor

26

in Mr. Yachzel's mind, that the checks had to be

27

issued by all concerned as a matter of maintaining

28

employment status. Within thirty days of my



issuing the Glenn check, I was told by both Mr. Labinger and Mr. Lee that Irwin Jacobs felt very strongly about receiving the campaign money for John Glenn. Despite my adamant and consistent protest for being manipulated into writing the check, their collective explanation was simply that Irwin Jacobs got what Irwin Jacobs wanted.

6b. Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain.

After my check in the amount of \$250 was given to Mr. Hartman, I heard no further on the matter from him. I assumed that the check I had issued, as well as all other checks issued by the attorneys in the Legal Department, was simply forwarded either to Mr. Jacobs' company or to the Glenn Election Committee accordingly.

6c. Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

Although I never spoke directly at any time with anyone at Minstar, it was abundantly clear to me, and, I feel it is accurate to say to all others

1 in the Legal Department, that the check-issuing  
2 directive had come from Irwin Jacobs accordingly.  
3 Certainly, Ronald L. Hartman as the General  
4 Counsel and Senior Vice-President of Bekins  
5 Company made it abundantly clear to me that  
6 strict compliance with Jacobs' mandate was a  
7 condition precedent to continued employment.  
8

9 To reiterate, I was never told by any Bekins'  
10 executive or employee that I would be reimbursed  
11 for my \$250 contribution. In fact, that was  
12 one of several reasons I was extremely concerned  
13 about this political mandate by my superiors.  
14 Furthermore, to the best of my knowledge, I know  
15 of no one in the Legal Department who was  
16 reimbursed for their contribution. Specifically,  
17 in my conversation with Mr. Yachzel, he had made  
18 the statement to me that although we would be  
19 out-of-pocket for the contribution, it would at  
20 least be tax deductible. I seriously question  
21 whether he would have made that statement to me  
22 had he been told of a reimbursement plan by either  
23 Bekins or Minstar.  
24

25 ///

26 ///

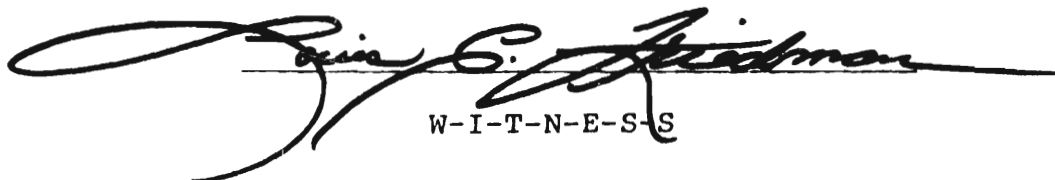
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99040740195

1  
2  
3 I declare under penalty of perjury  
4 the foregoing is true and correct.

5 Executed this 2 day of July,  
6 1985, at Los Angeles, California.

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12 W-I-T-N-E-S-S  
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## C E R T I F I C A T E

STATE OF CALIFORNIA )  
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 COUNTY OF LOS ANGELES )

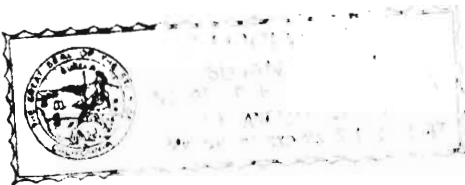
I, SUSAN L. JONES, CSR #6224, Notary Public in  
 and for the County of Los Angeles, State of California, do  
 hereby certify:

That I am a Certified Shorthand Reporter, duly  
 licensed and qualified by the State of California;

That the foregoing proceedings were had at the  
 time and place mentioned and were taken down by me in  
 shorthand writing as given. That the foregoing transcript  
 is a correct transcript of my said shorthand notes.

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

IN WITNESS WHEREOF, I have hereunto subscribed  
 my name and seal this *2nd* day of *July*, 19*85*



*Susan L. Jones*  
 (CERTIFIED SHORTHAND REPORTER)

39040740197

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WASHINGTON, D. C. 20007

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July 10, 1985

Matt Gerson, Esq.  
Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Re: MUR 2036  
Albert L. Labinger

Dear Mr. Gerson:

As I mentioned when we spoke by telephone, we represent Mr. Labinger, one of the persons contacted in connection with your investigation of Bekins Company. Enclosed is your form, signed by Mr. Labinger, designating us as counsel.

Mr. Labinger received your materials on or about July 3, 1985. Unfortunately, I was out of my office and, in the short time since returning on July 8, I have been trying to get acquainted with the factual and legal matters involved. This has been somewhat difficult given the geographic separation, Mr. Labinger being in Oregon.

In view of the circumstances and anticipated schedules, we would request an additional period of time to respond to you. Assuming that a response is due on July 18, we request an extension to Monday, July 29, 1985.

I look forward to hearing from you.

Sincerely yours,

  
Burton A. Schwalb

BAS/sys  
Enclosure  
cc: Mr. Albert L. Labinger

**STATEMENT OF DESIGNATION OF COUNSEL**

MUR 2036

NAME OF COUNSEL: Burton A. Schwalb

ADDRESS: Schwalb, Donnenfeld, Bray & Silbert  
Suite 300E  
1025 Thomas Jefferson St., N.W.  
Washington, D.C. 20007

TELEPHONE: 202-965-7910

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.

\_\_\_\_\_  
Date

*Albert L. Labinger*  
Signature

RESPONDENT'S NAME: Albert L. Labinger

ADDRESS: 55 Pompadour Drive  
Ashland, Oregon 97520

HOME PHONE: 503-482-1728

BUSINESS PHONE: \_\_\_\_\_

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Ronald L. Hartman  
17976 Medley Drive  
Encino, CA 91936

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85 JUL 15 A10:26

July 10, 1985

Federal Election Commission  
Washington, D.C. 20463  
Attn: Matt Gerson

Re: MUR 2036

Dear Mr. Gerson,

With reference to the commission's letter to me of June 27, 1985, concerning the above referenced matter, I enclose herewith answers to written questions and a photocopy of a \$250 check. I have no other documents under my possession or control concerning the matter, and I know of no other documents that exist concerning the matter.

Several things should be clear. I did not ask any Bekins executive for a contribution to the Glenn Committee. I do not know of any executive who gave a contribution. I have never had any affiliation with the Glenn Committee. At no time did I ever tell a staff attorney that a contribution was compulsory - either directly, indirectly, or at all. I do not know or recall if a staff attorney made a contribution. I may have spoken to one or two of the staff attorneys about a contribution, but I have no recollection of it. I have no recollection of talking about or authorizing any reimbursement. I certainly did not participate in any meetings that I recall discussing repayments of \$250. The sua sponte "inquiry" seems rather cavalier and selective in its assertions.


Indeed, if Jacobs or Schwalbach only asked Labinger for \$250, what was their reaction if indeed they received some additional checks? Why did Labinger or Lee or both ask me for a contribution? And so forth.

I am no longer with Bekins. Logic dictates that time and expense be reduced where appropriate.

Pursuant to 11 C.F.R. 111.18(d), I wish to pursue pre-probable cause conciliation. Nothing herein shall be deemed a waiver of any of my rights in this matter.

Thank you for your consideration of the foregoing.

Very truly yours,

  
Ronald L. Hartman  
RLH/ph  
Enclosures

ANSWERS TO WRITTEN QUESTIONS

1. Vice President and General Counsel. I left the Bekins Company in November, 1984.
2. I do not recall if it was Al Labinger or Roger Lee or both of them. Prior to that, Irwin Jacobs informed me he was active on the Glenn Finance Committee, but I do not recall if he asked for a contribution. I do not have the addresses of any of these people.
- 2a. Yes
3. Jacobs spoke to me in Minneapolis about the fact that he was active on the Glenn Finance Committee. I do not recall if he asked for a contribution. I believe it was in late 1983. In early 1984, I don't know the date, Labinger, Lee or both of them told me that Jacobs or Schwalbach or both of them wanted a contribution for the Glenn Committee. I believe they said Jacobs wanted \$250. The discussion was very brief. Richard Morse may have been present. It took place in the Glendale corporate offices. I do not recall anyone else being present. I do not recall being told other senior executives were being asked to contribute. At the time, Labinger was CEO and Lee was CFO. Morse was V.P.-Human Resources. I did not speak to any senior executives about the matter.
4. The solicitation was oral. I believe they said Jacobs wanted \$250. The check was given to Labinger, Lee or Morse. I do not recall which.
5. I do not recall any discussion concerning reimbursement.
6. I do not recall any reimbursement being received.
7. See #3 and 4 above. I recall no express discussion on the point.
8. See #3 and 4 above. I believe there were only the brief conversations already described.
- 8a. I do not recall. See #4.
9. I believe Labinger, Lee or both said at the brief meeting described in #3 above that Jacobs or Schwalbach wanted others to contribute. They asked if I would ask some of the attorneys on the staff. I believe I said I might do so.
- 9a. I have no recollection of asking any one for a contribution to the Glenn Committee. It is possible I did, but I have no such recollection.

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Answers to written questions  
Page 2

- 9b. See 9a above.
10. I do not recall talking to anyone about contributions.
11. See 9a above
12. At no time did I ever directly, indirectly or otherwise ever suggest anyone's employment would ever be affected by contributions or lack of contributions to the Glenn Committee or any other political cause.
- 13a. I do not recall any discussion concerning contributions or any concerning reimbursement. I recall no promise or suggestion of reimbursement.
- 13b. I do not know who, if any, made contributions. I did not see any of the contributions, if there were any, and I did not Ask to see any.
- 13c. I do not know if they were reimbursed. I do not recall ever authorizing any reimbursements.
14. No, nor was I in a position to do that, nor would I do that.
15. I recall no such meeting or discussion.
- 15a. I recall no such meeting or discussion.
16. I do not know if reimbursements were made. I do not recall of being told of any. Nor do I recall any discussion on the matter.
17. I am not now, nor have I ever been a member of the Glenn Committee. I have never been affiliated with the Glenn Committee. I believe Jacobs was active on the Glenn Committee. To the rest of the question, I do not know, if indeed there was anyone.

I declare under penalty of perjury the foregoing is true and correct.

July 10, 1985

Ronald L. Hartman



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**ERNEST E. GALLEG0**  
ASSISTANT GENERAL COUNSEL

July 10, 1985

Mr. John Warren McGarry  
Chairman  
Federal Election Commission  
Washington, D.C. 20463

RE: MUR 2036 - ERNEST E. GALLEG0

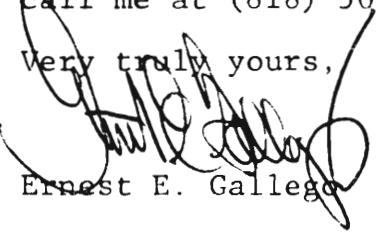
Dear Mr. McGarry:

Pursuant to your request of June 27, 1985, I am attaching my responses to the questions propounded to me in said letter.

My answers to the questions are being submitted under oath as requested.

If additional information is required, please feel free to call me at (818) 502-1095.

Very truly yours,

  
Ernest E. Gallego

EEG:mjk  
Enclosure

GCG# 8011

Herson

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COMMISSIONER  
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I, ERNEST E. GALLEG0, hereby submit the following answers to the questions propounded to me by the Federal Election Commission under date of June 27, 1985:

Question:

1. a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?

Answer:

The Legal Department of The Bekins Company.

- b. What was your title?

Answer:

Assistant General Counsel.

- c. Who was your supervisor?

Answer:

Ronald L. Hartman.

- d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue?

Answer:

Approximately 11 years.

- e. Are you currently employed at Bekins?

Answer:

Yes; my current business address is 777 Flower Street, Glendale, California 91201; my residence address is 6803 Warm Springs Avenue, La Verne, California 91750.

Question:

- 2a. Did you issue a \$250 personal check to the Glenn Committee?

Answer:

Yes.

Question:

2b. When did you issue a \$250 personal check to the Glenn Committee?

Answer:

On or about February 6, 1984. See copy of personal check No. 1159 attached.

Question:

2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?

Answer:

Yes.

Question:

2d. How were you reimbursed?

Answer:

By inclusion of said amount in my incentive compensation check for the year 1983.

Question:

2e. When were you reimbursed?

Answer:

In the latter part of March 1984.

Question:

3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee.

Answer:

Ronald L. Hartman, then Vice President, General Counsel, and Secretary of The Bekins Company.

Please explain in full the circumstances surrounding that solicitation.

a) What was said or written, and by whom?

Answer:

On or about Friday, February 3, 1984, Ronald L. Hartman summoned me into his office through his secretary. Upon approaching Mr. Hartman's desk, he requested that I write a personal check in the amount of \$250 payable to the "John Glenn For President Committee." The request was made in rather forceful fashion, with an explanation that Al Labinger, then President and Chief Executive Officer of The Bekins Company, "wants" a check for \$250 from each lawyer. Mr. Hartman further stated that Mr. Labinger was acting on instructions from Irwin Jacobs of Minstar. I recollect mentioning that Glenn was not my candidate and that I did not have my checkbook with me. Mr. Hartman was adamant in the request, stating that I would be reimbursed, and further requested that I give him the check on "Monday morning for sure."

- b) Whether you were approached individually or as part of a larger group.

Answer:

Individually.

- c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee.

Answer:

Prior to the time that I was summoned into Mr. Hartman's office, I knew absolutely nothing about the matter.

- d) Whether the person who approached you suggested the amount.

Answer:

It was not a suggestion. The request for an amount of \$250 was absolute.

- e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.

Answer:

The soliciting party, Ronald L. Hartman, was at

the time General Counsel of The Bekins Company,  
and therefore my immediate superior.

Question:

4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee?

Answer:

Yes, I was requested to personally deliver the check to Ronald L. Hartman.

- a) To whom were you instructed to issue the check?

Answer:

I was instructed to make the check payable to the John Glenn For President Committee.

- b) To whom were you instructed to give the check?

Answer:

See answer to 4-a) above. I was instructed to personally give the check to Ronald L. Hartman.

Question:

Did you give your check directly to the Bekins or Minstar employee who solicited the check?

Answer:

Yes. See answers to the above questions.

Question:

Did you mail your check directly to the Glenn Committee?

Answer:

No. See above.

Question:

5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee?



Answer:

No, but it was evident from the tone of the request that I would fall into "disfavor" with Bekins top management if I did not.

- b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office?

Answer:

No.

Question:

6. Were you asked to ask others to contribute to the Glenn Committee?

Answer:

No.

- a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee?

Answer:

Yes. See answer to 3-a) above.

- b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment?

Answer:

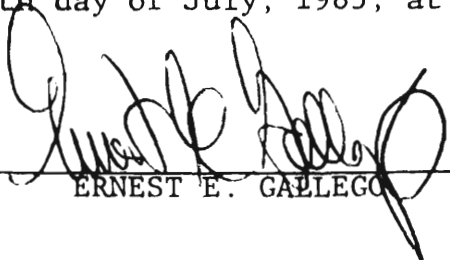
No.

- c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment?

Answer:

No.

EXECUTED and DATED this 10th day of July, 1985, at Glendale, California.

  
\_\_\_\_\_  
ERNEST E. GALLEGO

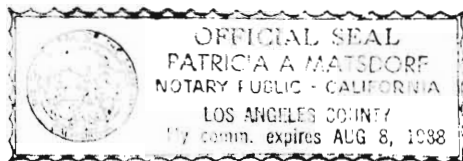
I hereby certify that the information given above is true of my own knowledge, except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

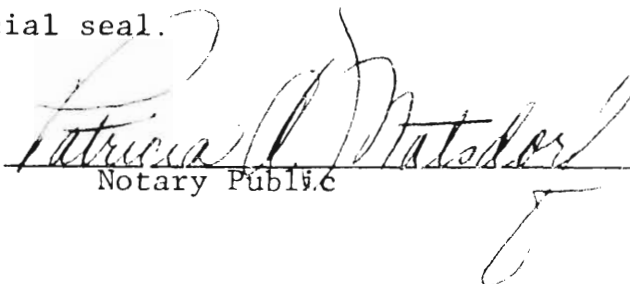
  
\_\_\_\_\_  
ERNEST E. GALLEGO

STATE OF CALIFORNIA        )  
                                  )       ss.  
COUNTY OF LOS ANGELES    )

On this 10th day of July, 1985, before me, PATRICIA A. MATSDORF, the undersigned Notary Public, personally appeared ERNEST E. GALLEGO, personally known to me to be the person whose name is subscribed to the within answer sheet to the questions propounded to Ernest E. Gallego by the Federal Election Committee under date of June 27, 1985, and acknowledged that he executed it.

WITNESS my hand and official seal.



  
\_\_\_\_\_  
Notary Public



**ERNEST E. GALLEGO**  
 ATTORNEY AT LAW  
 6803 WARM SPRINGS AVE. 714-593-9543  
 LA VERNE, CA 91750

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ATTORNEYS AT LAW

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(904) 681-0896

July 12, 1985

P.C. NEW YORK, WASHINGTON, D.C.  
AND VIRGINIA ONLY

Mr. Matt Gerson  
Office of the General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Re: Federal Election Commission - MUR 2036


Dear Mr. Gerson:

Our office received Questions and Request for Documents ("Questions") in the above-captioned matter from our client, Mr. Roger Lee, by mail on July 10, 1985. A response to the Questions is currently due to be filed with the Commission on July 13, 1985. See 11 C.F.R. §111.2(a) and (c).

We hereby request a twenty day extension of time, from July 13, 1985 to August 2, 1985, in which to respond to the Commission's Question in this matter. Due to the extensiveness of the Commission's Questions as well as the recency of our involvement in this matter, this extension of time is necessary for us to be able to fully and adequately respond to the Commission's Questions.

If you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

  
William C. Oldaker

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July 12, 1985

Matt Gerson, Esq.  
Federal Election Commission  
Washington, D.C. 90463

Dear Mr. Gerson:

Pursuant to our telephone conversation of July 8, 1985, enclosed please find my answers to questions enclosed with John Warren McGarry's letter dated June 27, 1985. After you have had an opportunity to review the answers, I would appreciate it if you would contact me to discuss this matter.

I hereby request pre-probable cause conciliation. This request is made solely for the purpose of settlement and is not to be construed as an admission of any violation on my part.

Very truly yours,



GARY KLEIN

(WORK) (213) 478-6032  
(HOME) (818) 368-0903

GHK/ds  
enclos.

Re: MUR 2036

99040740214

ANSWERS TO QUESTIONS TO GARY KLEIN ENCLOSED WITH JOHN WARREN McGARRY'S  
JUNE 27, 1985 LETTER - RE: MUR 2036

---

1. a) Legal  
b) Staff Attorney  
c) Ronald L. Hartman  
d) Four (4) years  
e) No.  
11620 Wilshire Boulevard, Suite 600  
Los Angeles, California 90025
2. a) Yes.  
b) February, 1984  
c) I do not know.  
d) Not applicable.  
e) Not applicable.
3. Ronald L. Hartman approached me individually and told me Irwin Jacobs wanted certain management personnel including the Legal Department's attorneys to contribute \$250 to the John Glenn Campaign.
4. Yes.  
a) John Glenn Campaign  
b) Ronald L. Hartman  
c) Yes  
d) No
5. a) It was implied  
b) No
6. No
6. a) Yes. Irwin Jacobs. See answer to #3 above.  
b) No  
c) No.

LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET

LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

CABLE ADDRESS LATHWAT

TWX 910 321-3733

TELECOPIER (213) 680-2098

CHICAGO OFFICE

SEARS TOWER, SUITE 6900

CHICAGO, ILLINOIS 60606

TELEPHONE (312) 876-7700

TELECOPIER (312) 993-9767

TWX 910 221-0355

NEWPORT BEACH OFFICE

660 NEWPORT CENTER DRIVE, SUITE 1400

NEWPORT BEACH, CALIFORNIA 92660

TELEPHONE (714) 752-9100

TELECOPIER (714) 759-8891

NEW YORK OFFICE

437 MADISON AVENUE, SUITE 1400

NEW YORK, NEW YORK 10022

TELEPHONE (212) 319-2570

TELECOPIER (212) 751-4864

TELEX TRT 177-128

TWX 510 100-0655

800-78036  
RECEIVED: L. J. DE REC  
**HAND DELIVERED**  
85 JUL 18 9:06

PAUL R. WATKINS (1899-1973)  
DANA LATHAM (1898-1974)

SAN DIEGO OFFICE

701 "B" STREET, SUITE 2100

SAN DIEGO, CALIFORNIA 92101-8197

TELEPHONE (619) 236-1234

TELECOPIER (619) 696-8281

WASHINGTON, D.C. OFFICE

1333 NEW HAMPSHIRE AVE., N.W., SUITE 1200

WASHINGTON, D.C. 20036-1594

TELEPHONE (202) 828-4400

TELECOPIER (202) 828-4415

TWX 710 822-9375

July 15, 1985

Mr. Mathew Gerson  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 10463

Re: MUR 2036

Dear Mr. Gerson:

Enclosed is The Bekins Company's designation of this firm as counsel in the above-referenced matter. The Bekins Company hereby requests pre-probable cause conciliation in accordance with 11 C.F.R. §111.18(d). Please contact me when you are ready to discuss this matter.

Very truly yours,

*Ken Oder*

Kenneth W. Oder  
of LATHAM & WATKINS

Enclosure

2 3 3 4 0 7 4 0 2 1 5

JUL 18  
A10:30

**STATEMENT OF DESIGNATION COUNSEL**MUR 2036NAME OF COUNSEL: John R. LightADDRESS: Latham & Watkins  
555 S. Flower Street  
Los Angeles, California 90071TELEPHONE: (213) 485-1234

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.

7/17/85  
DateThomas E. Light  
SignatureRESPONDENT'S NAME: The Bakins CompanyADDRESS: 777 Flower Street  
Glendale, CA 91201

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

BUSINESS PHONE: (818) 507-1200

99040740217



PHILIP E. BERLIN

ATTORNEY AT LAW

408 N. NIAGARA STREET  
BURBANK  
CALIFORNIA 91505  
818/766-7424  
818/848-6070

July 15, 1985

Mr. John Warren McGarry, Chairman  
Federal Election Commission  
Washington, D.C. 20463

Re: MUR 2036

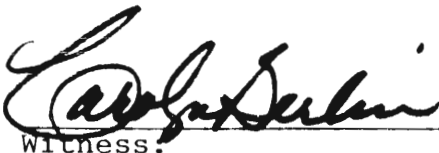
Dear Mr. McGarry:

In accordance with your request of June 27, 1985 (received by me on July 1, 1985), I have answered the questions posed in furtherance of the Commission's investigation of this matter.

As registered Democrats, my wife and I have contributed to past Democratic presidential candidates, as well as local candidates. In this instance, when approached by Mr. Hartman, my wife and I had previously decided to support John Glenn and were intending to make a contribution to his campaign. Accordingly, such contribution would have occurred despite Mr. Hartman's solicitation.

I do not believe any action should be taken against me. Accordingly, I have no interest in pursuing pre-probable cause conciliation at this time.

The statements in this letter as well as my response to the questions are made under oath and under penalty of perjury.

  
Witness.

  
Philip E. Berlin

Date:


7-15-85

ANSWERS TO QUESTIONS  
Philip E. Berlin

1. a. Legal Department  
b. Assistant General Counsel  
c. Ronald Hartman, General Counsel  
d. 2 years, 8 months  
e. No. 408 N. Niagara Street, Burbank, CA 91505
2. a. Yes  
b. February 6, 1984 (see attached)  
c. No  
d. Not applicable  
e. Not applicable
3. Ronald Hartman. Mr. Hartman, my supervisor, called me individually into his office in January 1984. He told me that "Irwin", i.e., Irwin Jacobs, Minstar Chairman, requested that each of us in the Legal Department contribute \$250 to the John Glenn Election Committee. I had heard at the time that Mr. Hartman had had similar conversations with other attorneys in the Legal Department. Mr. Hartman advised that I could add the amount of the contribution to my expense report. I did not. I was not reimbursed through my expense reports, bonuses or by any other means.
4. I was told to make my check payable to the "John Glenn Campaign Committee". I do not recall how my check was transmitted to the Committee.
5. a. No  
b. No
6. No.  
a. See answer to 3 above.  
b. No  
c. No

20010740219

89040740220

 **PHILIP E. BERLIN**  
**CAROLYN BERLIN**  
408 N. NIAGARA ST.  
766-7424  
BURBANK, CA 91505

1L229D. 2468  
2/6 84 18-4/1220

Pay to the order of John Glenn Campaign Committee \$ 250.00  
Two hundred, fifty & 00/1000 — DOLLARS

**SECURITY PACIFIC NATIONAL BANK**  
North Hollywood Office #0125  
5025 Lankershim Blvd.  
North Hollywood, CA 91601

*[Signature]*

105133070

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PROCESSED

LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET

LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

CABLE ADDRESS LATHWAT

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NEW YORK, NEW YORK 10022

TELEPHONE (212) 319-2570

TELECOPIER (212) 751-4864

TELEX TRT 177-128

TWX 510 100-0655

RECEIVED AT THE FEC

600#8107

85 JUL 25 A8:54

PAUL R. WATKINS (1899-1973)  
DANA LATHAM (1898-1974)

SAN DIEGO OFFICE

701 B STREET, SUITE 2100

SAN DIEGO, CALIFORNIA 92101-8137

TELEPHONE (619) 236-1234

TELECOPIER (619) 696-8281

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WASHINGTON, D.C. 20036-1594

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TELECOPIER (202) 828-4415

TWX 710 822-9375

July 15, 1985

Mr. Mathew Gerson  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 10463

Re: MUR 2036

Dear Mr. Gerson:

Enclosed are the responses of Joseph P. Noga  
in the above-referenced matter.

Very truly yours,

*John R. Light*  
John R. Light  
of LATHAM & WATKINS

Enclosure

JUL 25 A8:47

STATEMENT OF DESIGNATION OF COUNSEL

85 JUL 25 A8:54

MUR 2036

NAME OF COUNSEL: John C. Light, Esq.

ADDRESS: Latham & Watkins  
555 S. Flower Street  
Los Angeles, CA 90071

TELEPHONE: (213) 485-1234

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.

July 3, 1985  
Date

Joseph P. Noga  
Signature

RESPONDENT'S NAME: Joseph P. Noga

ADDRESS: 29175 W. Quailrun Dr.  
Agoura Hills, CA 91301

HOME PHONE: (805) 497-3726

BUSINESS PHONE: (818) 507-1200 x3110

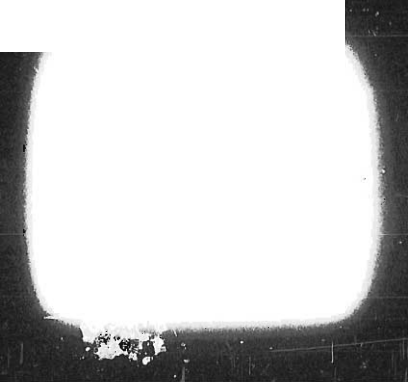
89040740222

QUESTIONS TO JOSEPH P. NOGA

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
      b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

0040740223



5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.


8 3 0 4 0 7 4 0 2 2 4



JOSEPH P. NOGA

1. a) Controller's Department  
b) Vice President and Corporate Controller  
c) Roger Lee  
d) 1½ years  
e) Yes  
f) 29175 W. Quailrun Drive, Agoura Hills, CA 91301
2. a) Yes  
b) *See attached check*  
c) Yes  
d) By a gross up of my incentive compensation payment.  
e) March , 1984
3. Roger Lee, my direct supervisor, solicited me individually asking for a \$250 contribution to the Glenn Committee. He suggested that several executives were being asked to donate also. I seem to recall his mentioning that Mr. Jacobs was asking for the contribution to back up some bank financing the Glenn Committee was arranging.
4. No. *Committee to Elect*  
a) ~~The John Glenn Presidential Committee~~  
b) To Mr. Roger Lee  
c) Yes  
d) No
5. a) No, not directly. It was more an apologetic -- "we must do this for the boss" kind of pressure.  
b) No
6. No.  
a) Yes, Roger said that Al asked him to solicit my support; and that Jerry Schwalbach had contacted Al asking for the support of the Bekins executives.  
b) No.  
c) I received no other communication. I did participate in a discussion about reimbursing the employees. Mr. Lee said that Mr. Labinger was directing the employees to submit a "false" expense report for the \$250 payment. I suggested to Mr. Lee that to "reimburse" the employee in this way would be a violation of the Federal income tax laws and the accounting provisions of the Foreign Corrupt Practices Act.

80040740225

 **CROCKER NATIONAL BANK**  
LOS ANGELES MAIN OFFICE  
333 SOUTH GRAND AVENUE, LOS ANGELES, CALIFORNIA 90071

1L229D

344

2-3

1984

16-8/1220

PAY TO THE ORDER OF

*The Committee to Elect John Glenn* — \$250.00

*Two Hundred Fifty and 00/100* — DOLLARS

**JOSEPH P. NOGA**  
29175 W. QUAILRUN DR.  
AGOURA HILLS, CA 91301

PAID BY CROCKER NATIONAL BANK

105133081

*Joseph P. Noga*

⑆122000085⑆0344 400465177⑆33 ⑈0000025000⑈

99040740226

83040740227

PNB - FB '84 15 P  
3 PAY ANY  
BANK 1

FB '84 16 P  
PROCESSED  
CROCKER BANK-L.A.  
PAY ANY BANK

BRUCE I. HOCHMAN  
ABRAHAM SALKIN  
GEORGE DEROF  
STEPHEN V. WILSON  
MARTIN N. GELFAND  
JAMES V. LOOBY  
WILLIAM M. WEINTRAUB  
RICHARD MARMARO  
JORDAN P. WEISS  
CATHY DEROF  
CHARLES P. BETTIG  
JOHN A. MASE

LAW OFFICES  
HOCHMAN, SALKIN AND DEROY  
A PROFESSIONAL CORPORATION  
9100 WILSHIRE BOULEVARD  
SEVENTH FLOOR-WEST TOWER  
BEVERLY HILLS, CALIFORNIA 90212

July 16, 1985

HAND DELIVERED

85 JUL 17 49:18

ALB. CODE 213  
273-1167  
272-0561

BY FEDERAL EXPRESS

Matt Gerson, Esq.  
Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Seventh Floor  
Washington, D.C. 20463

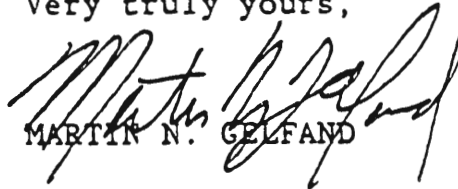
Re: Richard J. Morse

Dear Mr. Gerson:

This will confirm that you have granted Mr. Morse to and including July 26, 1985 within which to respond to Order to Submit Written Answers and Subpoena to Produce Documents and Materials which you sent to Mr. Morse with your letter dated June 27, 1985. As I explained to you, Mr. Morse was on vacation in Europe and did not actually receive your letter (with enclosures) until July 15, 1985.

Your courtesy and cooperation is deeply appreciated.

Very truly yours,

  
MARTIN N. GELFAND

MNG:cs

cc: Richard J. Morse

85 JUL 17 A10:23

8 2 0 0 4 0 7 4 0 2 2 8



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Martin N. Gelfand, Esq.  
Hochman, Salkin & DeRoy  
9100 Wilshire Blvd.  
Seventh Floor - West Tower  
Beverly Hills, CA 90212

RE: MUR 2036  
Richard J. Morse

Dear Mr. Gelfand:

This is in reference to your letter dated July 16, 1985, requesting an extension until July 26, 1985 to respond to the Commission's Subpoena and Order. After considering the circumstances presented in your letter, the Commission has determined to grant you your requested extension. Accordingly, your response will be due no later than July 26, 1985.

If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele  
General Counsel

By:   
Kenneth A. Gross  
Associate General Counsel

cc: Richard J. Morse

STATEMENT OF DESIGNATION OF COUNSEL

GCC# 8049  
Gerson

MUR 2036

NAME OF COUNSEL: Richard Sauber, Esq.

ADDRESS: Fried, Frank, et al

600 New Hampshire Ave., N. W., Ste. 1000

Washington, D. C. 20037

TELEPHONE: (202) 342-3381

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.

7/15/85  
Date

  
Signature

RESPONDENT'S NAME: Phillip S. Scott

ADDRESS: 3025 Patricia Avenue

Los Angeles, CA 90064

HOME PHONE: (213) 837-4639

BUSINESS PHONE: same

13040740231

GCC# 8057  
Gerson

NORMAN KENT  
ATTORNEY AT LAW  
7547 March Avenue  
Canoga Park, California 91304  
(213) 340-3880

RECEIVED  
OFFICE OF THE FEC  
SECRETARY

July 17, 1985 JUL 19 AM: 01

Federal Election Commission  
Washington, D.C 20463

Attn: John Warren McGarry  
Chairman

5 JUL 19  
P12: 40

RE: MVR 2036

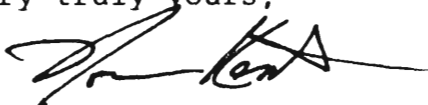
Gentlemen:

Enclosed please find my Answers to Questions sent to me by  
the Commission.

I am interested in pursuing pre-probable cause conciliation.

If I can provide additional information, please advise.

Very truly yours,



NORMAN KENT

NK:me

Encl;

89040740232



**NORMAN KENT**  
**ATTORNEY AT LAW**  
7547 March Avenue  
Canoga Park, California 91304  
(213) 340-3880

RESPONSES TO QUESTIONS TO NORMAN KENT  
MUR 2036

NORMAN KENT responds to questions from the Federal Election Commission as follows:

1. (a) Litigation Department of Bekins Corporate Legal Department  
(b) Senior Litigation Attorney  
(c) Ronald L. Hartman  
(d) Over 3 years  
(e) No. Current address is 7547 March Avenue, Canoga Park, California 91304
2. (a) Yes  
(b) February 6, 1984  
(c) I believe so  
(d) I was told by Mr. Hartman about February 15, 1984 that it would be included in my company bonus check in March or April, 1984. I did receive a company bonus check and can only presume it was included in said bonus check.  
(e) I received a Bekins bonus check in March or April, 1984.
3. Ronald L. Hartman, Vice-President & General Counsel, called me into his office on February 6, 1984. We were alone. He told me that Irwin Jacobs was involved in raising funds for the John Glenn Campaign Fund. Mr. Hartman told me to write a check for \$250.00 to the John Glenn Campaign Fund and give him or his secretary the check right then. I did not know at the time if anyone else had been approached for contributions. My relationship to Mr. Hartman was that he was my immediate supervisor and the individual to whom I directly reported.
4. Mr. Hartman told me to give the contribution to his secretary or to him. I gave the check to Mr. Hartman or his secretary. I did not mail the check to the Glenn Committee.

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**NORMAN KENT**

**ATTORNEY AT LAW**

7547 March Avenue  
Canoga Park, California 91304  
(213) 340-3880

5. (a) I can only say that I was directed and ordered by Mr. Hartman, my supervisor and General Counsel, to immediately give him a check.  
(b) No
6. No
- 6a. (a) Mr. Hartman told me only that Irwin Jacobs was looking for contributions or raising funds for the Glenn Campaign. Mr. Hartman told me to issue a check for \$250.00 to the Glenn Campaign.  
(b) No  
(c) No

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Canoga Park, California on July 13, 1985



NORMAN KENT

89040740234

93040740235

**NORMAN KENT** 3-82  
ATTORNEY AT LAW  
**SUSAN E. KENT**  
7547 MARCH AVE. 340-3880  
CANOGA PARK, CA 91304

1L2290

1419

2/6 1984

90-7001/3222

PAY TO THE  
ORDER OF

John Glenn Campaign Fund \$250.00

Two Hundred and fifty + ~~7~~ DOLLARS

**HOME  
FEDERAL**

Canoga Park Office  
6400 Platt Avenue  
Canoga Park, California 91304

NS&T BANK, NA

108163088

*Norman Kent*

⑆3222700⑆3⑆14⑆9⑆05700⑆08⑆18⑆

⑆0000025000⑆

6 CC #18129

RECEIVED AT THE FEC

LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET

LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

CABLE ADDRESS LATHWAT

TWX 910 321-3733

TELECOPIER (213) 680 2098

85 JUL 29 9:15

PAUL R. WATKINS (1899-1973)  
DANA LATHAM (1898-1974)

CHICAGO OFFICE

SEARS TOWER, SUITE 6900

CHICAGO, ILLINOIS 60606

TELEPHONE (312) 876-7700

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660 NEWPORT CENTER DRIVE, SUITE 1400

NEWPORT BEACH, CALIFORNIA 92660

TELEPHONE (714) 752-9100

TELECOPIER (714) 759-8891

NEW YORK OFFICE

417 MADISON AVENUE, SUITE 1400

NEW YORK, NEW YORK 10022

TELEPHONE (212) 319-2570

TELECOPIER (212) 751-4884

TELEX TRT 177128

TWX 510 100 0655

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701 "B" STREET, SUITE 2100

SAN DIEGO, CALIFORNIA 92101-8197

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WASHINGTON, D.C. OFFICE

1333 NEW HAMPSHIRE AVE., N.W. SUITE 1200

WASHINGTON, D.C. 20036-1594

TELEPHONE (202) 828-4400

TELECOPIER (202) 828-4415

TWX 710 810 3375

July 18, 1985

85 JUL 29 10:23

Mr. Mathew Gerson  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 10463

Re: MUR 2036

Dear Mr. Gerson:

Enclosed is the original Designation of Counsel signed by Mr. Tom Epley on behalf of Bekins. Yesterday, we sent you a photocopy of same so as not to delay Bekins' response to your letter.

Very truly yours,

*David J. McLean*

David J. McLean  
of LATHAM & WATKINS

Enclosure

20044740236

ORIGINAL SIGNATURE.

STATEMENT OF DESIGNATION OF COUNSEL

MUR 2036

NAME OF COUNSEL: John R. Light

ADDRESS: Latham & Watkins

555 S. Flower Street

Los Angeles, California 90071

TELEPHONE: (213) 485-1234

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

7/17/85  
Date

Thomas Elph  
Signature

AGENT'S NAME: The Bekins Company

ADDRESS: 777 Flower Street

Glendale, CA 91201

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

BUSINESS PHONE: (818) 507-1200

89040740237

2031  
 REC'D  
 JUL 19 1975  
 FEDERAL ELECTION COMMISSION  
QUESTIONS TO SHANNON BESNAIS

GCC # 8675  
 GERSON

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1. a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue? b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

99040740238

5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

93040740239

July 11, 1985

RESPONSE TO QUESTIONS OF THE FEDERAL ELECTION COMMISSION  
REGARDING THE FEDERAL ELECTION CAMPAIGN ACT

Submitted by Shannon Drake Sesmas (Ms)

1. a. Public Communications  
b. Director  
c. Albert L. Labinger, CEO  
d. 3 yrs. 7 mos.  
e. No  
660 N. Stephora, Covina, CA 91724
2. a. Yes  
b. February 22, 1984  
c. Yes  
d. Included in expense report reimbursement  
e. Not sure. Approximately three to four weeks later.
3. Albert L. Labinger, CEO  
a. Mr. Labinger came into my office and asked me to do him a "personal favor." He asked me to write a check for \$250 to the John Glenn campaign mentioning that Irwin (Jacobs) supported John Glenn. He said it would be illegal for the company to contribute but that it was not illegal for individuals. He added that I would be reimbursed and should submit the expense on my expense report.  
b. Individually  
c. I did not know at the time but learned at the end of the day that several executives were approached.  
d. Yes. Mr. Labinger asked for \$250.  
e. Supervisor
4. a. No  
b. I was not told.  
c. I put the check on Mr. Labinger's desk. No I did not mail it.
5. a. No Mr. Labinger did not tell me my employment would be affected.  
b. No
6. No
6. a. No  
b. No  
c. Yes

3 9 0 9 0 7 4 0 2 4 0



6. a. No  
b. No  
c. No.

29040740241

PHILLIP SCOTT  
ANSWERS TO QUESTIONS

- 1a. Finance Department
- 1b. Treasurer
- 1c. Roger Lee
- 1d. Approximately 10 years and 6 months
- 1e. No: 3025 Patricia Ave.  
Los Angeles, Calif. 90064
- 2a. Yes
- 2b. February 6, 1984. A copy of the cancelled check is enclosed.
- 2c. I was not reimbursed by Bekins for the contribution.
- 2d. Not applicable
- 2e. Not applicable
3. On February 6, 1984, I was approached by Al Labinger and asked to contribute \$250 to the John Glenn Campaign. Mr. Labinger had just concluded a stand up meeting in Bekins' parking lot with all Bekins employees located at 777 Flower Street and 910 Grand Central Avenue, Glendale, California. Employees were urged to participate in the United Way Campaign which was just beginning. I was late to the meeting and as I was walking toward the group, Mr. Labinger was leaving hurriedly. He stopped me briefly and asked for the contribution to the John Glenn Campaign. He did not explain his reason for the request but said I should "see" Roger Lee.

Later on February 6, I wrote out a personal check for \$250 and sent it to Mr. Labinger's attention through the intercompany mail system. I assumed Mr. Labinger wanted me to see Roger Lee for an explanation of the contribution request. I also assumed that John Glenn was more supportive of the trucking industry than the other presidential candidates and that was the reason for the contribution request. I did not speak to Roger Lee about the matter although I intended to. I could never remember to bring up the matter with him.

I was not aware that Irwin Jacobs was a member of the

89040740242

John Glenn Presidential Committee. Irwin Jacobs was not mentioned to me by Al Labinger in connection with the contribution request.

Mr. Labinger did not give me the impression my job was in jeopardy if I did not make a contribution. Also, he did not indicate to me that I was to be reimbursed for the contribution.

I was not aware that other individuals had been approached for contributions.

From a corporate organizational standpoint, I reported to Roger Lee, who reported to Al Labinger.

4. I was requested by Al Labinger to make a personal contribution of \$250 to the John Glenn Campaign. He was not specific as to where the check should be sent; however, I sent it to his attention through Bekins' intercompany mail system.

5a. No

5b. No

6. No

6a. No

6b. No

6c. No

*Philip H. Scott*  
7-15-85

89040740243


PHILLIP S. SCOTT  
3025 PATRICIA AVE.  
LOS ANGELES, CA 90064

1L229D

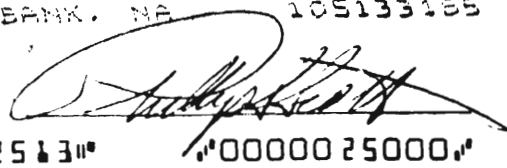
822

2/6 19 84 104/1220

PAY TO THE ORDER OF John Glenn Campaign \$ 250<sup>00</sup>  
two hundred and fifty DOLLARS

SECURITY PACIFIC NATIONAL BANK  BANK. NA 105133185  
Headquarters Office #0001  
333 S. Hope St., Los Angeles, CA 90071

FOR \_\_\_\_\_



⑆ 1 2 200004 3108 2200 1007 2513 ⑈ ⑆0000025000⑈

BANKPRINT

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PAY ANY BANK  
31

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B.O.C.

PROCESSED

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11650244

11650244

**STATEMENT OF DESIGNATION OF COUNSEL**

**MUR** 2036

**NAME OF COUNSEL:** Richard Sauber, Esq.

**ADDRESS:** Fried, Frank, et al

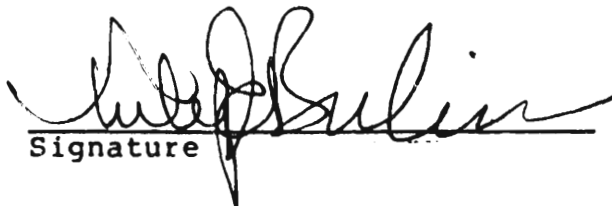
600 New Hampshire Ave., N.W., Ste. 1000

Washington, D. C. 20037

**TELEPHONE:** (202) 342-3381

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.

July 15, 1985  
**Date**

  
**Signature**

**RESPONDENT'S NAME:** Philip E. Berlin

**ADDRESS:** 408 N. Niagara Street

Burbank, CA 91505

**HOME PHONE:** (818) 766-7424 or 848-6070

**BUSINESS PHONE:** same as above

90040740245



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

July 18, 1985

Burton A. Schwalb, Esquire  
Schwalb, Donnenfeld, Bray and  
Silbert  
Suite 300  
1025 Thomas Jefferson Street, N.W.  
Washington, D.C. 20007

RE: MUR 2036  
Albert L. Labinger

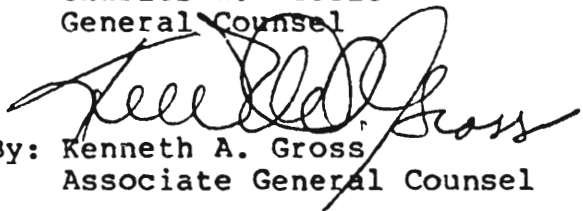
Dear Mr. Schwalb:

This is in reference to your letter dated July 10, 1985, requesting an extension until July 29, 1985 to respond to the Commission's reason to believe notice and Subpoena and Order. After considering the circumstances presented in your letter, the Commission has determined to grant you an extension. However, your response will be due no later than July 26, 1985.

If you have any questions, please contact Matthew Gerson, the attorney assigned to this matter, at (202) 523-4143.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure

9 2 0 4 0 7 4 0 2 4 6

RECEIVED AT THE FEC  
GCC#8067

85 JUL 22 AM: 23

LAW OFFICES

SCHWALB, DONNENFELD, BRAY & SILBERT

A PROFESSIONAL CORPORATION

BURTON A. SCHWALB  
CHARLES R. DONNENFELD  
JOHN M. BRAY  
EARL J. SILBERT  
JAMES K. STEWART  
PHILIP D. GREEN  
DAVID J. CURTIN  
ALLEN V. FARBER  
CHARLES B. WAYNE  
STEVEN SARFATTI  
LAURA A. KUMIN  
LUCINDA J. BACH  
PATRICIA L. MAHER  
RONALD J. FRIEDMAN  
CARY M. FELDMAN  
AMY G. RUDNICK  
KEITH R. ANDERSON

SUITE 300  
1025 THOMAS JEFFERSON STREET, N. W.  
WASHINGTON, D. C. 20007  
AREA CODE 202  
965-7910  
TELECOPIER 202-337-0676  
TELEX 897007

July 19, 1985

5 JUL 22 AM: 53


Matt Gerson, Esquire  
Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Re: MUR 2036  
Albert L. Labinger

Dear Mr. Gerson:

When we spoke by telephone the other day, you advised that you would treat, as the time for Mr. Labinger's response, Friday, July 26, 1985, since everybody else was scheduled to respond then. You indicated that you were sending me a letter confirming this, but I have not yet received it. Hence, this letter.

Sincerely yours,

  
Burton A. Schwalb

BAS:pb

cc: Mr. Albert L. Labinger

89040740247

**RESPONSE AS TO DOCUMENTS**

1. See attached check of \$1,000.
2. None.
3. None.

Albert L. Labinger  
Albert L. Labinger

Subscribed and sworn to before me, this 23<sup>rd</sup> day of  
July, 1985.

Julia A. Shinn  
Notary Public

My Commission expires:

7 23 85



IL 12/90

ALBERT LABINGER  
777 FLOWER ST.  
GLENDALE, CA. 91201

12-5 083011

10-08/1220

Pay to the  
order of

John Glenn Campaign Fund \$ 1000.00  
One Thousand and no/100 Dollars

BANK OF AMERICA

FIGUEROA 11TH BRANCH  
1100 SOUTH FIGUEROA STREET, LOS ANGELES, CA 90015

Pres: 9791 Borhwa 11/50  
Attn: No. 11440 CA 91201

200056 1:08 12 0382 0258 17 0000 100000

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FOR DEPOSIT TO  
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RECEIVED  
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COMMISSION SECRETARY

July 15, 1985

Federal Election Commission  
Washington, D.C. 20463

85 JUL 22 P3:58

RE: MUR 2036 (Answers to inquiry)

Attn: Mr. John Warren McGarry  
Chairman

Dear Mr. McGarry,

A response to your letter dated June 27, 1985 follows:

Question #1

- A. Bekins Moving and Storage
- B. President
- C. Albert Labinger
- D. Approximately 15 years
- E. Yes, 660 N. Stephora, Covina, CA 91724

JUL 23  
11:37

Question #2

- A. Yes
- B. February 6, 1984 (copy attached)
- C. No, I was told by Mr. Labinger to include it on my expense reports by claiming non-business related expenses. Mr. Labinger asked me if I had included the contribution in my expenses. I indicated I had. However, I only submitted business related expenses for reimbursement.
- D. N/A
- E. N/A

Question #3

Mr. Labinger, who was my immediate supervisor and CEO of The Bekins Company, asked me to make the contribution.

- A. Mr. Labinger said he wanted me to do him a personal favor. He stated that:

(1). Mr. Irwin Jacobs was associated with the

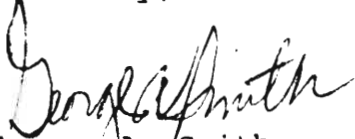
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- A. No, see 3a - 2 above
- B. Not that I recall
- C. No

Mr. John Warren McGarry  
July 15, 1985  
Page 3

If I can be of further assistance, please feel free to contact me.

Sincerely,



George A. Smith  
660 N. Stephora Ave.  
Covina, CA 91724

Enclosures

GAS/mtm

30040740253

23749740254

FB '84' 15 P<sub>E</sub>  
PMB 3 PAY ANY BANK

FB '84' 16 P<sub>E</sub>  
PROCESSED  
CROCKER-BANK-L.A.  
PAY ANY BANK 16-8

QUESTIONS TO GEORGE SMITH

The Federal Election Commission has received information indicating that you issued a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee") and that Bekins Company ("Bekins") reimbursed or otherwise repaid you in this amount. Please answer the following questions regarding that transaction. "Minstar" refers to Bekins' parent corporation, Minstar, Inc.

1.   a. In what department at Bekins did you work at the time that you were approached about the \$250 payment at issue?  
      b. What was your title? c. Who was your supervisor? d. How long had you worked for Bekins at the time you were approached about the \$250 payment at issue. e) Are you currently employed at Bekins? Please provide your current address.
- 2a. Did you issue a \$250 personal check to the Glenn Committee?
- 2b. When did you issue a \$250 personal check to the Glenn Committee? Please provide a photocopy of the cancelled check, if available.
- 2c. Were you reimbursed by Bekins for issuing the \$250 personal check to the Glenn Committee?
- 2d. How were you reimbursed?
- 2e. When were you reimbursed?
3. Please identify the Bekins or Minstar executive or employee who approached you about, or solicited, the \$250 personal check that you wrote to the Glenn Committee. Please explain in full the circumstances surrounding that solicitation. Your explanation should include, but not be limited to, the following: a) What was said or written, and by whom; b) Whether you were approached individually or as part of a larger group; c) Whether you knew at the time you were approached whether any other Bekins employees were also being approached about giving money to the Glenn Committee; d) Whether the person who approached you suggested the amount; and e) Your corporate relationship to the employee who solicited the payment to the Glenn Committee.
4. Did the person who solicited the contribution tell you how to transmit the check to the Glenn Committee? a) To whom were you instructed to issue the check? b) To whom were you instructed to give the check? Did you give your check directly to the Bekins or Minstar employee who solicited the check? Did you mail your check directly to the Glenn Committee?

5. a) Did the Bekins or Minstar executive or employee who solicited the check tell you that your employment at Bekins would be affected if you chose not to issue a check to the Glenn Committee? If so, please explain. b) During the period that you were approached by a Bekins or Minstar employee about the payment to the Glenn Committee, were you asked by a Bekins or Minstar employee to make a contribution to any other candidate for federal office? If so, please explain.
6. Were you asked to ask others to contribute to the Glenn Committee? If so, please explain.
- 6a. a) Did the Bekins or Minstar executive or employee who solicited the check indicate whether his or her supervisor, or anyone else connected with Minstar or Bekins, had instructed him or her to solicit from you a check to the Glenn Committee? If so, please identify that other person and explain. b) Did that employee's supervisor or anyone else connected with Minstar or Bekins in any way acknowledge that payment? If so, please explain. c) Did you receive any communication from, or participate in any discussion with, any other more senior employee at Minstar or Bekins regarding the \$250 payment? If so, please explain.

000040256





**CROCKER NATIONAL BANK**

WEST GLENDALE OFFICE  
6343 SAN FERNANDO ROAD, GLENDALE, CALIFORNIA 91201

1026

2/6 1984

18-8/1220

PAY TO THE ORDER OF

*John Glenn Campaign Fund*

\$ 250<sup>00</sup>

*Two hundred fifty*

*x2/100*

DOLLARS

**GEORGE A. SMITH**

929 S. BRAND, NO. 341 966-4189  
GLENDALE, CA 91204

*[Signature]*

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85 JUL 25 AM 8:41

7/22/85

5 JUL 25

OFFICE OF THE  
FEDERAL ELECTION COMMISSION

Dear Mr. Denson

Attached are my answers to the questions  
you submitted to me in Mr. McElamy's  
June 27, 1985 letter.

I request the possibility of pursuing  
pre-probable cause conciliation.

If you require additional information  
please feel free to call me at 1213-874-0866.

Cordially  
John R. Lati  
3342 TROY DRIVE  
L.A., CA 90068

89040740258

- 1 a) Corporate development
- b) Director of Corporate Development
- c) Roger Lee, Senior Vice President of The Bekins Company
- d) approximately 7 years (since 5/23/77)
- e) ~~no!~~

e) No, I am not employed by Bekins currently.

Present address:

JACK R. FOTI  
3342 TROY DRIVE  
L.A., CA 90068

2 a) Yes

b) 2/3/84 - copy of check attached

c) Yes

d) through my expense account

e) approximately 2 to 6 weeks after writing the check.

3. Roger Zee approached me about the contribution on 2/3/84. He told me that Irwin Jacobs, Chairman of minister, had instructed Roger Zee and Al Jahnger to obtain contributions to the John Glenn Campaign for President. Roger Zee told me I would receive reimbursement through my expense account. He also told me this action was being taken because Irwin Jacobs wanted to make a "statement as a major financial backer of an important presidential candidate." ~~The~~ I was approached individually but was told that other Business executives were being solicited. The amount of the contribution (\$250<sup>00</sup><sub>xx</sub>) was suggested by Roger Zee. Mr Zee was my immediate supervisor.
4. I was told to give the check to Roger Zee which I did. I was told to issue the check to the John Glenn Campaign. I did not mail the check; I gave it to Roger Zee.

5. a) I was not told my employment would be affected if I chose not to issue a check to the Glenn Congress Committee; however it was clear that any request from Irwin Jacobs must not be denied especially after having been recently acquired by Minotar.

b) I had never been approached prior or subsequent to this one request to make any contribution to any candidate for federal office.

6. I was not asked to solicit other employees to make a contribution to the Glenn Campaign.

6 a) Roger Lee told me that Irwin Jacobs instructed him and Al Jobinger to approach us.

b) no acknowledgment was made to me.

c) ~~No other senior employee of Bekins or I spoke with Joel Gachet about the peculiarity of the situation~~  
Minotar never discussed this matter with me

The above statements are true to the best of my knowledge

Jack R. Fox

7/21/85

JACK R FOTI  
3342 TROY DR PH 874-0866  
LOS ANGELES, CA 90068

1L229D

1039

PAY TO THE ORDER OF

*John Henry Company*  
*Two Hundred Twenty Five*

*00*

16-66/1220

DOLLARS

BANK OF AMERICA

TOULUCA LAKE BRANCH 0411  
4123 WEST OLIVE AVENUE  
TOLUCA, CA 91368

PAID NOV 11 1984

⑆122000661⑆1039⑆0411⑆3⑆05997⑆⑆

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29206204068

GCC# 8085

FRIED, FRANK, HARRIS, SHRIVER & JACOBSON

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

SUITE 1000

600 NEW HAMPSHIRE AVENUE, N. W.

WASHINGTON, D. C. 20037

202-342-3500

RICHARD A. SAUBER  
202-342-3381

CABLE "STERIC WASHINGTON"  
TELECOPIER: 202-342-3329  
RAPIFAX: 202-342-3328  
TELEX: 892406

ONE NEW YORK PLAZA  
NEW YORK, N. Y. 10004  
212 820 8000  
TELEX: 620223

3 KING 5 ARMS YARD  
LONDON, EC2R 7AD, ENGLAND  
01 600 1541  
TELEX: 887606

July 23, 1985

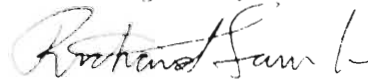
Mr. Matt Gerson  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Re: Philip E. Berlin  
Joel S. Yachzel ✓  
Phillip Scott

Dear Mr. Gerson:

On behalf of my clients, referenced above, I hereby request a conciliation meeting with you.

Best regards,



Richard A. Sauber

JUL 23 1985  
P12:57

3 9 0 4 0 7 4 0 2 6 3

STATEMENT OF DESIGNATION OF COUNSEL

MUR

2036

NAME OF COUNSEL: Richard Sauber, Esq.

ADDRESS: Fried, Frank, et al

600 New Hampshire Ave., N.W., Ste. 1000

Washington, D. C. 20037

TELEPHONE: (202) 342-3381

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.

7/15/85  
Date

[Signature]  
Signature

RESPONDENT'S NAME:

JOEL YACHZEL

ADDRESS:

12454 Otsego St

Sherman Oaks, Ca 91423

HOME PHONE:

(818) 783 1375

BUSINESS PHONE:

(213) 325 5051

89040740264



- 9 2 0 4 0 7 4 0 2 6 5
1.
    - (a) Legal Department.
    - (b) Assistant General Counsel.
    - (c) Ronald L. Hartman.
    - (d) Three (3) years.
    - (e) No; 12954 Otsego Street, Sherman Oaks, CA 91423.
  2.
    - (a) Yes.
    - (b) February 6, 1984.
    - (c) See answer to 2(d).
    - (d) I was told that my annual bonus would be increased by an amount equal to \$250, plus any income or other taxes attributable to that amount. However, since I did not know how much my bonus would have been without the addition of the \$250, nor do I know how much was added to the amount for taxes, it is not possible for me to be certain that I was actually reimbursed.
    - (e) If I was reimbursed through my bonus, that was done on March 31, 1984.
  3. Ronald L. Hartman, Vice President, General Counsel, Secretary and a member of the Board of Directors of The Bekins Company, and most of its subsidiaries, told me personally that Irwin L. Jacobs, then Chairman of the Board of Directors of The Bekins Company and its parent company, Minstar, Inc., was backing John Glenn in his bid for a Democratic Presidential nomination; and that Mr. Jacobs told Albert L. Labinger, then President, Chief Executive Officer and a Director of The Bekins Company, that Mr. Labinger and certain other Bekins employees had to make contributions to the Glenn Campaign. Mr. Hartman then ordered me to give him my personal check in the amount of \$250 made payable to the John Glenn Campaign Committee and to report the amount of the contribution on my expense report as a legal department expense. After submitting my expense report, and having it approved by Mr. Hartman, it was returned to me by the accounting department and I was told that the reimbursement would be made as part of our bonuses. Mr. Hartman also asked me to tell the other five (5) attorneys in the legal

department to do the same thing I was doing; and that if they had any problems, they should see him personally. Mr. Hartman was my immediate superior and he, Mr. Labinger and Mr. Jacobs were three (3) of the four (4) members of the Board of Directors.

4. No.

(a) John Glenn Campaign Committee.

(b) Ronald L. Hartman, who was the person to whom I delivered my check. I did not mail my check to the Glenn Committee, but did receive a letter thanking me for my donation and soliciting additional funds.

5. (a) Yes, I was told that Mr. Jacobs had made the request directly to Mr. Labinger; and Mr. Labinger was thereby compelled to produce contributions to the campaign. When I complained about having to make a contribution, Mr. Hartman became upset and told me that I would be reimbursed and could also get a credit for the contribution on my income taxes. He said there was no excuse for not giving him the money.

(b) Yes, on September 20, 1984, Mr. Hartman, after he had either testified before certain Congressional committees concerning transportation law, or returned from some meeting concerning transportation law, ordered me to make a \$250 contribution to the Glen Anderson Congressional Campaign Committee. Mr. Hartman gave me a restaurant receipt and told me to report the expense as a luncheon for the legal department. When I asked why I had to do this, he said it was for the benefit of the Company and demanded the check, which I gave him.

6. Yes; see answer to 3.

(a) Yes; see answer to 3.

(b) No.

(c) No.

I, JOEL S. YACHZEL, have read the foregoing answers to questions propounded to me by the Federal Election Commission under date of June 27, 1985, and know the contents thereof. The matters stated in said answers are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

EXECUTED on May 11, 1985, at Glendale, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

  
Joel S. Yachzel

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MANATT, PHELPS, ROTHENBERG & TUNNEY

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

1200 NEW HAMPSHIRE AVENUE, N.W.

SUITE 200

WASHINGTON, D.C. 20036

TELEPHONE (202) 463-4300

August 16, 1985

HAND DELIVERED

Lois Lerner, Esq.  
Matt Gerson, Esq.  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Re: MUR 2036  
Roger Lee, Respondent

Dear Ms. Lerner and Mr. Gerson:

Enclosed for filing please find the Response of Roger Lee to the Commission's Order to Submit Written Answers and Subpoena to Produce Documents and Materials. Also enclosed is a Response to the Commission's finding of reason to believe. This Response presents a brief summary of Mr. Lee's knowledge of the facts and a legal analysis supporting the contention that Mr. Lee did not violate the Federal Election Campaign Act.

These responses have been prepared in a manner that is consistent with our discussions regarding Mr. Lee's intention to cooperate fully with the Commission in its investigation.

Respectfully submitted,



David M. Ifshin  
of Manatt, Phelps  
Rothenberg & Tunney

Patricia Ann Fiori, Esq.

DMI:ly  
Enclosures (3)

WESTSIDE OFFICE

11355 WEST OLYMPIC BOULEVARD  
LOS ANGELES, CALIFORNIA 90064  
(213) 312-4000

SAN FRANCISCO OFFICE

FOUR EMBARCADERO CENTER  
SAN FRANCISCO, CALIFORNIA 94111  
(415) 981-7540

LOS ANGELES (DOWNTOWN)

811 WEST SEVENTH STREET  
LOS ANGELES, CALIFORNIA 90017  
(213) 486-5500

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BEFORE THE FEDERAL ELECTION COMMISSION

Roger Lee,  
Respondent

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MUR 2036

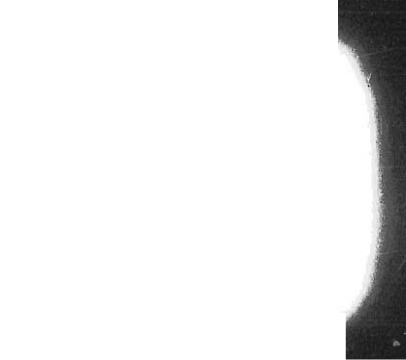
RESPONSE OF ROGER LEE TO REASON TO BELIEVE FINDING

On the basis of an unsworn letter, the Commission on June 11, 1985, found reason to believe that Roger Lee violated 2 U.S.C. § 441b which prohibits corporate contributions in connection with federal elections and 2 U.S.C. § 441f which prohibits contributions to federal candidates in the name of another. The Commission should rescind this finding for the following reasons: the finding is based on erroneous factual information; there is no evidence to support allegations of Federal Election Campaign Act violations; and the Commission initiated its enforcement proceeding against Mr. Lee on the basis of a complaint which does not meet the requirements of the Act.

Factual Summary

While Senior Vice President-Finance and Chief Financial Officer of The Bekins Company, Mr. Lee was asked by the President and Chief Executive Officer of Bekins, Al Labinger, to: (1) make a \$250 contribution to the John Glenn Presidential campaign; and (2) solicit \$250 contributions to the Glenn campaign from each of four senior employees under Mr. Lee's supervision. Mr. Labinger informed Mr. Lee that anyone making a contribution to the Glenn campaign could be "made whole" through reimbursements from corporate funds.

Mr. Lee made a contribution to the Glenn campaign from his personal funds, but neither requested nor received reimbursement from Bekins. As Mr. Labinger requested, he did solicit contributions from certain employees under his supervision, informing them that they could receive reimbursement from the corporation through submission of expense reimbursement requests that under normal corporate procedures would only be marginally allowable. Mr. Lee did not threaten those whom he solicited with any reprisal. Mr. Lee was responsible for reviewing and approving expense reimbursement requests, but does not recall any requests which were out of the ordinary or which were in any way connected to the making of political contributions. While Mr. Lee recommended incentive bonuses awarded to those under his supervision, Mr. Labinger and Irwin Jacobs, Chairman of the Board at Bekins and Chief Executive Officer of Minstar, Inc., were responsible for final approval.



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The factual summary provided by the Commission to explain its findings against Mr. Lee contains several erroneous assertions. First, Mr. Lee did not threaten any Bekins employee with reprisals for failing to contribute to the Glenn campaign. Second, Mr. Lee does not recall soliciting anyone who was not under his supervision, nor does he recall discussing contributions to the Glenn campaign with Ronald Hartman, then General Counsel to Bekins. Finally, Mr. Lee does not recall telling any Bekins employees that their contributions would be reimbursed by "grossing up" their bonuses.

It is important to note that all of the events surrounding the contributions to the Glenn campaign occurred in the course of a single day and consumed a small amount of Mr. Lee's time, probably less than one hour. As a senior corporate executive with a wide range of duties and responsibilities, Mr. Lee did not regard these events as particularly significant. Corporate political contributions are permissible in California, and Mr. Lee had no indication whatsoever that the course of action requested by Mr. Labinger might not be appropriate. Indeed, since Mr. Lee was aware that the company's General Counsel was involved, he quite naturally assumed that the activity was permissible.

#### 1. Legal Analysis

##### 2 U.S.C. Section 441b

The Commission has found reason to believe that Mr. Lee violated 2 U.S.C. Section 441b which prohibits corporate contributions in connection with federal elections. This finding is not supported by the facts.

Section 441b makes it unlawful for ". . .any officer or any director of any corporation. . .to consent to any contribution or expenditure by the corporation. . . ." Mr. Lee did not consent to any contributions by Bekins. His activities with regard to soliciting contributions to the Glenn campaign were limited to conveying the wishes of his superior, Mr. Labinger, to employees working under Mr. Lee's supervision. Mr. Lee does not recall any requests directed to him for corporate reimbursement for contributions to the Glenn campaign by any Bekins employee, nor did he have authority to approve incentive bonus adjustments to compensate for such contributions. Moreover, Mr. Lee never obtained any corporate reimbursement for his own contribution to the Glenn campaign.

##### 2 U.S.C. Section 441f

Mr. Lee did not make a contribution in the name of another person, nor did he permit his name to be used to effect a contribution in the name of another in violation of 2 U.S.C. Section 441f. Mr. Lee did make a contribution to the Glenn

campaign in his own name and from his own personal funds. He never received any reimbursement from any other person for this donation. Similarly, since Mr. Lee did not knowingly approve any reimbursements from corporate funds for contributions made by other Bekins employees, there is no support for the contention that there was any violation of 2 U.S.C §441f.

2 U.S.C. Section 437g

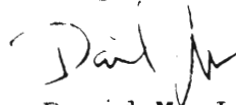
The Commission initiated this enforcement action on the basis of what appears to be an unsworn letter. 2 U.S.C. Section 437g(a)(1) empowers the Commission to act only on the basis of complaints which are signed, notarized and sworn. When the Federal Election Campaign Act ("FECA") was originally enacted, the Commission had authority to initiate an enforcement proceeding on the basis of any complaint (Public Law 93-443, Section 208). In 1976, Congress curtailed the Commission's authority, permitting it to act only on the basis of complaints meeting the current statutory criteria (Public Law 94-283, Section 109). In addition to initiating an enforcement action on the basis of a complaint, the Commission is also empowered to commence an enforcement proceeding on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities.

The Commission in its factual summary admits that the enforcement proceeding against Mr. Lee was initiated on the basis of an unsworn letter. While the Commission does have authority to act on the basis of information ascertained in the normal course of carrying out its supervisory responsibilities, it can not use that authority to circumvent the statutory requirements for a complaint. Since those basic requirements have not been met, this enforcement proceeding was initiated on the basis of an improper complaint.

Conclusion

Since there is no evidence to support any of the allegations of FECA violations, and since this entire enforcement proceeding was initiated on the basis of a complaint not meeting statutory requirements, the Commission should rescind its reason to believe finding.

Respectfully submitted,



David M. Ifshin  
of Manatt, Phelps,  
Rothenberg & Tunney



Patricia Ann Fiori, Esq.



BEFORE THE FEDERAL ELECTION COMMISSION

Roger Lee, Respondent

MUR. 2036

RESPONSE OF ROGER LEE TO ORDER TO SUBMIT WRITTEN ANSWERS

1. Please explain your official corporate duties at Bekins during the period that you were approached about issuing a \$250 personal check to the John Glenn Presidential Committee ("Glenn Committee").

Answer: I was Senior Vice President-Finance and Chief Financial Officer of The Bekins Company, with duties commensurate to those positions.

2. Please identify the individual who approached you about issuing a personal check to the Glenn Committee.

Answer: Al Labinger, who at that time was President and Chief Executive Officer of Bekins, asked me to make a contribution to the Glenn Committee.

- 2a. Did you issue a \$250 personal check to the Glenn Committee?

Answer: Yes, I made a contribution to the Glenn Committee of \$250 from my personal funds by check dated February 3, 1934.

3. Please state to the best of your recollection the date,

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place and manner in which you were approached about issuing a personal check to the Glenn Committee. Include information concerning:

- a. whether you were approached individually or as part of a larger group;
- b. whether you were aware of any other Bekins senior executives who were similarly being asked to give money to the Glenn Committee;
- c. your corporate relationship to the employee who approached you about making a payment to the Glenn Committee, e.g., immediate supervisor or department chief.

Answer: On or about February 3, 1984, Mr. Al Labinger approached me individually at Bekins corporate offices and asked that I contribute to the Glenn Committee. Mr. Labinger was my immediate supervisor at that time. He also indicated that he was asking a small number of other senior corporate personnel to contribute.

4. Please state to the best of your recollection what was requested from you with regard to your issuing a personal check to the Glenn Committee. Include information concerning:
  - a. whether the solicitation was oral or written;
  - b. whether an exact amount of money was requested;
  - c. to whom you issued the check;

d. to whom you delivered the check.

Answer: Mr. Labinger verbally asked me to contribute to the Glenn Committee and specifically requested a contribution for \$250. My check was made payable to the John Glenn Campaign and I delivered it to Mr. Labinger.

5. Did the individual whom you identified in question two above explain to you that you would be reimbursed or otherwise repaid for your payment to the Glenn Committee? Please explain.

Answer: Mr. Labinger stated that those who contributed to the Glenn Committee could be "made whole."

6. Were you reimbursed or otherwise repaid for your payment to the Glenn Committee? If so, please explain the manner in which you were reimbursed or otherwise repaid for your payment to the Glenn Committee.

Answer: No, I neither sought nor received any reimbursement or repayment for my contribution.

7. Were you told that your employment status at Bekins would be affected in any way if you did not issue a personal check to the Glenn Committee? Please explain.

Answer: Mr. Labinger never threatened me with termination or any other reprisal for not contributing. I regarded my contribution as a personal contribution from me to the Glenn Committee.

8. Were you told whether a higher ranking officer at Bekins or its parent company, Minstar, Inc., requested or required that you, or executive officers like you, issue a personal check to the Glenn Committee? If so, please explain and identify the higher ranking official.

Answer: At the time that Mr. Labinger asked me to contribute, he told me that Mr. Irwin Jacobs, Chairman of the Board of Bekins and Minstar Inc., had asked Mr. Labinger to solicit a number of \$250 contributions to the Glenn Committee in order to demonstrate popular support for that candidate.

- 8a. Did any higher ranking official acknowledge your payment to the Glenn Committee? Please identify those higher ranking officials who acknowledged your payment and explain the manner in which they did so.

Answer: I am aware of no such acknowledgement.

9. Did any Bekins officer or official request or suggest that

you approach individuals who worked for you about their issuing \$250 personal checks to the Glenn Committee? If so, please identify the officer who made that request or suggestion. Please restate the request or suggestion that that officer made.

Answer: Mr. Labinger requested that I ask the four senior employees under my supervision to each make a \$250 contribution. He stated that those who contributed could be "made whole."

- 9a. During the period that you were Bekins' Chief Financial Officer did you request or suggest that individuals who worked for you issue \$250 personal checks to the Glenn Committee? If so, please explain and identify those individuals that you approached with that request or suggestion.

Answer: During the period in which I was Bekins' Chief Financial Officer I recall that I solicited contributions from Jack Foti and Joe Noga, and to the best of my recollection, I believe I may have solicited contributions from Phil Scott and Bob Forstrom, all of whom were under my supervision.

- 9b. Please state the date, place and manner in which you requested or suggested that those individuals make those

payments. Please state whether your request was oral or written. Please state whether you approached those individuals who worked for you individually or as part of a larger group.

Answer: On or about February 3, 1984, at the Bekins corporate offices, I spoke individually to those from whom I requested contributions to the Glenn Committee. I explained to these individuals that I was soliciting the contributions at the behest of Mr. Labinger, who, as stated in the response to question 8, had been approached by Mr. Jacobs. All such requests were verbal.

10. Did any individuals who worked for you whom you approached about issuing a \$250 personal check to the Glenn Committee refuse to do so? If so, please identify that/those individuals(s).

Answer: I do not recall anyone whom I solicited stating to me that he refused to contribute.

11. With regard to your request or suggestion that individuals who worked for you issue \$250 personal checks to the Glenn Committee, did you request or suggest that specific amount of money?
- a. What was your basis for requesting or suggesting that amount?

- b. to whom did you instruct those individuals to issue their checks?
- c. to whom did you instruct those individuals to deliver those checks?

Answer: On the basis of my conversation with Mr. Labinger (described in answers to questions 3 and 9) I asked the individuals whom I solicited to make contributions of \$250 to the Glenn campaign and to deliver those contributions to either Mr. Labinger or myself.

12. Did you suggest, or cause anyone else to suggest, that a Bekins employee's employment status would be affected in any way if that employee did not comply with the request or suggestion to issue a personal check to the Glenn Committee?

Answer: No, I did not suggest, nor did I cause anyone else to suggest that a Bekins employee's employment status would be affected by a failure to contribute.

- 13a. Please state the manner in which you explained to the Bekins employees who worked for you that they would be reimbursed for their payments to the Glenn Committee.

Answer: I told the Bekins employees whom I solicited that if they wished to be "made whole" for their contributions, a more liberal interpretation of expense reimbursement rules

would be applied for items which under normal company procedures would be only marginally allowable. I also explained that the normal receipt documentation for these items would be required. See response to question 13c.

- 13b. Did you require that those employees who made payments to the Glenn Committee at your request or suggestion present evidence that they made those payments?

Answer: Employees from whom I solicited contributions were asked to submit those contributions either to me or to Mr. Labinger.

- 13c. Please explain the process by which Bekins employees who worked for you were reimbursed for their payments to the Glenn Committee.

Answer: See answer to question 13a. I do not recall any employee whom I solicited later requesting specific reimbursement for a contribution, nor do I recall seeing any expense reimbursement requests which were unusual or out of the ordinary. I was told recently by two employees whom I recall soliciting that they were reimbursed for their contributions. Mr. Foti stated that he received reimbursement through the submission of meal costs on his expense reimbursement requests. Mr. Noga stated that he was reimbursed through an adjustment in his incentive bonus. I



do not recall any of these reimbursements or payments. I was responsible for reviewing and approving expense reimbursement requests submitted by Mr. Foti, but do not recall any requests for meal costs which were out of the ordinary. As with other employees under my supervision, I would have recommended Mr. Noga's incentive bonus, but I do not recall any adjustments to incentive bonuses based on political contributions.

14. Did you ever direct or instruct other Bekins executives to request or suggest that the employees whom they supervised issue \$250 personal checks to the Glenn Committee?

Answer: No, I never directed or instructed anyone to solicit contributions to the Glenn Committee.

15. Did you ever participate in a meeting with Mr. Albert Labinger and/or Mr. Ronald Hartman and/or Mr. Richard Morse during which the participants discussed the development and execution of an arrangement under which Bekins employees would be reimbursed or otherwise repaid for issuing personal checks to the Glenn Committee? If so, please explain the manner in which that arrangement was developed and executed. Your explanation should include, but not be limited to, information identifying:
- i. The individuals who participated in those meetings;
  - ii. the dates the meetings occurred; and

iii. where the meetings occurred.

Answer: As stated in the answers to questions 3 and 5, I had one discussion with Mr. Labinger on or about February 3, 1984 concerning contributions to the Glenn Committee. Other than the discussions described in the answers to questions 13a, 13b and 13c, I do not recall any other meetings at which arrangements for reimbursements for contributions were discussed.

15a. Please identify the individual who initiated the discussion(s) about the reimbursements or repayments.

Answer: As stated in the answers to questions 3 and 9, I had one meeting with Mr. Labinger on or about February 3, 1984 in which he initiated the discussion about reimbursements for contributions to the Glenn Committee.

16. Please identify the individual(s) at Bekins who was (were) responsible for developing, executing and administering the arrangements whereby Bekins employees would be reimbursed for making payments to the Glenn Committee.

Answer: Please see answer to question 5 wherein Mr. Labinger is discussed.

17. Please identify all individuals who participated in the conception, development, execution or administration of the reimbursement or repayment arrangement. Please identify any person affiliated with the Glenn Committee, or any Glenn Committee agent or employee, who you believe participated in the conception, development, execution, or administration of the reimbursement or repayment arrangement.

Answer: As to Bekins' employees, please see answer to question 16. I have no knowledge of any involvement by any Glenn Committee employee or agent in Bekins reimbursement arrangements.

RESPONSE OF ROGER LEE TO SUBPOENA TO  
PRODUCE DOCUMENTS AND MATERIALS

1. Please provide photocopies of both sides of every check that you issued to the John Glenn Presidential Committee.

Answer: A copy of Roger Lee's personal check dated February 3, 1984 payable to the John Glenn Campaign in the amount of \$250 is attached to this response.

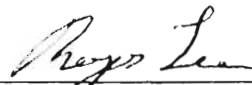
2. Please provide photocopies of all checks, documents, materials and writings of any kind concerning the \$250 payment to the John Glenn Presidential Committee for which you were reimbursed or repaid by Bekins Company.

Answer: Not applicable.

3. Please provide photocopies of all documents, materials and writings of any kind concerning the conception, development, execution or administration of the reimbursement or repayment arrangement.

Answer: Mr. Lee does not have access to or custody of any documents, materials or writings concerning the conception, development, execution or administration of any reimbursement or repayment arrangement utilized by Bekins.

Respectfully submitted,

  
\_\_\_\_\_  
Roger Lee

Dated: August 15, 1985.

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ROGER LEE  
 JOAN LEE  
 22748 LIBERTY BELL RD. 982-0001  
 WOODLAND HILLS, CALIF. 91384

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 February 3<sup>rd</sup> 1984 18-7001/3220

PAY TO THE ORDER OF John Glenn Campaign \$ 250.00  
Two Hundred Fifty and no/100 DOLLARS

CALIFORNIA FEDERAL SAVINGS AND LOAN ASSOCIATION  
 6000 Tenthon Canyon Blvd  
 Orange Park, California 92668

BANK. NA 10E133075  
*R. Lee*

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

19 August 1985

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Mr. Ronald Hartman  
17976 Medley Drive  
Encino, California 91316

Re: MUR 2036  
Ronald Hartman

Dear Mr. Hartman:

On July 15, 1985, the Federal Election Commission received your request to enter into conciliation prior to its consideration of whether there is probable cause to believe that you violated 2 U.S.C. §§ 441b(a) and 441f. On August 9, 1985, the Commission declined to enter into conciliation because it has not yet completed its investigation into this matter. Please be advised that the Commission will reconsider your request to enter into conciliation as soon as it completes its investigation.

If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-8530.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 19, 1985

Kenneth Oder, Esquire  
Latham & Watkins  
555 South Flower Street  
Los Angeles, California 90071-2466

Re: MUR 2036  
The Bekins Company

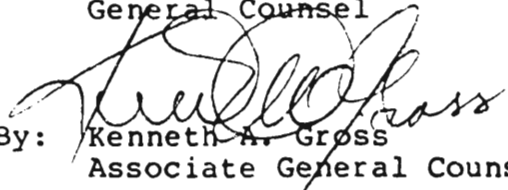
Dear Mr. Oder:

On July 18, 1985, the Federal Election Commission received your request to enter into conciliation prior to its consideration of whether there is probable cause to believe that the Bekins Company violated 2 U.S.C. §§ 441b(a) and 441f. On August 9, 1985, the Commission declined to enter into conciliation because it has not yet completed its investigation into this matter. Please be advised that the Commission will reconsider your request to enter into conciliation as soon as it completes its investigation.

If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-8530.

Sincerely,

Charles N. Steele  
General Counsel

By:   
Kenneth A. Gross  
Associate General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 19, 1985

Mr. Jack Foti  
3342 Troy Drive  
Los Angeles, California 90068

Re: MUR 2036  
Jack Foti

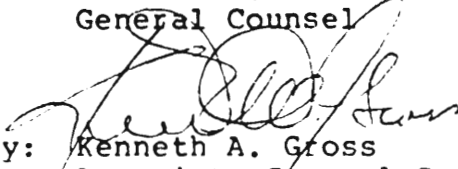
Dear Mr. Foti:

On July 25, 1985, the Federal Election Commission received your request to enter into conciliation prior to its consideration of whether there is probable cause to believe that you violated 2 U.S.C. § 441f. On August 9, 1985, the Commission declined to enter into conciliation because it has not yet completed its investigation into this matter. Please be advised that the Commission will reconsider your request to enter into conciliation as soon as it completes its investigation.

If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-8530.

Sincerely,

Charles N. Steele  
General Counsel

By:   
Kenneth A. Gross  
Associate General Counsel

Enclosure

30040740287





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 19, 1985

Norman Kent, Esquire  
7547 March Avenue  
Canoga Park, California 91304

Re: MUR 2036  
Norman Kent

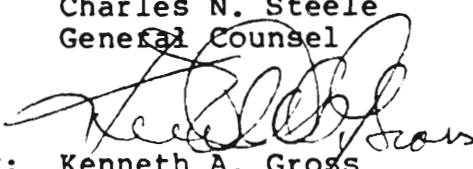
Dear Mr. Kent:

On July 19, 1985, the Federal Election Commission received your request to enter into conciliation prior to its consideration of whether there is probable cause to believe that you violated 2 U.S.C. § 441f. On August 9, 1985, the Commission declined to enter into conciliation because it has not yet completed its investigation into this matter. Please be advised that the Commission will reconsider your request to enter into conciliation as soon as it completes its investigation.

If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-8530.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 19, 1985

Mr. Gary Klein  
12710 Goethe Place  
Granada Hills, California 91344

Re: MUR 2036  
Gary Klein

Dear Mr. Klein:

On July 18, 1985, the Federal Election Commission received your request to enter into conciliation prior to its consideration of whether there is probable cause to believe that you violated 2 U.S.C. § 441f. On August 9, 1985, the Commission declined to enter into conciliation because it has not yet completed its investigation into this matter. Please be advised that the Commission will reconsider your request to enter into conciliation as soon as it completes its investigation.

If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-8530.

Sincerely,

Charles N. Steele  
General Counsel

By:   
Kenneth A. Gross  
Associate General Counsel

Enclosure

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 19, 1985

Richard A. Sauber, Esquire  
Fried, Frank, Harris, Shriver & Jacobson  
Suite 1000  
600 New Hampshire Avenue, N.W.  
Washington, D.C. 20037

Re: MUR 2036  
Phillip Scott and Joel Yachzel

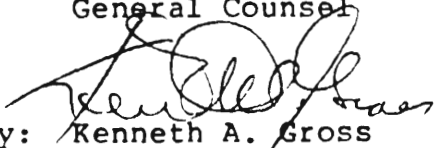
Dear Mr. Sauber:

On July 23, 1985, the Federal Election Commission received your request to enter into conciliation prior to its consideration of whether there is probable cause to believe that your clients, Phillip Scott and Joel Yachzel, violated 2 U.S.C. § 441f. On August 9, 1985, the Commission declined to enter into conciliation because it has not yet completed its investigation into this matter. Please be advised that the Commission will reconsider your request to enter into conciliation as soon as it completes its investigation.

If you have any questions, please contact Matt Gerson, the attorney assigned to this matter, at (202) 523-4143 or (800) 424-8530.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure



FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

September 9, 1985

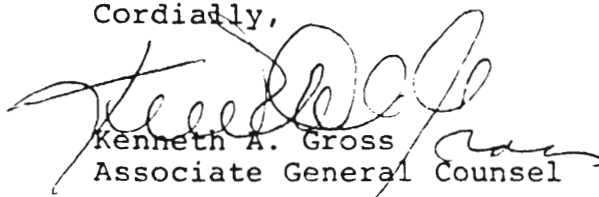
Mr. Dale Bott  
General Services Administration  
Federal Courthouse  
310 West Sixth Street  
Medford, Oregon 97501

Dear Mr. Bott:

This letter will confirm your conversation with Robert Raich last Friday. We have reserved room 229 at the Federal Courthouse in Medford, Oregon for all day on November 4, 1985.

Thank you for your help in this matter.

Cordially,

  
Kenneth A. Gross  
Associate General Counsel

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**MUR 2036**

# SENSITIVE

## I. BACKGROUND

On June 27, 1985, the Commission sent reason to believe notification letters to the respondents. Each of the letters contained questions, Subpoenas, and/or Orders. On August 16, 1985, the last of the respondents replied to the Commission's Subpoena and Order.

The responses contain some contradictory information and do not sufficiently clarify the facts in this case. For example, it is still unclear who initiated the reimbursement or repayment arrangement utilized by Bekins Company, and, specifically, whether Irwin Jacobs, a member of the John Glenn Presidential

With regard to the application of the reimbursement or repayment program, it appears there was some kind of understanding that the program existed, but some supervisors did not discuss reimbursement, and some affected employees did not know they were going to be reimbursed or that they were reimbursed. For example, it appears that Mr. Hartman did not tell all of his subordinates that they would be reimbursed, and Mr. Lee states that he, "neither sought nor received any reimbursement or repayment for (his) contribution." Nonetheless, when this matter was presented to the Commission, Bekins provided a document indicating that all fifteen individuals involved in this matter were reimbursed \$250 by Bekins.

Almost all of the affected employees were informed that Irwin Jacobs had asked for contributions. There is some evidence that more forceful communication was used to obtain the contributions. For example, respondent Louis Friedman stated in response to the Commission's question that his supervisor, Ronald Hartman, "personally entered my office to demand that the (\$250) check be on his desk that day or my employment would be severed immediately." However, Mr. Hartman stated that, although it was possible that he asked people for contributions to the Glenn

Committee, he had no recollection of doing so. He also stated, "At no time did I ever tell a staff attorney that a contribution was compulsory -- either directly, indirectly, or at all."

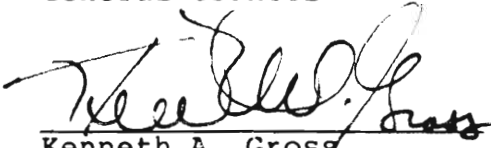
The General Counsel's Office believes that its investigation into these and other matters must continue. Therefore, this Office recommends that the Commission authorize Subpoenas to depose each of the individual respondents in this matter, as well as Irwin Jacobs and his business partner, Gerald Schwalbach. It is this Office's opinion that such formal process is necessary to expeditiously complete the Commission's investigation in this matter.

### III. RECOMMENDATIONS

1. Issue a Subpoena to appear for deposition to: Ronald Hartman, Albert Labinger, Roger Lee, Richard Morse, Philip Berlin, Jack Foti, Louis Friedman, Ernest Gallego, Norman Kent, Gary Klein, Joseph P. Noga, Philip S. Scott, Shannon Sesmas, George Smith, Joel Yachzel, Irwin Jacobs, and Gerald Schwalbach.
2. Approve and send the attached letters.

Charles N. Steele  
General Counsel

BY:

  
Kenneth A. Gross  
Associate General Counsel

#### Attachments

1. Subpoenas
2. Letters

September 23, 1985  
Date

93040740204

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 ) MUR 2036  
Bekins Company, et. al. )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 30, 1985, the Commission decided by a vote of 5-0 to take the following actions in MUR 2036:

1. Issue a subpoena to appear for deposition to: Ronald Hartman, Albert Labinger, Roger Lee, Richard Morse, Philip Berlin, Jack Foti, Louis Friedman, Ernest Gallego, Norman Kent, Gary Klein, Joseph P. Noga, Philip S. Scott, Shannon Sesmas, George Smith, Joel Yachzel, Irwin Jacobs, and Gerald Schwalbach, as submitted with the General Counsel's Report signed September 23, 1985.
2. Approve and send the letters attached to the General Counsel's Report signed September 23, 1985.

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

Attest:

10-1-85

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

Received in Office of Commission Secretary: Thurs., 9-26-85, 12:00  
Circulated on 48 hour tally basis: Thurs., 9-26-85, 4:00  
Deadline for votes: Mon., 9-30-85, 4:00

93040740205





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/JODY C. RANSOM *JCR*

DATE: OCTOBER 8, 1985

SUBJECT: MUR 2036 - Subpoenas

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The attached subpoenas, which were Commission approved on Sept. 30, 1985 by a vote of 5-0, have been signed and sealed this date.



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 10, 1985

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Gerald A. Schwalbach  
Minstar, Inc.  
1215 Marshall Street, N.E.  
P.O. Box 9311  
Minneapolis, Minnesota 55440

RE: MUR 2036

Dear Mr. Schwalbach:

The Federal Election Commission, established in April, 1975, has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended. In connection with an investigation being conducted by the Commission, the Commission has issued the attached subpoena which requires you to appear and give sworn testimony on December 11, 1985. The questions to you will concern an arrangement wherein the Bekins Company reimbursed at least fifteen of its employees for payments that those employees made to the John Glenn for President Committee. The Commission does not consider you a respondent in this matter; but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) apply. That section of the Act prohibits the making public of any investigation conducted by the Commission without express written consent of the persons with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

Pursuant to 11 CFR § 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of

89940740297

Letter to Gerald A. Schwalbach  
Page 2

20.5 cents per mile. You will be given a check for your witness fee and mileage at the time of the deposition.

Please confirm your scheduled appearance with Robert Raich on our toll free line (800/424-9530) within two days of your receipt of this notification.

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000 or (800) 424-9530.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of  
Bekins Company, et al.


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) MUR 2036  
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SUBPOENA

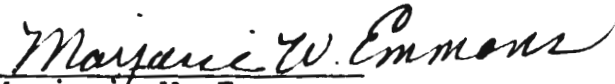
TO: Gerald A. Schwalbach  
Minstar, Inc.  
1215 Marshall Street, N.E.  
P.O. Box 9331  
Minneapolis, Minnesota 55440

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 11, 1985 at the U.S. Courthouse, 110 South Court Street, Minneapolis, Minnesota, in room B-44 beginning at 2:00 p.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

22040740299



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

October 10, 1985

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Irwin L. Jacobs  
Minstar, Inc.  
1215 Marshall Street, N.E.  
P.O. Box 9311  
Minneapolis, Minnesota 55440

RE: MUR 2036

Dear Mr. Jacobs:

The Federal Election Commission, established in April, 1975, has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended. In connection with an investigation being conducted by the Commission, the Commission has issued the attached subpoena which requires you to appear and give sworn testimony on December 11, 1985. The questions to you will concern an arrangement wherein the Bekins Company reimbursed at least fifteen of its employees for payments that those employees made to the John Glenn for President Committee. The Commission does not consider you a respondent in this matter; but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) apply. That section of the Act prohibits the making public of any investigation conducted by the Commission without express written consent of the persons with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

Pursuant to 11 CFR § 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of

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Letter to Irwin L. Jacobs  
Page 2

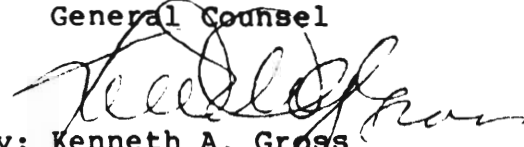
20.5 cents per mile. You will be given a check for your witness fee and mileage at the time of the deposition.

Please confirm your scheduled appearance with Robert Raich on our toll free line (800/424-9530) within two days of your receipt of this notification.

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000 or (800) 424-9530.

Sincerely,

Charles N. Steele  
General Counsel



By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION


In the Matter of )  
 )  
Bekins Company; et al. ) MUR 2036  
 )

SUBPOENA


TO: Irwin Jacobs  
Minstar, Inc.  
1215 Marshall Street, N.E.  
P.O. Box 9311  
Minneapolis, Minnesota 55440

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 11, 1985 at the U.S. Courthouse, 110 South Court Street, Minneapolis, Minnesota in room B-44 beginning at 10:00 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 10, 1985

George A. Smith  
929 South Brand Boulevard  
Suite 341  
Glendale, California 91204

RE: MUR 2036

Dear Mr. Smith:

On June 27, 1985, you were notified that the Commission found reason to believe that you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from you is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires you to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 5, 1985.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Please confirm the scheduled appearance with Robert Raich on our toll free line (800/424-9530) within two days of your receipt of this notification.



Letter to George Smith  
Page 2

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000 or (800) 424-9530.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

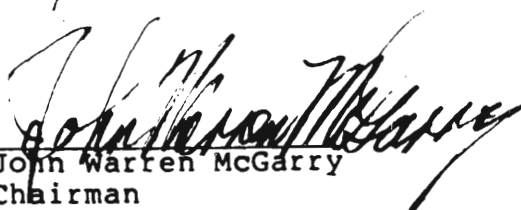
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SUBPOENA


TO: George A. Smith  
929 South Brand Boulevard  
Suite 341  
Glendale, California 91204

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 5, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 2:00 p.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct 7*, 1985..

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON D C 20463

October 10, 1985

Ms. Shannon Sesmas  
660 North Stephora  
Covina, California 91724

RE: MUR 2036

Dear Mr. Sesmas:

On June 27, 1985, you were notified that the Commission found reason to believe that you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from you is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires you to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 5, 1985.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Please confirm the scheduled appearance with Robert Raich on our toll free line (800/424-9530) within two days of your receipt of this notification.

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Letter to Shannon Sesman  
Page 2

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000 or (800) 424-9530.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

89040740307

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of


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) MUR 2036  
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SUBPOENA

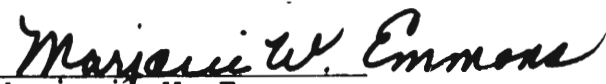
TO: Shannon Sesmas  
660 North Stephora  
Covina, California 91724

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 5, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 11:00 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on Oct. 7, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 10, 1985

John C. Light, Esquire  
Latham and Watkins  
555 S. Flower Street  
Los Angeles, California 90071

RE: MUR 2036  
Joseph P. Noga

Dear Mr. Light:

On June 27, 1985, your client was notified that the Commission found reason to believe that he violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires Mr. Noga to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 4, 1985.

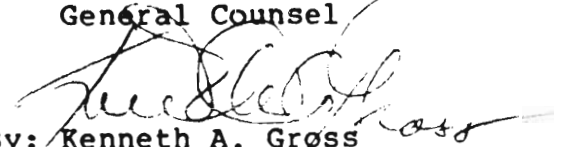
Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Please confirm the scheduled appearance with Robert Raich at (202) 523-4000 within two days of your receipt of this notification.

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

92040740309

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of


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SUBPOENA

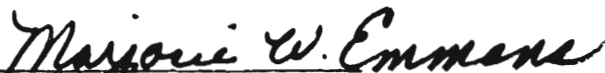
TO: Joseph P. Noga  
c/o John C. Light, Esquire  
Latham and Watkins  
555 S. Flower Street  
Los Angeles, California 90071

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 4, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 4:00 P.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 10, 1985

Gary Klein  
12710 Goethe Place  
Granada Hills, California 91344

RE: MUR 2036

Dear Mr. Klein:

On June 27, 1985, you were notified that the Commission found reason to believe that you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from you is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires you to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 3, 1985.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Please confirm the scheduled appearance with Robert Raich on our toll free line (800/424-9530) within two days of your receipt of this notification.



Letter to Gary Klein  
Page 2

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000 or (800) 424-9530).

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of


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SUBPOENA

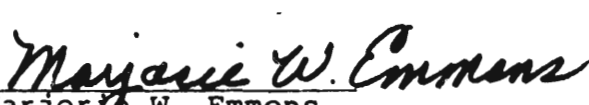
TO: Gary Klein  
12710 Goethe Place  
Granada Hills, California 91344

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 3, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 11:00 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

October 10, 1985

Ernest Gallego  
6803 Warm Springs Avenue  
LaVerne, California 91750

RE: MUR 2036

Dear Mr. Gallego:

On June 27, 1985, you were notified that the Commission found reason to believe that you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from you is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires you to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 3, 1985.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Please confirm the scheduled appearance with Robert Raich on our toll free line (800/424-9530) within two days of your receipt of this notification.

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Letter to Ernest Gallego  
Page 2

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000 or (800) 424-9530.

Sincerely,

Charles N. Steele  
General Counsel



By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of


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SUBPOENA

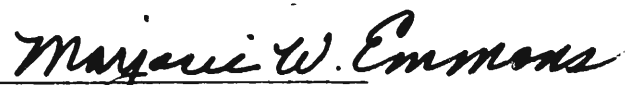
TO: Ernest Gallego  
6803 Warm Springs Avenue  
LaVerne, California 91750

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 3, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 4:00 p.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on Oct. 7, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

99040740316



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

October 10, 1985

Norman Kent  
7547 March Avenue  
Canoga Park, California 91304

RE: MUR 2036

Dear Mr. Kent:

On June 27, 1985, you were notified that the Commission found reason to believe that you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from you is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires you to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 3, 1985.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Please confirm the scheduled appearance with Robert Raich on our toll free line (800/424-9530) within two days of your receipt of this notification.

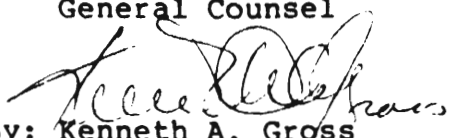
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Letter to Norman Kent  
Page 2

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000 or (800) 424-9530.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of


)  
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) MUR 2036  
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SUBPOENA

TO: Norman Kent  
7547 March Avenue  
Canoga Park, California 91304

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 3, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 2:00 p.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

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## FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20453

October 10, 1985

Louis Friedman  
3949 Los Feliz Boulevard, #208  
Los Angeles, California 90027

RE: MUR 2036

Dear Mr. Friedman:

On June 27, 1985, you were notified that the Commission found reason to believe that you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from you is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires you to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 3, 1985.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Please confirm the scheduled appearance with Robert Raich on our toll free line (800/424-9530) within two days of your receipt of this notification.

Letter to Louis Friedman  
Page 2

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000 or (800) 424-9530.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)  
)  
) MUR 2036  
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SUBPOENA

TO: Louis Friedman  
3949 Los Feliz Boulevard #208  
Los Angeles, California 90027

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 3, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 9:00 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

*John Warren McGarry*  
John Warren McGarry  
Chairman

ATTEST:

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

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 10, 1985

Jack Foti  
3342 Troy Drive  
Los Angeles, California 90068

RE: MUR 2036

Dear Mr. Foti:

On June 27, 1985, you were notified that the Commission found reason to believe that you violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from you is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires you to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 5, 1985.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Please confirm the scheduled appearance with Robert Raich on our toll free line (800/424-9530) within two days of your receipt of this notification.


89740740323

Letter to Jack Foti  
Page 2

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000 or (800) 424-9530.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

8 9 9 4 0 7 4 0 3 2 4

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of


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) MUR 2036  
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SUBPOENA

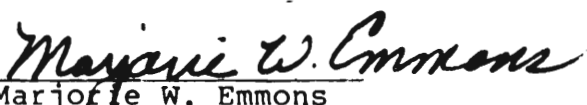
TO: Jack Foti  
3342 Troy Drive  
Los Angeles, California 90068

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 5, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 9:00 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

22040740325



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

October 10, 1985

Richard Sauber, Esquire  
Fried, Frank, Harris & Shriver  
600 New Hampshire Ave., N.W.  
Washington, D.C. 20037

RE: MUR 2036  
Philip E. Berlin,  
Joel S. Yachzel,  
Philip Scott

Dear Mr. Sauber:

On June 27, 1985, your clients were notified that the Commission found reason to believe each of them individually violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from your clients is necessary.

Consequently, the Federal Election Commission has issued the attached subpoenas which require each of your clients to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The depositions will occur on December 4, 1985.


Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given checks for the witness fees and mileage at the time of the depositions.

Please confirm the scheduled appearances with Robert Raich at (202) 523-4000 within two days of your receipt of this notification.

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoenas

9 2 7 4 0 3 2 6

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of


)  
)  
) MUR 2036  
)

SUBPOENA

TO: Joel S. Yachzel  
c/o Richard Sauber, Esquire  
Fried, Frank, Harris and Shriver  
600 New Hampshire Ave., N.W.  
Washington, D.C. 20037

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 4, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 11:00 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

9 0 7 4 0 7 4 0 3 2 7



BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of


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)  
) MUR 2036  
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SUBPOENA

TO: Phillip Scott  
c/o Richard Sauber, Esquire  
Fried, Frank, Harris & Shriver  
600 New Hampshire Ave., N.W.  
Washington, D.C. 20037

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 4, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 2:00 P.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

93040740328

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of  
Bekins Company, et al.

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)  
)

MUR 2036

SUBPOENA

TO: Phillip E. Berlin  
c/o Richard Sauber, Esquire  
Fried, Frank, Harris & Shriver  
600 New Hampshire Ave., N.W.  
Washington, D.C. 20037

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 4, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California, in conference room number 1 beginning at 9 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

8 2 0 4 0 7 4 0 3 2 9



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

October 10, 1985

Martin Gelfand, Esquire  
Hochman, Salkin and DeRoy  
9100 Wilshire Boulevard  
7th Floor, West Tower  
Beverly Hills, California 90212

RE: MUR 2036  
Richard J. Morse

Dear Mr. Gelfand:

On June 27, 1985, your client was notified that the Commission found reason to believe that he violated 2 U.S.C. § 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires Mr. Morse to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 5, 1985.

Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Please confirm the scheduled appearance with Robert Raich at (202) 523-4000 within two days of your receipt of this notification.

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

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) MUR 2036  
)

SUBPOENA

TO: Richard J. Morse  
c/o Martin Gelfand, Esquire  
Hochman, Salkin and Dero  
9100 Wilshire Boulevard  
7th Floor, West Tower  
Beverly Hills, California 90212

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 5, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 4:00 P.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 10, 1985

David Ifshin, Esquire  
Manatt, Phelps, Rothenberg, & Tunney  
1200 New Hampshire Avenue, N.W.  
Suite 200  
Washington, D.C. 20036

RE: MUR 2036  
Roger Lee

Dear Mr. Ifshin:

On June 27, 1985, your client was notified that the Commission found reason to believe that he violated 2 U.S.C. § 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires Mr. Lee to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 6, 1985.

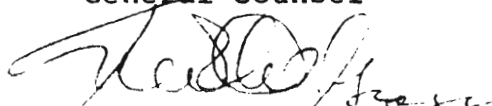
Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Please confirm the scheduled appearance with Robert Raich at (202) 523-4000 within two days of your receipt of this notification.

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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**SUBPOENA**

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 6, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 1:00 p.m. and continuing each day thereafter as necessary.

  
John Warren McGarry  
Chairman

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



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 10, 1985

Burton A. Schwalb, Esquire  
Schwalb, Donnenfeld, Bray & Silbert  
Suite 300  
1025 Thomas Jefferson Street, N.W.  
Washington, D.C. 20007

RE: MUR 2036  
Albert Labinger

Dear Mr. Schwalb:

On June 27, 1985, your client was notified that the Commission found reason to believe that he violated 2 U.S.C. § 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from your client is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires Mr. Labinger to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 9, 1985.

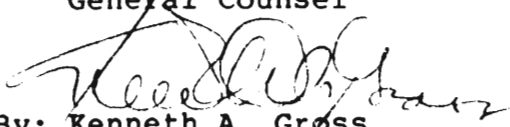
Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

Please confirm the scheduled appearance with Robert Raich at (202) 523-4000 within two days of your receipt of this notification.

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

Bekins Company, et al. )

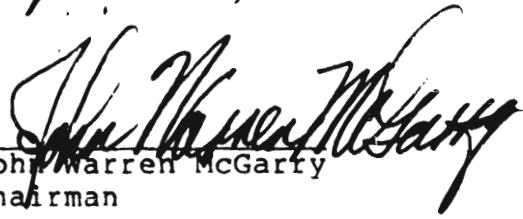
) MUR 2036  
)

SUBPOENA

TO: Albert Labinger  
c/o Burton A. Schwalb  
Schwalb, Donnenfeld, Brag & Silbert  
Suite 300  
1025 Thomas Jefferson Street, N.W.  
Washington, D.C. 20007

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 9, 1985 at the Federal Courthouse, 310 West Sixth Street, Medford, Oregon, in room 229 beginning at 11:00 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

October 10, 1985

Ronald Hartman  
17976 Medley Drive  
Encino, California 91316

RE: MUR 2036

Dear Mr. Hartman:

On June 27, 1985, you were notified that the Commission found reason to believe that you violated 2 U.S.C. § 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended. An investigation of this matter is being conducted and it has been determined that additional information from you is necessary.

Consequently, the Federal Election Commission has issued the attached subpoena which requires you to appear and give sworn testimony which will assist the Commission in carrying out its statutory duty of supervising compliance with the Federal Election Campaign Act of 1971, as amended. The deposition will occur on December 6, 1985.

You may consult with an attorney and have an attorney present with you at the deposition. If you intend to be so represented, please advise us of the name and address of your attorney prior to the date of the deposition.

Pursuant to 11 CFR 111.14, a person summoned to testify by the Commission shall be paid \$30.00, plus mileage at the rate of 20.5 cents per mile. You will be given a check for the witness fee and mileage at the time of the deposition.

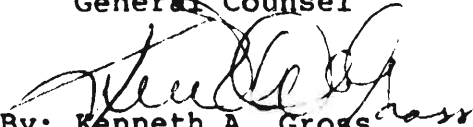
Please confirm the scheduled appearance with Robert Raich on our toll free line (800/424-9530) within two days of your receipt of this notification.

Letter to Ronald Hartman  
Page 2

If you have any questions, please direct them to Robert Raich, the staff member handling this matter, at (202) 523-4000 or (800) 424-9530.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Kenneth A. Gross  
Associate General Counsel

Enclosure  
Subpoena

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

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) MUR 2036  
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SUBPOENA

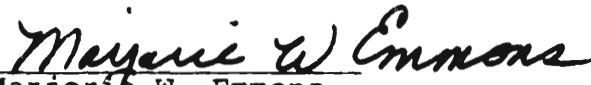
TO: Ronald Hartman  
17976 Medley Drive  
Encino, California 91316

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 6, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 9:00 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGarry  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

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U.S. Department of Justice

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Washington, D.C. 20530

16 OCT 1985

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

Attention: Mr. Kenneth Gross  
Associate General Counsel

Re: Bekins Company

Dear Mr. Steele:

We have been advised that the Commission is presently conducting an administrative inquiry into alleged violations of the Federal Election Campaign Act (FECA) by executives of the Bekins Company arising out of several corporate contributions to the 1984 Presidential campaign of John Glenn.

This FECA matter was peripherally involved in a federal criminal investigation into the fraudulent diversion of corporate funds by former Bekins General Counsel Ronald Hartman, which was recently conducted by the Bureau and the United States Attorney for the Central District of California. Earlier this year, Mr. Hartman was convicted of federal fraud charges and he has been sentenced to serve a term of three years imprisonment.

We have determined that whatever FECA offenses may have occurred in this matter do not warrant federal prosecution under 2 U.S.C. §437g(d). Accordingly, we have closed this matter, and we do not plan to take further action concerning it.

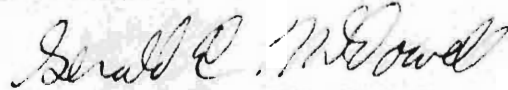
We have requested the United States Attorney for the Central District of California to segregate that portion of the criminal investigation which has potential bearing on the FECA matters presently before the Commission, and which can be disclosed consistent with Rule 6(e), F.R.Cr.P. Attached is a letter describing that information.

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If we can be of further assistance to the Commission in this matter, please let us know.

Sincerely,



Gerald E. McDowell, Chief  
Public Integrity Section  
Criminal Division

Attachment

cc: Ms. Laurie L. Levenson  
Assistant United States Attorney  
Central District of California

8 9 7 4 0 7 4 0 3 4 0



U.S. Department of Justice

Federal Bureau of Investigation  
11000 Wilshire Boulevard  
Los Angeles, California 90024

In Reply, Please Refer to  
File No.

August 29, 1985

Honorable Robert C. Bonner  
United States Attorney  
1200 United States Courthouse  
312 North Spring Street  
Los Angeles, California 90012

Attention: Ms. Laurie L. Levenson  
Assistant U. S. Attorney

Dear Mr. Bonner:

The purpose of this letter is to outline statements made by staff attorneys at the Bekins Company, 777 Flower Street, Glendale, California, regarding potential violations of federal election laws pursuant to a request by Assistant United States Attorney Laurie Levenson, of the Central District of California.

On February 19, 1985, Special Agent of the Federal Bureau of Investigation, and Special Agent of the Internal Revenue Service, conducted interviews of the Bekins' staff attorneys who provided the following:

Joel Yachzel, a Bekins' attorney since 1981, advised that in early 1984, Ronald Hartman, the Bekins' General Counsel advised that Irwin Jacobs, the Chairman of the Board of Minstar, the parent company of Bekins, wanted the Bekins' attorneys to contribute money to the John Glenn for President campaign. Yachzel at first declined to contribute money but was advised by Hartman that he had no choice. Hartman continued that Yachzel would get the contribution back in the form of a reimbursement in Yachzel's bonus at the end of the year. Yachzel contributed \$250.00 in the form of a check made payable to John Glenn. Yachzel gave the check to Hartman to handle.

Ernest Gallego, a Bekins' attorney since 1973, advised that he was asked by Ronald Hartman, the General Counsel of Bekins, to contribute \$250.00 to the John Glen for President Committee. Gallego was advised that he would get the money back

at the end of the year in his bonus. Gallego did, in fact, contribute the \$250.00 and advised he believed it was repayed in his end of the year bonus.

Gary Klein, a Bekins' lawyer since 1980, advised that in early 1984 Ronald L. Hartman advised him that he was collecting \$250.00 from the management people at Bekins for the John Glenn for President campaign. Hartman advised that this directive was dictated by Irwin Jacobs, the Chairman of the Board of Minstar. Klein advised that he did, in fact, contribute \$250.00.

Norman Kent, a Bekins' attorney since 1980, advised that Ronald Hartman advised him that Irwin Jacobs was involved in the John Glenn for President campaign and wanted the management at Bekins to contribute \$250.00 each to the campaign. Kent did not make the payment at first but felt obligated and somewhat pressured later. Kent did, in fact, make the payment by check to "John Glenn" and received it at a later date in the form of a bonus.

The above-listed attorneys did not verify whether other employees of the Bekins Company were requested to contribute to the John Glenn campaign.

Very truly yours,

RICHARD T. BRETZING  
Special Agent in Charge

*Thomas R. Graham*

By:  
THOMAS R. GRAHAM  
Acting Supervisory Special Agent

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QCC#880

Ronald L. Hartman  
80716-012  
P.O.Box 1000  
Boron, Ca. 93516-1000

Federal Election Commission  
Washington, D. C. 20463  
Attn: Robert Raich

Re: MUR 2036

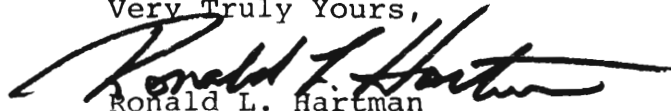
Dear Mr. Raich,

I herewith acknowledge receipt of your letter of October 10, 1985 concerning the above referenced matter. Presently, I am incarcerated at the Federal prison camp at Boron, California. My scheduled release is subsequent to December 6, 1985.

Accordingly, if you wish to take my deposition on December 6th, I suggest you telephone the camp in mid November and arrange to take the deposition here. They have facilities available for this type of matter and will accommodate you. The camp is about a two hour drive from Los Angeles.

If you are going to proceed with the deposition, let me know by mail. I believe I gave you my best recollection of the information in my interrogatory answers.

Very Truly Yours,

  
Ronald L. Hartman

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

October 31, 1985

Mr. Jim Farrell  
General Counsel  
Minstar, Inc.  
P.O. Box 9311  
Minneapolis, Minnesota 55440

RE: MUR 2036  
Bekins Company, et al.

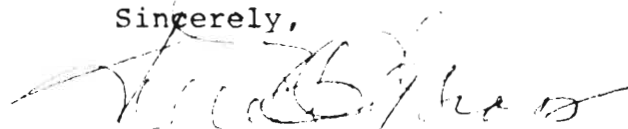
Dear Mr. Farrell:

This will confirm the substance of your conversation today with Robert Raich of this Office.

The depositions of Irwin Jacobs and Gerald Schwalbach, previously scheduled for December 11, have been rescheduled for December 12, 1985.

As you requested, enclosed is a copy of Mr. Schwalbach's Subpoena.

Sincerely,

  
Kenneth A. Gross  
Associate General Counsel

Enclosures  
Subpoena and cover letter

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## FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20463

November 6, 1985

Mr. Armand Mireles  
Unit Manager  
Federal Prison Camp  
P. O. Box 500  
Boron, CA 93516

RE: MUR 2036  
Ronald Hartman

Dear Mr. Mireles:

This agency is conducting an investigation into possible violations of the Federal Election Campaign Act of 1971, as amended. In connection with that investigation, the Commission has subpoenaed for deposition Mr. Ronald Hartman, a prisoner at your facility. Enclosed is a copy of the Subpoena and Mr. Hartman's response.

We wish to depose Mr. Hartman at your facility on December 6, 1985 at a time to be determined, but in any event between 8:00 a.m. and 3:00 p.m. Present at the deposition will be Lois Lerner and Robert Raich of this Office, a court reporter, Mr. Hartman, and his attorney if Mr. Hartman so desires.

Kindly verify these arrangements by contacting this Office. Should you move Mr. Hartman to another location before December 6, please inform us.

Your assistance in facilitating this deposition is appreciated. Should you have any questions, please contact Robert Raich, the staff member assigned to this matter, at (202) 523-4000.

Sincerely

Kenneth A. Gross  
Associate General Counsel

## Enclosures

Subpoena to Ronald Hartman  
Letter from Ronald Hartman to  
the Commission

cc: Ronald Hartman (w/o enclosures)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

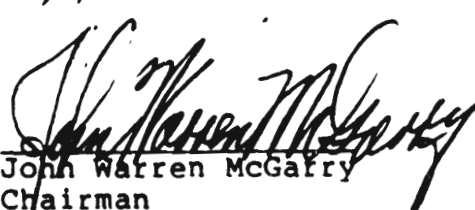
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SUBPOENA

TO: Ronald Hartman  
17976 Medley Drive  
Encino, California 91316

Pursuant to 2 U.S.C. § 437d(a)(3), and in furtherance of its investigation in the above-styled matter, the Federal Election Commission hereby subpoenas you to appear for deposition with regard to MUR 2036. Notice is hereby given that the deposition is to be taken on December 6, 1985 at the U.S. Courthouse, 312 North Spring Street, 11th Floor, Los Angeles, California in conference room number 1 beginning at 9:00 a.m. and continuing each day thereafter as necessary.

WHEREFORE, the Chairman of the Federal Election Commission has hereunto set his hand on *Oct. 7*, 1985.

  
John Warren McGaffey  
Chairman

ATTEST:

  
Marjorie W. Emmons  
Secretary to the Commission

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FRIED, FRANK, HARRIS, SHRIVER & JACOBSON

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

SUITE 1000

600 NEW HAMPSHIRE AVENUE, N. W.

WASHINGTON, D. C. 20037

202-342-3500

RICHARD A. SAUBER  
202-342-3381

CABLE "STERIC WASHINGTON"  
TELECOPIER: 202-342-3329  
RAPIFAX: 202-342-3328  
TELEX: 892406

ONE NEW YORK PLAZA  
NEW YORK, N. Y. 10004  
212 820 8000  
TELEX 620223

3 KING'S ARMS YARD  
LONDON, EC2M 7AD, ENGLAND  
01 600 1544  
TELEX 887606

November 12, 1985

Mr. Phillip S. Scott  
3025 Patricia Avenue  
Los Angeles, California 90064

Dear Mr. Scott:

The attorney at the Federal Election Commission has informed me that the Commission will pay for your transportation from Oklahoma to Los Angeles for your deposition on December 4, 1985. Please contact me immediately so that we may make these arrangements.

Best regards,



Richard A. Sauber

cc: Robert Raich  
Federal Election Commission

CCC# 8931

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MUR 2036

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

CERTIFIED MAIL--  
RETURN RECEIPT REQUESTED

November 15, 1985

Ms. Shannon Sesmas  
660 North Stephora  
Covina, California 91724

Re: MUR 2036  
Shannon Sesmas

Dear Ms. Sesmas:

As you know, the Commission has subpoenaed you for a deposition on December 5 at 11:00 a.m. We would like to reschedule your deposition to December 2 at 2:00 p.m. The place of the deposition has not changed--it will still be held at the U.S. Courthouse in Los Angeles.

Please contact this Office to confirm the new time and date or to inform us of any difficulties the new schedule may present. Call Robert Raich, the staff member handling this matter, at 202/523-4000 or 800/424-9530.

Sincerely,

  
Kenneth A. Gross  
Associate General Counsel

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LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET

LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

CABLE ADDRESS LATHWAT

TWX 910 321-3733

TELECOPIER (213) 680-2098

CHICAGO OFFICE

TEARS TOWER, SUITE 6900

CHICAGO, ILLINOIS 60606

TELEPHONE (312) 876-7700

TELECOPIER (312) 993-9767

TWX 910 221-0355

NEWPORT BEACH OFFICE

600 NEWPORT CENTER DRIVE, SUITE 1400

NEWPORT BEACH, CALIFORNIA 92660

TELEPHONE (714) 752-9100

TELECOPIER (714) 759-8891

NEW YORK OFFICE

437 MADISON AVENUE, SUITE 1400

NEW YORK, NEW YORK 10022

TELEPHONE (212) 319-2570

TELECOPIER (212) 751-4864

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DANA LATHAM (1898-1974)

SAN DIEGO OFFICE

701 B STREET, SUITE 2100

SAN DIEGO, CALIFORNIA 92101-8197

TELEPHONE (619) 236-1234

TELECOPIER (619) 606-8281

WASHINGTON, D.C. OFFICE

1333 NEW HAMPSHIRE AVE., N.W., SUITE 1200

WASHINGTON, D.C. 20006-1594

TELEPHONE (202) 828-4400

TELECOPIER (202) 628-4415

TWX 710 822-9375

December 16, 1985

Robert Raich, Esq.  
Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
7th Floor  
Washington, D.C. 20463

Re: MUR 2036

In the Matter of The Bekins Company, et. al.

Dear Mr. Raiche:

On behalf of our individual clients, Messrs. George Smith, Ernest Gallego, Joe Noga, Richard Morse and Ms. Shannon Sesmes, we are writing to request pre-probable cause conciliation, pursuant to 11 CFR Section 111.18(d).

We understand that, upon receipt of this request, the Office of General Counsel will make a recommendation to the Commission either proposing an agreement in settlement of this matter or recommending declining that pre-probable cause conciliation be pursued. Please advise us of your decision regarding this request at your earliest convenience.

As always, if we may be of further assistance to you in your investigation, please feel free to contact Ken Oder or me.

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85 DEC 23 P1:28

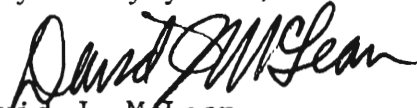
RECEIVED  
GENERAL COUNSEL

053052004000

Robert Raich, Esq.  
December 16, 1985  
Page 2

With best wishes for a happy, healthy holiday season.

Very truly yours,



David J. McLean  
of LATHAM & WATKINS

cc: Mr. Richard Morse  
Mr. Joseph Noga  
Mr. Ernest Gallego  
Mr. George Smith  
Ms. Shannon Sesmes  
Kenneth W. Oder, Esq.  
Martin N. Gelfand, Esq.

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of )  
 )  
Bekins Company, Ronald Hartman, )  
Albert Labinger, Roger Lee, )  
Richard Morse, Philip Berlin, )  
Jack Foti, Louis Friedman, )  
Ernest Gallego, Norman Kent, )  
Gary Klein, Joseph P. Noga, )  
Phillip S. Scott, Shannon Sesmas, )  
George Smith, Joel Yachzel )

MUR 2036 N 13 P 4: 36

GENERAL COUNSEL'S REPORT

REQUEST FOR PRE-PROBABLE CAUSE CONCILIATION

The Commission has found reason to believe that the respondents listed above violated 2 U.S.C. §§ 441b(a) and/or 441f. During the month of December 1985, this Office took depositions of each of the individual respondents.

Following the depositions, five respondents who had not previously done so requested to enter into conciliation prior to a probable cause to believe determination. (See Attachment 1.)

Because this Office has not yet received all of the deposition transcripts, the investigation in this matter is still not complete. This Office therefore recommends that the Commission decline the request to enter into conciliation at this time. The proposed letter to the respondents (Attachment 2) explains that the Commission will entertain their request when the investigation is completed.

RECOMMENDATIONS


1. Decline the request to enter into pre-probable cause conciliation at this time with George Smith, Ernest Gallego, Joe Noga, Richard Morse, and Shannon Sesmas.

9 3 0 4 0 7 4 0 3 5 2

2. Send the

Charles N. Steele  
General Counsel

BY:

  
Kenneth A. Gross  
Associate General Counsel

  
Date  
Comments

1. Letter from David McLean to Robert Raich
2. Proposed letter to David McLean

00040741353

2. Send the attached letter.

Charles N. Steele  
General Counsel

January 13, 1986  
Date

BY:

Kenneth A. Gross  
Associate General Counsel

Attachments

1. Letter from David McLean to Robert Raich
2. Proposed letter to David McLean

880040740353  
0040740354

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
)  
Bekins Company, Ronald Hartman, )  
Albert Labinger, Roger Lee, )  
Richard Morse, Philip Berlin, ) MUR 2036  
Jack Foti, Louis Friedman, )  
Ernest Gallego, Norman Kent, )  
Gary Klein, Joseph P. Noga, )  
Phillip S. Scott, Shannon Sesmas, )  
George Smith, Joel Yachzel )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on January 16, 1986, the Commission decided by a vote of 6-0 to take the following actions in MUR 2036:

1. Decline the request to enter into pre-probable cause conciliation at this time with George Smith, Ernest Gallego, Joe Noga, Richard Morse and, and Shannon Sesmas.
2. Send the letter attached to the General Counsel's Report signed January 13, 1986.

Commissioners Aikens, Elliott, Harris, Josefiak, McDonald and McGarry voted affirmatively for this decision.

Attest:

1-14-86

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

Received in Office of Commission Secretary Mon., 1-13-86, 4:36  
Circulated on 48 hour tally basis: Tues., 1-14-86, 11:00  
Deadline for vote: Thurs., 1-16-86, 11:00

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

January 23, 1986

David J. McLean, Esquire  
Latham & Watkins  
555 South Flower Street  
Los Angeles, California 90071

Re: MUR 2036  
George Smith  
Ernest Gallego  
Joe Noga  
Richard Morse  
Shannon Sesmas

Dear Mr. McLean:

The Federal Election Commission has received your request to enter into conciliation prior to consideration of whether there is probable cause to believe that the above-referenced respondents violated 2 U.S.C. §§ 441f or 441b(a).

On January 16, 1986, the Commission declined to enter into conciliation at this time because it has not yet received all the deposition transcripts, and the investigation in this matter is therefore not yet complete. The Commission will reconsider your request to enter into conciliation when the investigation is completed.

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

Sincerely,

Charles N. Steele  
General Counsel

By:   
Associate General Counsel

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CCT# 9839  
96 JAN 31 09:22

LAW OFFICES  
SCHWALB, DONNENFELD, BRAY & SILBERT

A PROFESSIONAL CORPORATION

BURTON A. SCHWALB  
CHARLES R. DONNENFELD  
JOHN M. BRAY  
EARL J. SILBERT  
JAMES K. STEWART  
PHILIP D. GREEN  
DAVID J. CURTIN  
ALLEN V. FARBER  
CHARLES B. WAYNE  
STEVEN SARFATTI  
LAURA A. KUMIN  
LUCINDA J. BACH  
PATRICIA L. MAHER  
RONALD J. FRIEDMAN  
CARY M. FELDMAN  
AMY G. RUDNICK  
KEITH R. ANDERSON

SUITE 300  
1025 THOMAS JEFFERSON STREET, N. W.  
WASHINGTON, D. C. 20007

AREA CODE 202  
965-7910

TELECOPIER 202-337-0676

TELEX 897007

January 28, 1986

7 5 3 0 7 2 C F L E 6

Robert Raich, Esquire  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Re: Bekins  
MUR-2036

Dear Mr. Raich:

Enclosed is the original of the transcript of the deposition of Mr. Labinger in the above matter.

Confirming our telephone discussions today, I am, on behalf of Mr. Labinger, requesting pre-probable cause conciliation. If I understand it correctly, under this procedure the Commission will make a settlement proposal which Mr. Labinger is free to reject, accept or negotiate further upon. Neither this request nor any follow on activity in that regard is to be deemed an admission or concession by Mr. Labinger that there was anything improper, nor will his refusal to agree to a settlement in the future, should that occur, be held against him or have any adverse effect upon him. It is also my understanding that the only procedural avenue which permits discussing a resolution of the matter, before further administrative efforts, is the request that I am herein making.

96 JAN 31 11:32

Robert Raich, Esquire  
January 28, 1986  
Page 2

As to the timing, your present projection is that by around February 20, 1986, you will be submitting staff recommendations to the Commission; as to those who have requested conciliation, your recommendation will be geared to having the Commission authorize settlement with a view toward trying to compromise during the ensuing 30 days. I will be unavailable from February 20 to March 3, and I would not want my absence to cause a timing problem. You did not feel that it would.

You mentioned the possibility of a form of settlement proposal, which you might proffer to us, containing some admission, and I indicated to you that we might have some problem with that. We left it that it might not be too practical to discuss that aspect in the abstract since the matter may become moot for either of us as precedures evolve.

With the idea that we think it would make sense to wrap the matter up once and for all with a minimum of effort and expense, but without prejudice in any way to Mr. Labinger, I am making the above request on his behalf.

Sincerely yours,

  
Burton A. Schwalb

BAS:ame  
Enclosure  
cc: Mr. Albert Labinger

8 9 0 4 0 7 4 0 3 5 8



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

*MUR 2036*

*Depositions are located at  
end of the case file.*

89040740359



**BEKINS**

THE BEKINS COMPANY — LEGAL DEPARTMENT

777 FLOWER STREET • GLENDALE, CALIFORNIA 91201 • TELEPHONE (818) 507-1200

Since 1891

**ERNEST E. GALLEGO**  
ASSISTANT GENERAL COUNSEL

January 30, 1986

David J. McLean, Esq.  
Latham & Watkins  
555 South Flower Street, Suite 4600  
Los Angeles, California 90071-2466

RE: CERTIFICATION OF DEPOSITION OF DECEMBER 3, 1985 -  
IN RE MUR 2036

Dear Mr. McLean:

I am returning the certified transcript of the deposition that was made available to me for review.

I wish to bring to your and Robert Raich's attention minor alterations that I have made in connection with the testimony given by me on December 3, 1985 as follows:

<u>Line</u>	<u>Page</u>
7	9 and 15
8	19
11	18 and 19
12	6, 7 and 11
13	15
16	4
18	6 and 24

The declaration I have made at page 21 attests to the truth and correctness of the information contained in the transcript as amended.

Very truly yours,

  
Ernest E. Gallego

EEG:mjk  
Enclosure

16 FEB 6 AM 12

GENERAL COUNSEL

8 7 7 4 7 4 0 3 5 0

600# 9657



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

February 3, 1986

Ken Oder, Esquire  
Latham & Watkins  
555 South Flower Street  
Los Angeles, California 90071

Re: MUR 2036  
Bekins Company, et. al.

Dear Mr. Oder:

Enclosed are copies of the deposition transcripts and the original signature pages for Shannon Sesmas, George Smith, Ernest Gallego, Joseph Noga, and Richard Morse. You should already have the transcripts and signature pages for Irwin Jacobs and Gerald Schwalbach. Kindly have your clients sign the signature pages and return them to this Office. If your clients wish to make any changes, they should indicate such changes on a separate sheet, which must be signed and sworn to before a notary public

Sincerely,

A handwritten signature in dark ink, appearing to read "Kenneth A. Gross".

Kenneth A. Gross  
Associate General Counsel

Enclosures  
Original signature pages  
Copies of deposition transcripts

89740740361



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

February 3, 1986


Mr. Norman Kent  
7547 March Avenue  
Canoga Park, California 91304

Re: MUR 2036  
Norman Kent

Dear Mr. Kent:

Enclosed is a copy of your deposition transcript and the original signature page. Kindly sign the signature page and return it to this Office. If you wish to make any changes, indicate such changes on a separate sheet, which must be signed and sworn to before a notary public.

Sincerely,



Kenneth A. Gross  
Associate General Counsel

Enclosures  
Original signature page  
Copy of deposition transcript

8 9 0 4 0 7 4 0 3 6 2



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 3, 1986


Mr. Gary Klein  
12710 Goethe Place  
Granada Hills, California 91344

Re: MUR 2036  
Gary Klein

Dear Mr. Klein:

Enclosed is a copy of your deposition transcript and the original signature page. Kindly sign the signature page and return it to this Office. If you wish to make any changes, indicate such changes on a separate sheet, which must be signed and sworn to before a notary public.

Sincerely,



Kenneth A. Gross  
Associate General Counsel

Enclosures

Original signature page  
Copy of deposition transcript

8 9 0 4 0 7 4 0 3 6 3



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 3, 1986

Mr. Louis Friedman  
3949 Los Feliz Boulevard, No. 208  
Los Angeles, California 90027

Re: MUR 2036  
Louis Friedman

Dear Mr. Friedman:

Enclosed is a copy of your deposition transcript and the original signature page. Kindly sign the signature page and return it to this Office. If you wish to make any changes, indicate such changes on a separate sheet, which must be signed and sworn to before a notary public.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kenneth A. Gross".

Kenneth A. Gross  
Associate General Counsel

Enclosures

Original signature page  
Copy of deposition transcript

8 9 0 4 0 7 4 0 3 5 4



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 3, 1986

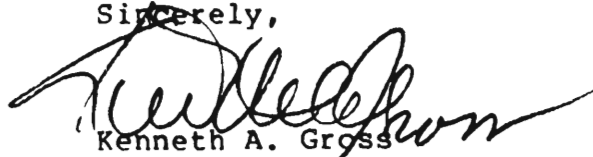
Burt Pines, Esquire  
Alschuler, Grossman & Pines  
1880 Century Park East, 12 Floor  
Los Angeles, California 90067

Re: MUR 2036  
Roger Lee

Dear Mr. Pines:

Enclosed is a copy of the deposition transcript and the original signature page for Roger Lee. Kindly have him sign the signature page and return it to this Office. If Mr. Lee wishes to make any changes, he should indicate such changes on a separate sheet, which must be signed and sworn to before a notary public.

Sincerely,

  
Kenneth A. Gross  
Associate General Counsel

Enclosures

Original signature page  
Copy of deposition transcript

89040740365



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 3, 1986


Richard Sauber, Esquire  
Fried, Frank, Harris & Shriver  
600 New Hampshire Ave., N.W.  
Washington, D.C. 20037

Re: MUR 2036  
Philip Berlin  
Joel Yachzel  
Phillip Scott

Dear Mr. Sauber:

Enclosed are copies of the deposition transcripts and the original signature pages for Philip Berlin and Joel Yachzel. Kindly have your clients sign the signature pages and return them to this Office. If your clients wish to make any changes, they should indicate such changes on a separate sheet, which must be signed and sworn to before a notary public. Also enclosed, for your information, is a courtesy copy of Phillip Scott's deposition transcript.

Sincerely,

  
Kenneth A. Gross  
Associate General Counsel

Enclosures

Original signature pages (2)  
Copies of deposition transcripts (3)

3 9 0 4 0 7 4 0 3 6 6

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FEDERAL ELECTION COMMISSION

WASHINGTON D.C. 20463

Richard Sauber, Esquire  
Fried, Frank, Harris & Shriver  
600 New Hampshire Ave., N.W.  
Washington, D.C. 20037

Re: MUR 2036  
Philip Berlin  
Joel Yachzel  
Phillip Scott

Dear Mr. Sauber:

Enclosed are copies of the deposition transcripts and the original signature pages for Philip Berlin and Joel Yachzel. Kindly have your clients sign the signature pages and return them to this Office. If your clients wish to make any changes, they should indicate such changes on a separate sheet, which must be signed and sworn to before a notary public. Also enclosed, for your information, is a courtesy copy of Phillip Scott's deposition transcript.

Sincerely,



Kenneth A. Gross  
Associate General Counsel

Enclosures

- Original signature pages (2)
- Copies of deposition transcripts (3)

8 3 0 4 0 7 4 0 3 6 7





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463


Burt Pines, Esquire  
Alschuler, Grossman & Pines  
1880 Century Park East, 12 Floor  
Los Angeles, California 90067

Re: MUR 2036  
Roger Lee

Dear Mr. Pines:

Enclosed is a copy of the deposition transcript and the original signature page for Roger Lee. Kindly have him sign the signature page and return it to this Office. If Mr. Lee wishes to make any changes, he should indicate such changes on a separate sheet, which must be signed and sworn to before a notary public.

Sincerely,

  
Kenneth A. Gross  
Associate General Counsel

Enclosures

Original signature page  
Copy of deposition transcript

8304074368



FEDERAL ELECTION COMMISSION

WASHINGTON D C 20463

Mr. Louis Friedman  
3949 Los Feliz Boulevard, No. 208  
Los Angeles, California 90027

Re: MUR 2036  
Louis Friedman

Dear Mr. Friedman:

Enclosed is a copy of your deposition transcript and the original signature page. Kindly sign the signature page and return it to this Office. If you wish to make any changes, indicate such changes on a separate sheet, which must be signed and sworn to before a notary public.

Sincerely,

A handwritten signature in dark ink, appearing to read "Kenneth A. Gross".

Kenneth A. Gross  
Associate General Counsel

Enclosures

- Original signature page
- Copy of deposition transcript

8 7 7 4 0 7 4 0 3 6 9



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463


Mr. Gary Klein  
12710 Goethe Place  
Granada Hills, California 91344

Re: MUR 2036  
Gary Klein

Dear Mr. Klein:

Enclosed is a copy of your deposition transcript and the original signature page. Kindly sign the signature page and return it to this Office. If you wish to make any changes, indicate such changes on a separate sheet, which must be signed and sworn to before a notary public.

Sincerely,



Kenneth A. Gross  
Associate General Counsel

Enclosures

Original signature page  
Copy of deposition transcript

8 9 9 4 0 7 4 0 3 7 0



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

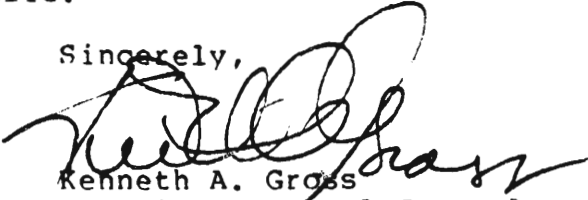
Mr. Norman Kent  
7547 March Avenue  
Canoga Park, California 91304

Re: MUR 2036  
Norman Kent

Dear Mr. Kent:

Enclosed is a copy of your deposition transcript and the original signature page. Kindly sign the signature page and return it to this Office. If you wish to make any changes, indicate such changes on a separate sheet, which must be signed and sworn to before a notary public.

Sincerely,



Kenneth A. Gross  
Associate General Counsel

Enclosures

Original signature page  
Copy of deposition transcript

3 2 0 4 0 7 4 0 3 7 1



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Ken Oder, Esquire  
Latham & Watkins  
555 South Flower Street  
Los Angeles, California 90071

Re: MUR 2036  
Bekins Company, et. al.

Dear Mr. Oder:

Enclosed are copies of the deposition transcripts and the original signature pages for Shannon Sesmas, George Smith, Ernest Gallego, Joseph Noga, and Richard Morse. You should already have the transcripts and signature pages for Irwin Jacobs and Gerald Schwalbach. Kindly have your clients sign the signature pages and return them to this Office. If your clients wish to make any changes, they should indicate such changes on a separate sheet, which must be signed and sworn to before a notary public

Sincerely,

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

Kenneth A. Gross  
Associate General Counsel

Enclosures  
Original signature pages  
Copies of deposition transcripts

89740740372

LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET  
LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

TELECOPIER (213) 680-2098

TLX 590773

ELN 62793268

CABLE ADDRESS LATHWAT

CHICAGO OFFICE

SEARS TOWER, SUITE 6900

CHICAGO, ILLINOIS 60606

TELEPHONE (312) 876-7700

TELECOPIER (312) 993-9767

TLX 590776

ELN 62793271

NEWPORT BEACH OFFICE

660 NEWPORT CENTER DRIVE, SUITE 1400

NEWPORT BEACH, CALIFORNIA 92660

TELEPHONE (714) 752-9100

TELECOPIER (714) 759-8891

TLX 590777

ELN 62793272

NEW YORK OFFICE

437 MADISON AVENUE, SUITE 1400

NEW YORK, NEW YORK 10022

TELEPHONE (212) 319-2570

TELECOPIER (212) 751-4864

TLX 510102680

ELN 62891922

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PAUL R. WATKINS (889-1933)  
DANA LATHAM (888-1974)

SAN DIEGO OFFICE

301 B STREET, SUITE 2100

SAN DIEGO, CALIFORNIA 92101-8197

TELEPHONE (619) 236-1234

TELECOPIER (619) 696-8281

TLX 590778

ELN 62793276

WASHINGTON, D.C. OFFICE

1333 NEW HAMPSHIRE AVE., N.W., SUITE 1200

WASHINGTON, D.C. 20036-1594

TELEPHONE (202) 828-4400

TELECOPIER (202) 828-4415

TLX 590775

ELN 62793269

February 3, 1986

Robert Raich, Esq.  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Dear Mr. Raich:

Enclosed are the original, executed transcripts of the depositions of George Smith and Ernest Gallego. Mr. Gallego made certain corrections which are itemized in his letter to us, a copy of which is also enclosed.

Very truly yours,

*Ken Oder*

Kenneth W. Oder  
of LATHAM & WATKINS

Enclosures

cc: David J. McLean, Esq.

6 FEB 6  
A11:12

**GOLD ARROW**

**Charcoal & Igniter Co.**

17250 SOUTH MAIN STREET  
GARDENA, CA 90248  
PHONE (213) 515-0639

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M 2036

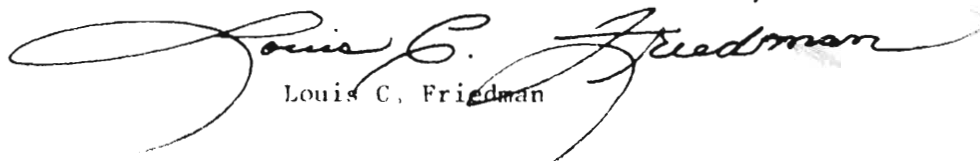
February 6, 1986

Robert Raich, Esq.  
Office of General Counsel  
Federal Elections Commission  
999 "E" Street Northwest  
Washington, DC 20463

Dear Bob:

Pursuant to our telephone conversation today, I  
am writing to formally request pre-probable cause  
conciliation.

Very truly yours,

  
Louis C. Friedman

ar

Certified



3 9 9 4 0 7 4 0 3 7 4

36 MAR 4 P 2: 20

MANATT, PHELPS, ROTHENBERG, TUNNEY & EVANS

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

1200 NEW HAMPSHIRE AVENUE, N. W.

SUITE 200

WASHINGTON, D. C. 20036

TELEPHONE (202) 463-4300

LOS ANGELES

11355 WEST OLYMPIC BOULEVARD  
LOS ANGELES, CALIFORNIA 90064

(213) 312-4000

February 21, 1986

Lois Lerner, Esq.  
Office of General Counsel  
Federal Election Commission  
1325 K Street, N.W.  
Washington, D.C. 20463

Re: MUR 2036

Dear Ms. Lerner:

This letter constitutes a request for pre-probable cause conciliation in the above captioned MUR on behalf of respondent Roger Lee.

Sincerely,



David M. Ifshin  
Manatt, Phelps, Rothenberg,  
Tunney & Evans

DMI/ppl

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## FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES N. STEELE  
GENERAL COUNSEL

FROM: MARJORIE W. EMMONS/CHERYL A. FLEMING *cc*

DATE: MARCH 10, 1986

SUBJECT: MUR 2036 - COMPREHENSIVE INVESTIGATIVE REPORT  
SIGNED MARCH 6, 1986

The above-captioned matter was circulated by the Commission Secretary's Office to the Commissioners on Friday, March 7, 1986 at 2:00 P.M.

There were no objections received in the Office of the Secretary of the Commission to the Comprehensive Investigative Report at the time of the deadline.

BEFORE THE FEDERAL ELECTION COMMISSION

**SENSITIVE**

In the Matter of )  
 )  
 The Bekins Company, Ronald Hartman, )  
 Albert Labinger, Roger Lee, )  
 Richard Morse, Philip Berlin, )  
 Jack Foti, Louis Friedman, )  
 Ernest Gallego, Norman Kent, )  
 Gary Klein, Joseph P. Noga, )  
 Phillip S. Scott, Shannon Sesmas, )  
 George Smith, Joel Yachzel )

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MUR 2036

COMPREHENSIVE INVESTIGATIVE REPORT

The General Counsel's Office has now completed a review of the extensive deposition transcripts in this matter. This Office is presently preparing a Report which will make further recommendations with respect to each of the various respondents.

This Office has recently received three additional requests for pre-probable cause conciliation--from Albert Labinger, Roger Lee, and Louis Friedman. Recommendations concerning the disposition of these requests will be incorporated into the forthcoming Report concerning all respondents. As soon as the Report is complete, it will be circulated to the Commission.

Charles N. Steele  
 General Counsel

March 6, 1966  
 Date

BY: Kenneth A. Gross  
 Kenneth A. Gross  
 Associate General Counsel

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BEFORE THE FEDERAL ELECTION COMMISSION

SENSITIVE

In the Matter of )  
 )  
The Bekins Company, Ronald )  
Hartman, Albert Labinger, )  
Roger Lee, Richard Morse, ) MUR 2036  
Philip Berlin, Jack Foti, )  
Louis Friedman, Ernest )  
Gallego, Norman Kent, )  
Gary Klein, Joseph P. Noga, )  
Phillip S. Scott, Shannon )  
Sesmas, George Smith, and )  
Joel Yachzel )

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GENERAL COUNSEL'S REPORT

I. BACKGROUND

This matter is based upon a sua sponte letter to the Commission dated February 21, 1985. That letter was spawned by an investigation of the Bekins Company by its parent, Minstar, Inc.

Minstar, Inc. acquired the Bekins Company in mid-1983. In late 1984 the companies became aware of improprieties committed by, among others, Ronald Hartman, Bekins' former General Counsel. Minstar, Inc. conducted an investigation which ultimately resulted in Mr. Hartman's pleading guilty to federal fraud and tax evasion charges. That investigation also revealed that various Bekins employees had been reimbursed by The Bekins Company for making contributions to John Glenn's 1984 presidential campaign. Upon learning the results of the investigation, Irwin Jacobs, the Chairman and Chief Executive Officer of Minstar, Inc., instructed his attorneys to inform the Federal Election Commission of the apparent violations of the Act. The attorneys sent the sua sponte letter, and the Commission commenced its analysis of the situation.

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On June 11, 1985, the Commission found reason to believe The Bekins Company violated 2 U.S.C. §§ 441b(a) and 441f for making corporate contributions in the names of its employees. The Commission also found reason to believe that each of the individual respondents violated 2 U.S.C. § 441f by knowingly permitting his or her name to be used to effect Bekins' contributions. In addition, the Commission found reason to believe that certain officers of the corporation--Ronald Hartman, Albert Labinger, Roger Lee, and Richard Morse--violated 2 U.S.C. § 441b(a) by facilitating Bekins' corporate contributions. The Commission approved Questions to, and despositions of, each of the individual respondents. The General Counsel's Office has now completed its investigation in this matter, and presents the following summary of its findings. Because involvement in the scheme varied substantially from one respondent to another, this Office is devoting a separate section of this report to issues involving each respondent.

## II. FINDINGS

### A. The Bekins Company

The information ascertained during the investigation indicates that in early February 1984, Irwin Jacobs asked Albert Labinger (Bekins' then-President and Chief Executive Officer) to contribute to John Glenn's campaign and to see if other people with whom Labinger worked at Bekins would themselves contribute to Glenn's campaign. Jacobs either contacted Labinger directly or through an intermediary, namely Gerald Schwalbach, Jacobs' subordinate and long-time business associate. Jacobs and

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Schwalbach say they only intended for Labinger to request contributions from two Bekins officers: Ronald Hartman, General Counsel and Senior Vice President, and Roger Lee, Chief Financial Officer and Senior Vice President. Labinger understood Jacobs' request to be for soliciting contributions from a broader class of people. In all, 15 Bekins employees were solicited, including various corporate officers, the president of a subsidiary, and all in-house attorneys. Each of those 15 people made a \$250 contribution, and some (particularly employees in the Legal Department) reported feeling pressured by their superiors into contributing. Labinger apparently mistakenly believed that Jacobs had authorized The Bekins Company to reimburse employees for their contributions. Most of the 15 employee-contributors were reimbursed, some through "grossing up" of their annual incentive bonuses and some through their expense accounts. Some employees who received reimbursement did not even know they were reimbursed.

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The Bekins Company is a corporation organized under the laws of California. It appears that The Bekins Company violated 2 U.S.C. §§ 441f and 441b(a) by making corporate contributions in the names of its employees. The Bekins Company, on July 15, 1985, requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with The Bekins Company at this time.

B. Ronald Hartman

Hartman first learned of Jacobs' involvement in the Glenn campaign in late 1983 when Jacobs mentioned to Hartman that Jacobs was on Glenn's Finance Committee. Jacobs did not solicit a contribution from Hartman at that time.

According to Hartman, the only time anyone asked him to contribute to Glenn's campaign was in early 1984 when, at a meeting, Labinger, Lee, or both of them, said that Jacobs wanted a \$250 contribution from Hartman. Hartman believes Morse may also have been present. Hartman has "no recollection" of any discussion concerning reimbursement for the contribution. In contrast, Albert Labinger's account of that meeting is more detailed. Labinger recalls that he had a meeting on or about February 5, 1984 with Hartman, Lee, and Morse. According to Labinger, at the meeting he said that Jacobs wanted \$250 contributions to the Glenn campaign from each of the people at the meeting and from other people who worked with Labinger at Bekins. Labinger says that he stated, "[I]f any of your people feel they want to get reimbursed, . . . the feeling that I had through my conversation with Mr. Jacobs was that they can be reimbursed if they put it on their expense account." Labinger Deposition, p. 33-34.

Hartman denies ever conditioning anybody's continued employment on making a political contribution. He emphatically states, "At no time did I ever directly, indirectly or otherwise ever suggest anyone's employment would ever be affected by

contributions or lack of contributions to the Glenn Committee or any other political cause." Hartman Interrogatory Answer 12. Hartman professes to have "no recollection" of asking any person to contribute to the Glenn campaign. He does "not recall" suggesting that anyone could be reimbursed for making a contribution. He states that he "did not see" any contribution checks from any Bekins employees. Mr. Hartman's subordinates all have more vivid recollections of events. Each and every one of the lawyers who worked under Hartman -- Philip Berlin, Louis Friedman, Ernest Gallego, Norman Kent, Gary Klein, and Joel Yachzel --states that Hartman personally asked for a contribution to the Glenn campaign. Indeed, members of the Legal Department described Hartman's request as a "demand," "directive," "order," and "absolute." Each of the six lawyers except Berlin (who he would have contributed to Glenn anyway) states he felt pressured or threatened into contributing. For example: When Yachzel complained about having to contribute, Hartman became "upset" and said there would be "no excuse" for not contributing. Klein felt that his job would be "on the line" if he did not contribute. Friedman states he refused to write the check for several days, but then, "I was told categorically by Mr. Hartman that if I did not cause the check to be issued, my employment would be severed accordingly." Friedman Interrogatory Answer 5a. Four of the six attorneys state that Hartman told them they could or would be reimbursed for their contributions. Three of the six remember giving their checks to Hartman personally, and two gave them

either to Hartman or Hartman's secretary. (The sixth does not remember to whom he gave his check.)

With a check dated February 6, 1984, Hartman contributed \$250 to John Glenn's campaign. Hartman says he does "not recall" receiving any reimbursement; however, on an Expense Reimbursement Request dated February 5, 1984, he listed a \$250 miscellaneous litigation "entertainment" expense for which he was reimbursed. (Hartman's six subordinate lawyers received reimbursements through "gross ups" of their incentive bonuses.)

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This Office believes Hartman's credibility is poor. He is a convicted felon, currently incarcerated in a correctional facility. His testimony is contradicted by that of numerous other respondents. Hartman caused seven individuals, including himself, to make contributions in connection with a federal election for which those individuals received reimbursement from The Bekins Company, a corporation. Accordingly, it appears that Ronald Hartman violated 2 U.S.C. §§ 441f (by knowingly permitting his name to be used to effect a contribution by the corporation) and 441b(a) (as an officer, by consenting to corporate contributions). In a letter dated July 15, 1985, Hartman requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with Ronald Hartman at this time.

C.    Albert Labinger

During 1983 and until about February 20, 1984, Albert Labinger was Bekin's President and Chief Executive Officer. He



was the only direct link between Irwin Jacobs and The Bekins Company concerning the contributions to the Glenn campaign at issue in this MUR.

Labinger states that on December 5, 1983, in response to a request from Jacobs, Labinger contributed \$1,000 to Glenn's campaign. Labinger says the next conversation he had concerning contributions to the Glenn campaign was in a telephone conversation with Jacobs on or about February 5, 1984. At that time, Jacobs reportedly said he would like his "friends" at Bekins (meaning people working around Labinger who knew Jacobs) to make \$250 contributions to the Glenn campaign. Labinger says that Jacobs did not actually mention reimbursements, but Labinger got the impression that Jacobs would permit Bekins to reimburse employees who contributed. In his deposition, Labinger explained it this way:

- Q: Did he mention any reimbursements to the people who made contributions?
- A: You know, the tone of the conversation, when I hung up, I say it was a very brief conversation, but the tone of it left me to believe that reimbursements were possible.
- Q: Did he specifically mention reimbursements in the conversation?
- A: No. No. He did not.
- Q: What was it about the tone of the conversation that led you to believe that reimbursements were possible?
- A: I can't answer that in specific words, but just a feeling that I had that, just the intuition that I had about the way the conversation was held.

Labinger Deposition, p. 18-19. Labinger felt that Jacobs was not issuing an "order" for Bekins employees to contribute, but that Jacobs was ordering Labinger to pass on Jacob's thoughts to Bekins employees.

Based on his conversation with Jacobs, Labinger says he held a meeting that same day or the next day with Hartman, Lee, and Morse. Labinger asked them to contribute and to ask their subordinates to contribute. At the meeting Labinger also stated that Jacobs would allow employees who contributed to receive reimbursement from the company. Labinger suggested that reimbursement be made through expense accounts. Other than his statements at the meeting, Labinger recalls personally asking only Shannon Sesmas, Director of Public Communications, to contribute. Two other employees -- George Smith and Phillip Scott -- state that Labinger personally asked them to contribute, but Labinger says he does not recall making any such requests.

Fifteen Bekins employees (including Labinger) contributed \$250 to Glenn's campaign. Labinger forwarded the checks to Jacobs. Labinger says the next communication he had with anyone at Minstar, Inc. concerning this matter was a telephone conversation with Gerald Schwalbach a few days after Labinger sent the checks to Jacobs. Schwalbach reportedly stated that because Labinger had previously contributed \$1,000, he could not give another \$250. Labinger then told Schwalbach to tear up the \$250 check.

Jacobs' and Schwalbach's accounts are consistent with each other, but they differ from Labinger's concerning certain particulars of what they communicated to Labinger. Most significantly, Jacobs and Schwalbach vehemently deny ever suggesting that employees could be reimbursed for making contributions. They also say that only once did they ask Bekins employees to contribute: in November, 1983, when Jacobs asked Schwalbach to request \$1,000 from Labinger and to request that Labinger ask Hartman and Lee to each contribute \$1,000 also. Schwalbach says that is the only conversation he recalls ever having with Labinger concerning the matter. Jacobs says his only conversation with Labinger concerning this matter was after Labinger sent in a stack of checks. Jacobs says he was quite surprised because he had not requested the checks and had not anticipated receiving them. He called up Labinger to thank him for working so hard. Jacobs states that he was surprised to receive contributions from anyone at Bekins other than Labinger, Hartman, and Lee.

Based on the testimony, it does not appear that personnel at Minstar, Inc. were aware of the reimbursement scheme. Labinger was the only contact anyone at Minstar had with anyone at Bekins concerning the solicitation of contributions. The only authorization Labinger ever had for the reimbursement scheme was his own "intuition" based on what was at best a brief conversation with Jacobs -- a conversation which Jacobs denies ever occurred.

Labinger says he does "not recall" having spoken about the contributions in February 1984 with anyone at Bekins other than Hartman, Lee, Morse, and Sesmas. However four other Bekins employees do recall discussing the matter with Labinger. As previously mentioned, George Smith and Phillip Scott say that Labinger solicited contributions from them. Louis Friedman says he complained to Labinger about having to contribute, to which Labinger replied, "Yes. I know. Nobody said life's fair." Joseph Noga says Labinger walked into Noga's office while Noga was talking with Lee. Lee told Labinger about Noga's concern that the reimbursements might violate the Internal Revenue Code or the Foreign Corrupt Practices Act. Noga says Labinger merely shrugged and walked out.

Although Labinger says he does not know if anybody actually received a reimbursement, because he left the company in late February 1984, he more than any other person set the wheels in motion for the contribution and reimbursement scheme. Either directly or through intermediaries, he made solicitations and authorized reimbursements from The Bekins Company to contributors. Accordingly, it appears that Albert Labinger violated 2 U.S.C. 441b(a) by consenting to corporate contributions.

The evidence indicates that Labinger did receive a reimbursement through his expense account in the amount of \$250. However, Labinger's \$250 personal check, written in response to his February, 1984 conversation with Jacobs, was destroyed before

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it could be transmitted to the Glenn Committee. Therefore, this Office recommends that the Commission take no further action with respect to a violation of 2 U.S.C. § 441f concerning Labinger. In a letter dated January 28, 1985, Labinger requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with Albert Labinger at this time.

D. Roger Lee

Until about March 7, 1984, Roger Lee was Senior Vice President and Chief Financial Officer of The Bekins Company. He was then promoted to President.

According to Lee, in early February 1984, Albert Labinger asked Lee to make a \$250 contribution to John Glenn's campaign. Labinger also requested that Lee ask the senior people who worked for him to contribute, and Labinger said the company could "make people whole" for the contributions. Lee himself contributed and solicited contributions from Jack Foti, Director of Corporate Development and Joseph Noga, Vice President and Controller. Lee told Foti and Noga that they could be "made whole" for their contributions, and the evidence indicates that Lee received reimbursement through his expense account for his own contribution. Lee says he does "not recall" discussing contributions to the Glenn campaign with any other people. However, Louis Friedman states that he asked Lee why the contributions were being requested, and Lee replied, "Orders."

Joseph Noga says he had a discussion with Lee in which Noga suggested that reimbursements, through expense reports or grossed up bonuses, would violate the Internal Revenue Code or the Foreign Corrupt Practices Act. Noga says Lee "showed no concern" for Noga's opinion, and "didn't respond to it one way or the other." According to Noga, at the end of that conversation Labinger walked in; Lee told Labinger of Noga's concerns, and Labinger's response was to shrug his shoulders and walk out of the office. Noga says that Lee may have approved the incentive bonuses for Bekins employees in 1984. Those bonuses came in March 1984, after Lee became president, and a document prepared by Richard Morse indicates that the bonuses were inflated by the amount necessary to reimburse nine employees for their contributions to Glenn's campaign.

As Chief Financial Officer and then as President, Roger Lee effectuated, and therefore consented to, Bekins' scheme to make corporate contributions in the names of its employees. It, therefore, appears that Roger Lee violated 2 U.S.C. §§ 441f (by knowingly permitting his name to be used to effect a contribution by the corporation) and 441b(a) (by consenting to corporate contributions). In a letter received on February 25, 1986 (Attachment 1), Lee requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with Roger Lee at this time.

E. Richard Morse

Morse was Bekins' Vice President of Human Resources during the relevant time period. His duties primarily involved the personnel area.

Morse says his only solicitation came from Albert Labinger, who late one afternoon came into Morse's office and emphatically directed Morse to write a \$250 check to the John Glenn Committee "ASAP," telling Morse he would be reimbursed. Morse gave the check to Labinger's secretary the next morning. Morse was reimbursed through his expense report for a car rental expense which ordinarily would not have been reimbursable. Morse did not request contributions from anyone.

According to Morse, Labinger decided that contributors who had not already received their 1984 bonus checks would receive reimbursement through "grossing up" their bonuses, and people who had already received their bonuses would receive reimbursement through their expense vouchers. Morse was told by Labinger that he wanted reimbursements to occur, and he instructed Morse to take care of it. Morse had no idea of who had contributed, so he asked Labinger's secretary, Virginia Willard, to find out. She then gave Morse a list of people and the amounts of their contributions. Morse crossed off the names of people who had already received their bonuses<sup>1/</sup> and put a check next to the

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<sup>1/</sup> George Smith, Roger Lee, Jack Foti, Richard Morse, Ronald Hartman, and Albert Labinger.

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names of people who were to receive reimbursement through their bonuses.<sup>2/</sup> He signed and dated the document and sent it to the Accounting Department to prepare the bonus checks. Morse signed the document because routine company practice provided that preparation of any bonus payment needed the approval of someone in management in the Human Resources Department. As an adjustment to bonuses, the list required the signature of a person such as Morse.

By effecting the plan already set in motion by Labinger, Morse consented to the reimbursements of some employees. Accordingly, it appears that Morse violated 2 U.S.C. §§ 441f (by knowingly permitting his name to be used to effect a contribution by the corporation) and 441b(a) (by consenting to corporate contributions). On December 16, 1985, Morse requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with Richard Morse at this time.

F. Philip Berlin

Mr. Berlin worked as an attorney in Bekins' Legal Department. He recalls that in early 1984 Ronald Hartman requested a \$250 contribution to the John Glenn campaign.

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<sup>2/</sup> Phillip Scott, Joseph Noga, Shannon Sesmas, Ernest Gallego, Philip Berlin, Norman Kent, Joel Yachzel, Gary Klein, and Louis Friedman.

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Hartman told Berlin he could receive reimbursement by listing the amount of the contribution on his expense report. Berlin did not seek or attempt reimbursement by any means. He states that he believes he was not reimbursed in any manner. However, according to the list signed by Richard Morse, Berlin received reimbursment through his bonus.

Berlin is the only lawyer in the Legal Department who did not feel threatened by Hartman into contributing. Not coincidently, Berlin is the only lawyer in the legal department who had already decided that he (with his wife) would support and contribute to Glenn. He thought that \$250 was a "fair amount." As far as Berlin was concerned, by making the contribution, "I wasn't doing anything that I . . . wouldn't have done anyway." Berlin Deposition, p. 22.

Berlin is the only respondent in this matter not to have requested conciliation prior to a probable cause to believe determination. Because he already had a predilection to contribute approximately \$250 to the Glenn campaign, and because he requested no reimbursement, and was unaware of his reimbursement, this Office recommends that the Commission take no further action against Philip Berlin.

G. Jack Foti

In February 1984, Jack Foti was Bekins' Director of Corporate Development. His immediate superior was Roger Lee. Foti says that on or about February 3, 1984, Roger Lee told or asked Foti to make a \$250 contribution to the John Glenn

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campaign, and said that Foti could be reimbursed through his expense account. A few minutes later, Foti wrote out a check for that amount and handed it to Lee.

Within the next few weeks, Foti submitted his expense report which listed an expense for the "John Glenn contribuiton." Lee then returned the expense report and said Foti would have to disguise the contribution in some way. Foti subsequently took meal receipts which totaled approximately \$250 and listed the total under meal expenses. Foti actually ate the meals, but they were personal meals rather than business meals. It was not Bekins' normal policy to reimburse employees for personal meals. Foti admits he was reimbursed. He realized that the reimbursement was illegal or, at least, improper.

Foti knowingly permitted The Bekins Company to use his name to effectuate a contribution in the name of another. It thus appears that he violated 2 U.S.C. § 441f. On July 22, 1985, Foti requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with Jack Foti at this time.

H. Louis Friedman

In February 1984, Louis Friedman was an attorney in Bekins' Legal Department. Friedman says that in early February 1984, another attorney, Joel Yachzel, told Friedman that Ronald Hartman was requiring all attorneys to contribute \$250 to the John Glenn campaign. Friedman protested and did not contribute. About five days later, Hartman said that if he did not have Friedman's check

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that day, Friedman's employment would be terminated immediately. That afternoon, Friedman gave a \$250 check to Hartman or his secretary. Friedman says that no one told him he could or would be reimbursed, and Friedman believes he was not reimbursed. In fact, according to the list signed by Richard Morse, Friedman received reimbursement in his bonus check.

Sometime in February 1984, Friedman protested to Roger Lee about having to contribute to the Glenn Committee. Lee's response was one word: "Orders." Friedman Deposition, p. 25. Also in February 1984, Friedman told Labinger of Friedman's animosity against having to contribute to the Glenn campaign. Labinger replied, "Yes. I know. Nobody said life's fair. We got to do things that we don't like to." Friedman Deposition, p. 26. (Both Lee and Labinger deny having such conversations.)

In letters received February 11, 1986 and March 4, 1986, (Attachment 2) Louis Friedman requested conciliation prior to a finding of probable cause to believe. Because it appears he did not know that he could or would receive reimbursement when he made the contribution, this Office recommends that the Commission take no further action against Louis Friedman.

I. Ernest Gallego

In February 1984, Ernest Gallego was an attorney in Bekins' Legal Department. He says that on about February 3, 1984, Ronald Hartman forcefully requested a \$250 personal check payable to the John Glenn Committee. When Gallego replied that Glenn was not his candidate, Hartman was "adamant," and stated, "What the hell

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difference does it make? You are going to get it back anyhow." On about February 6, 1984, Gallego handed his check to Hartman. At that time, in response to Gallego's inquiry, Hartman said that Gallego would "get it back" in his bonus check.

Gallego believes he was reimbursed in the bonus check he received in late March 1984. He says he suspected that the activity might have been illegal.

Gallego knowingly permitted The Bekins Company to use his name to effectuate a contribution in the name of another. It thus appears that he violated 2 U.S.C. § 441f. On December 16, 1985, Gallego requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with Ernest Gallego at this time.

J. Norman Kent

In February 1984, Norman Kent was an attorney in Bekins' Legal Department. He says that on February 6, 1984, Ronald Hartman "directed and ordered" him to write a \$250 check "as soon as posible" to the John Glenn campaign, and that he would "get the money back." Kent gave the check to Hartman or his secretary that same day. Kent felt "pressured" to make the contribution, stating he believed that failure to contribute "could affect me in terms of pay raises, my standings in the company." Kent Deposition, p. 10.

Kent says that on or about February 15, 1984, Hartman told Kent he would get reimbursed in his bonus check, and Hartman

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warned, "Don't put it on [your] expense report." Kent assumes he received reimbursement in his 1984 bonus, and, according to the list signed by Richard Morse, Kent did receive reimbursement in his bonus check. At the time, Kent believed the purpose of the contribution and reimbursement scheme was "so that the name of Bekins wouldn't get involved and they wouldn't be shown to be a corporation contributing to a particular candidate." Kent Deposition, p. 14.

Kent knowingly permitted the Bekins Company to use his name to effectuate a contribution in the name of another. It thus appears that he violated 2 U.S.C. § 441f. On July 17, 1985 he requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with Norman Kent at this time.

K. Gary Klein

In February 1984, Gary Klein was an attorney in Bekins' Legal Department. He says that in early February 1984, Ronald Hartman gave him a "directive" to contribute \$250 to the John Glenn campaign. A few days later, Hartman asked, "Where is your check?" Klein handed the check to Hartman at that time. Klein indicates that he felt his job would have been on the line if he did not contribute.

Klein says he does not "recall" whether anyone told him he would be reimbursed for his contribution. He says he does "not know" if he was reimbursed. The document prepared by Richard Morse indicates that Klein received reimbursement in his bonus

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check. Klein admits that when he was asked to make the contribution, he felt it "might have been" improper.

Despite Klein's memory, the evidence indicates that he permitted the Bekins Company to make a contribution in his name. It thus appears that he violated 2 U.S.C. § 441f. In a letter dated July 12, 1985, Klein requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with Gary Klein at this time.

L. Joseph P. Noga

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In February 1984, Joseph Noga was Bekins' Vice President and Corporate Controller. He says that on February 3, 1984, before lunch, Roger Lee asked if Noga would contribute \$250 to John Glenn's Committee. Noga asked if it was necessary for him to make the contribution, and Lee replied with words to the effect of, "Well, we want to sort of do it for the Gipper." Noga states that he felt "pressure" to contribute. According to Noga, Lee said the contribution would not affect Noga personally because he "would not be out of pocket." Noga asked Lee what method he had in mind to assure that Noga would not be out of pocket. Lee first suggested that Noga turn in an expense report for a trip not taken or for meals not eaten. Noga said that device would violate the Internal Revenue Code. The two then discussed grossing up the incentive compensation bonus. Noga said that device would violate the accounting provisions of the Foreign Corrupt Practice Act. Noga Deposition, p. 9. At the end of the

conversation, Labinger walked in, and Lee mentioned Noga's concerns to Labinger. Labinger's response was to shrug his shoulders and walk out. Lee showed no concern one way or the other. Noga Deposition, p. 39-40.

Noga contributed \$250 to John Glenn's Committee. He gave the check to Lee the afternoon of February 3, 1984, after thinking "long and hard" about whether to make the contribution. His reservations were partly due to his concerns about violating the law and because "I knew that at some point I was going to have to bring the accounting for this particular expense to light. . . . [I]t was just a matter of when." Noga Deposition, p. 14. Noga knows he was reimbursed by the grossing up of his bonus, paid in March 1984.

Noga knowingly permitted The Bekins Company to use his name to effectuate a contribution in the name of another. It thus appears that he violated 2 U.S.C. § 441f. On December 16, 1985, he requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with Joseph Noga at this time.

M. Phillip Scott

In February 1984, Phillip Scott was Bekins' Treasurer. His immediate superior was Roger Lee. Scott says that on the morning of February 6, 1984, Labinger briefly stopped him in a Bekins parking lot and asked for a \$250 check made payable to the John Glenn Campaign. Labinger said, "Roger [Lee] will explain what it is about." Later that day, Scott wrote the check and sent it to

Labinger's attention through the intercompany mail. Scott says he intended to speak with Lee about the matter, but never remembered to do so. Scott did not feel he would have been reprimanded in any way if he failed to make the contribution. Scott also indicates that he "probably would have" contributed to Glenn anyway, without being asked to do so.

Scott says no one ever told him he could be reimbursed for his contribution, and he believes he was not reimbursed. However, a document signed by Richard Morse indicates that Scott was to receive reimbursement through his bonus check.

On July 23, 1985, Scott requested conciliation prior to a finding of probable cause to believe. Because he did not know that he could or would be reimbursed, this Office recommends that the Commission take no further action against Phillip Scott.

N. Shannon Sesmas

During the relevant time period, Shannon Sesmas was Bekins' Director of Public Communications. She says that in February 1984, Albert Labinger asked her to do a "personal favor" and write a \$250 check to the John Glenn campaign. According to Sesmas, Labinger told her that it was illegal for a corporation to contribute, but it was not illegal for an individual, and he added that Sesmas would "get it back" on her expense report. Within an hour of the request, Sesmas wrote the check and put it on Labinger's desk. She believed that if she did not make the contribution, Labinger "would make my life miserable." Sesmas admits that she received reimbursement through her expense account.



A document signed by Richard Morse indicates that Sesmas was also to receive reimbursement through a grossed up bonus. Apparently, Bekins reimbursed Sesmas twice for her contribution.

Sesmas knowingly permitted The Bekins Company to make a contribution in her name. It thus appears that she violated 2 U.S.C. § 441f. On December 16, 1985, she requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with Shannon Sesmas at this time.

O. George Smith

During the relevant time period, George Smith was President of Bekins Moving and Storage, a subsidiary of The Bekins Company. His immediate superior was Albert Labinger. Smith says that in early February 1984, Labinger asked if Smith would do a "personal favor" and contribute \$250 to the John Glenn campaign. Labinger also told Smith that there would be no "out of pocket" loss to him because he could include the contribution on his expense account, calling it something else and claiming it as a reimbursable expense. A few days later, on February 6, 1984, Smith wrote the check and sent it to Labinger's office. Smith believed that if he did not make the contribution, "Al [Labinger] would probably make my life miserable" through harassment and personal intimidation. Smith did not request contributions from anyone.

Smith says that about ten days after the solicitation, Labinger asked if Smith had included the contribution in his

expenses. In Smith's interrogatory answers, he says he told Labinger that he had included the contribution in his expenses. In Smith's deposition, he says that he told Labinger he had not yet included the contribution in his expenses. In both his interrogatory answers and his deposition, Smith states that he did not actually submit the contribution as an expense because it was not a reimbursable item, and the thought of calling it something other than what it was bothered him.

On December 16, 1985, Smith requested conciliation prior to a finding of probable cause to believe. Although his name appears on the list prepared by Morse as having been reimbursed through his expense account, the information on that list came from Labinger. Because Smith gave Labinger incorrect information about his reimbursement, it appears that misinformation may have been transmitted to the list. This Office, therefore, recommends that the Commission take no further action against George Smith.

P. Joel Yachzel

In February 1984, Joel Yachzel was a lawyer in Bekins' Legal Department. Yachzel says that around February 6, 1984, Hartman said that certain Bekins employees, including all attorneys in the Legal Department, had to make \$250 contributions to the Glenn campaign. Hartman then "ordered" Yachzel to write out a \$250 personal check and to list the amount of the contribution on his expense report, and to relay the message to other attorneys in the Legal Department. When Yachzel complained about having to make the contribution, Hartman became "upset" and said that

Yachzel would be reimbursed and could also get a credit for the contribution on his income tax. According to Yachzel, Hartman said there was "no excuse for not giving him the money." Yachzel Interrogatory Answer 5a. On February 6, 1984, Yachzel handed his check to Hartman. Yachzel assumed that if he did not contribute, he "wouldn't be working there." Yachzel Deposition, p. 24.

Yachzel submitted an expense report listing a \$250 Legal Department expense, but the Accounting Department subsequently returned the expense report, and Yachzel was told his annual bonus would be increased by an amount equal to \$250 plus taxes attributable to that amount. Yachzel received his bonus at the end of March 1984.

Yachzel knowingly permitted The Bekins Company to make a contribution in his name. It thus appears that he violated 2 U.S.C. § 441f. On July 23, 1985, Yachzel requested conciliation prior to a finding of probable cause to believe. This Office recommends that the Commission enter into conciliation with Joel Yachzel at this time.

### III. DISCUSSION OF CONCILIATION AND CIVIL PENALTY

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**VI. RECOMMENDATIONS**

1. Take no further action and close the file with respect to Philip Berlin, Louis Friedman, Phillip Scott, and George Smith.
2. Take no further action against Albert Labinger with respect to 2 U.S.C. § 441f.
3. Enter into conciliation, prior to a finding of probable cause, with The Bekins Company, Ronald Hartman, Albert Labinger, Roger Lee, Richard Morse, Jack Foti, Ernest Gallego, Norman Kent, Gary Klein, Joseh Noga, Shannon Sesmas, and Joel Yachzel.

4. Approve the attached conciliation agreements.
5. Approve and send the attached letters.

Charles N. Steele  
General Counsel

May 27, 1986  
Date

BY:

Kenneth A. Gross  
Kenneth A. Gross  
Associate General Counsel

Attachments

1. Conciliation request from Roger Lee
2. Conciliation requests from Louis Friedman
3. Proposed conciliation agreements
4. Letters to respondents

89040740404



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

MEMORANDUM TO: CHARLES STEELE, GENERAL COUNSEL  
FROM: MARJORIE W. EMMONS/ CHERYL A. FLEMING *CF*  
DATE: MAY 29, 1986  
SUBJECT: OBJECTION TO MUR 2036 - GENERAL COUNSEL'S REPORT  
SIGNED MAY 27, 1986

The above-named document was circulated to the  
Commission on Tuesday, May 27, 1986 at 4:00 P.M.

Objections have been received from the Commissioners  
as indicated by the name(s) checked:

Commissioner Aikens	_____
Commissioner Elliott	_____ <u>X</u> _____
Commissioner Harris	_____
Commissioner Josefiak	_____
Commissioner McDonald	_____
Commissioner McGarry	_____

This matter will be placed on the Executive Session  
agenda for Tuesday, June 3, 1986.

837490740405

LAW OFFICES OF  
**ALSCHULER, GROSSMAN & PINES**  
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS  
TWELFTH FLOOR, 1880 CENTURY PARK EAST  
LOS ANGELES, CALIFORNIA 90067-1694  
TELEPHONE (213) 277-1226

June 2, 1986

RECEIVED AT THE FEC  
BOOK # 1663  
86 JUN 9 9:09  
M 2036

CABLE SAGELAW  
TELEX 910 490 214  
TELECOPIER  
(213) 552 6011

TO: Lois Lerner  
Federal Election Commission  
999 E Street Northwest  
Washington, D.C. 20463

FROM: Jeffrey A. Maldonado, Esq.  
SUBJECT: Lee v. FEC

ENCLOSED PLEASE FIND: ROGER LEE'S CORRECTIONS ON THE FEC  
TRANSCRIPT AND SIGNATURE PAGE.

XXXXXX \_\_\_\_\_ For your files  
\_\_\_\_\_ For your information  
\_\_\_\_\_ In accordance with your request  
\_\_\_\_\_ Please sign and return  
\_\_\_\_\_ Please telephone me  
\_\_\_\_\_ Please advise me how to reply  
\_\_\_\_\_ Please acknowledge receipt

REMARKS:

/gbb

OUR FILE NO

519-5431

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
GENERAL COUNSEL

86 JUN 9 11:14

89040740406

Roger Lee  
Senior Vice President  
Finance & Administration

**CAESARS WORLD, INC.**

March 14, 1986

RECEIVED  
MAR 17 1986  
Ans'd.....

Mr. Burt Pines  
Alschuler, Grossman & Pines  
1880 Century Park East  
Los Angeles, California 90067-1694

Dear Burt:

I reviewed the FEC transcript and find it to be accurate with the following minor corrections:

- Page 16, line 15 - "court" should read "board"
- Page 16, line 21 - first "and" should read "as"
- Page 18, line 19 - "never" should read "ever"
- Page 20, line 13 - second "to" should read "at"
- Page 41, line 9 - "so" should read "such" and "use" should read "used"

Since these changes may not have any material impact, I have enclosed an executed signature page.

Best regards,

  
Roger Lee

RL:vw

Enclosure



1 MR. RAICH: This concludes the deposition.  
2

3 \* \* \*  
4

5  
6 I declare under penalty of perjury  
7 that the foregoing is true and correct.

8 Executed at Los Angeles,  
9 California this 14<sup>th</sup> day of March,  
10 1986.  
11

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14 \_\_\_\_\_  
15 ROGER LEE  
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89040700408



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 18, 1986

Burton Schwalb, Esquire  
Schwalb, Donnenfeld, Bray & Silbert  
1025 Thomas Jefferson Street, N.W.  
Suite 300  
Washington, D.C. 20007

RE: MUR 2036  
Albert Labinger

Dear Mr. Schwalb:

On June 11, 1985, the Commission found reason to believe that Albert Labinger violated 2 U.S.C. §§ 441b(a) and 441f. At your request, the Commission determined on June 5, 1986, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele  
General Counsel

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name.

By: Lawrence M. Noble  
Deputy General Counsel

Enclosure  
Conciliation Agreement

8 9 0 9 0 7 4 0 4 0 9



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 19, 1986

Mr. Jack Foti  
3342 Troy Drive  
Los Angeles, California 90068

RE: MUR 2036  
Jack Foti

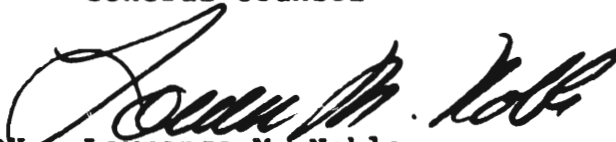
Dear Mr. Foti:

On June 11, 1985, the Commission found reason to believe that you violated 2 U.S.C. § 441f. At your request, the Commission determined on June 5, 1986, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele  
General Counsel

  
BY: Lawrence M. Noble  
Deputy General Counsel

Enclosure  
Conciliation Agreement

00000740410



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

June 19, 1986

Mr. Ronald Hartman  
17976 Medley Drive  
Encino, California 91316

RE: MUR 2036  
Ronald Hartman

Dear Mr. Hartman:

On June 11, 1985, the Commission found reason to believe that you violated 2 U.S.C. §§ 441b(a) and 441f. At your request, the Commission determined on June 5, 1986, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele  
General Counsel

BY:   
Lawrence M. Noble  
Deputy General Counsel

Enclosure  
Conciliation Agreement

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

June 19, 1986

Mr. Norman Kent  
7547 March Avenue  
Canoga Park, California 91304

RE: MUR 2036  
Norman Kent

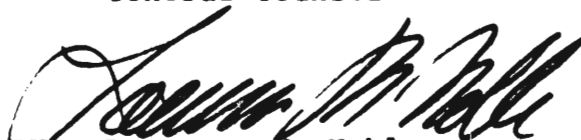
Dear Mr. Kent:

On June 11, 1985, the Commission found reason to believe that you violated 2 U.S.C. § 441f. At your request, the Commission determined on June 5, 1986, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele  
General Counsel

  
BY: Lawrence M. Noble  
Deputy General Counsel

Enclosure  
Conciliation Agreement

83040740412



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463

June 19, 1986

Mr. Gary Klein  
12710 Coethe Place  
Granada Hills, California 91344

RE: MUR 2036  
Gary Klein

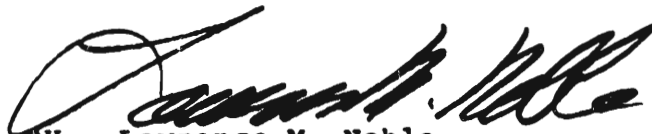
Dear Mr. Klein:

On June 11, 1985, the Commission found reason to believe that you violated 2 U.S.C. § 441f. At your request, the Commission determined on June 5, 1986, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele  
General Counsel

  
BY: Lawrence M. Noble  
Deputy General Counsel

Enclosure  
Conciliation Agreement

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

June 19, 1986

Mr. David M. Ifshin, Esquire  
Manatt, Phelps, Rothberg, Tunney & Evans  
1200 New Hampshire Avenue, N.W.  
Suite 200  
Washington, D.C. 20036

RE: MUR 2036  
Roger Lee

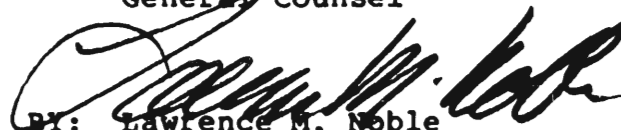
Dear Mr. Ifshin:

On June 11, 1985, the Commission found reason to believe that Roger Lee violated 2 U.S.C. §§ 441b(a) and 441f. At your request, the Commission determined on June 5, 1986, to enter into negotiations directed towards reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If your client agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation agreement, please contact Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Lawrence M. Noble  
Deputy General Counsel

Enclosure  
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
 )  
The Bekins Company, Ronald )  
Hartman, Albert Labinger, )  
Roger Lee, Richard Morse, )  
Philip Berlin, Jack Foti, )  
Louis Friedman, Ernest )  
Gallego, Norman Kent, )  
Gary Klein, Joseph P. Noga, )  
Phillip S. Scott, Shannon )  
Sesmas, George Smith, and )  
Joel Yachzel )

MUR 2036

CERTIFICATION


I, Mary W. Dove, recording secretary for the Federal Election Commission executive session of June 5, 1986, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2036:

1. Take no further action and close the file with respect to Philip Berlin, Louis Friedman, Phillip Scott, and George Smith.
2. Reject the General Counsel's recommendation to take no further action against Albert Labinger with respect to 2 U.S.C. § 441f, and incorporate that violation in the conciliation agreement.
3. Enter into conciliation, prior to a finding of probable cause, with The Bekins Company, Ronald Hartman, Albert Labinger, Roger Lee, Richard Morse, Jack Foti, Ernest Gallego, Norman Kent, Gary Klein, Joseph Noga, Shannon Sesmas, and Joel Yachzel.
4. Approve the conciliation agreement attached to the General Counsel's report signed May 27, 1986, as amended.
5. Approve and send the appropriate letters.

Commissioners Aikens, Elliott, Harris, Josefiak, McDonald, and McGarry voted affirmatively for this decision.

Attest:

6-5-86  
Date

  
Mary W. Dove  
Administrative Assistant





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

June 19, 1986

Mr. Kenneth Oder, Esquire  
Mr. David McLean, Esquire  
Latham & Watkins  
555 South Flower Street  
Los Angeles, California 90071

RE: MUR 2036  
The Bekins Company  
Ernest Gallego  
Richard Morse  
Joseph Noga  
Shannon Sesmas  
George Smith

Dear Messrs. Oder and McLean:

On June 11, 1985 the Commission found reason to believe that your clients violated the Federal Election Campaign Act of 1971, as amended.

This is to advise you that after an investigation was conducted, the Commission determined on June 5, 1986, to take no further action against George Smith. Accordingly, the file in this matter has been closed as it pertains to Mr. Smith. This matter will become part of the public record within 30 days after it has been closed with respect to all other respondents involved. Should Mr. Smith wish you to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed.

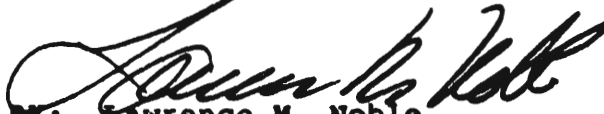
In addition, on June 5, 1986, the Commission determined to enter into negotiations directed towards reaching conciliation agreements with your other clients in settlement of this matter prior to a finding of probable cause to believe.

Enclosed are conciliation agreements that the Commission has approved in settlement of this matter. If your clients agree with the provisions of the enclosed agreements, please sign and

return them, along with the civil penalties, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreements, or if you wish to arrange a meeting in connection with mutually satisfactory conciliation agreements, please contact Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele  
General Counsel

  
By: Lawrence M. Noble  
Deputy General Counsel

Enclosures  
Conciliation Agreements

8 7 7 4 0 7 4 7 4 1 7



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

June 19, 1986

Richard A. Sauber, Esquire  
Fried, Frank, Harris, Shriver & Jacobson  
600 New Hampshire Avenue, N.W., Suite 1000  
Washington, D.C. 20037

RE: MUR 2036  
Philip Berlin  
Phillip Scott  
Joel Yachzel

Dear Mr. Sauber:

On June 11, 1985, the Commission found reason to believe your clients violated 2 U.S.C. § 441f.

This is to advise you that after an investigation was conducted, the Commission determined on June 5, 1986, to take no further action against Philip Berlin and Phillip Scott. Accordingly, the file in this matter has been closed as it pertains to them. This matter will become part of the public record within 30 days after it has been closed with respect to all other respondents involved. Should Messrs. Berlin or Scott wish you to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed.


In addition, on June 5, 1986, the Commission determined to enter into negotiations with Joel Yachzel directed toward reaching a conciliation agreement in settlement of this matter prior to a finding of probable cause to believe.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If Joel Yachzel agrees with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission. In light of the fact that conciliation negotiations, prior to a finding of probable cause to believe, are limited to a maximum of 30 days, you should respond to this notification as soon as possible. If you have any questions or suggestions for changes in the agreement, or if you wish to arrange a meeting in

connection with a mutually satisfactory conciliation agreement, please contact Robert Raich, the attorney assigned to this matter, at (202) 376-8200.

Sincerely,

Charles N. Steele  
General Counsel

  
BY: Lawrence M. Noble  
Deputy General Counsel

Enclosure  
Conciliation Agreement

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

June 19, 1986

Mr. Louis Friedman  
3949 Los Feliz Boulevard, #208  
Los Angeles, California 90027

RE: MUR 2036  
Louis Friedman

Dear Mr. Friedman:


On June 11, 1985, the Commission found reason to believe you violated 2 U.S.C. § 441f.

This is to advise you that after an investigation was conducted, the Commission determined on June 5, 1986, to take no further action against you. Accordingly, the file in this matter, numbered MUR 2036, has been closed as it pertains to you. This matter will become part of the public record within 30 days after it has been closed with respect to all other respondents involved. Should you wish to submit any factual or legal materials to appear on the public record, please do so within 10 days. The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed.

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

Sincerely,

Charles N. Steele  
General Counsel

  
BY: Lawrence M. Noble  
Deputy General Counsel

RECEIVED THE FEC  
HAND DELIVERED

FRIED, FRANK, HARRIS, SHRIVER & JACOBSON

JUL 17 12:54

0004961

SUITE 800

1001 PENNSYLVANIA AVENUE, N.W.

WASHINGTON, D.C. 20004-2505

FELIX S. COHEN (1932-1983)

RICHARD B. BERRYMAN\*  
DAVID E. BIRENBAUM  
JAMES B. BLINKOFF  
JOHN T. BOESE  
MILTON EISENBERG\*  
JOEL R. FEIDELMAN\*  
JUNE HUNFORD GERTIG  
HENRY A. HUBSCHMAN  
WILLIAM JOSEPHSON  
JAY R. KRAEMER  
KENNETH S. KRAMER\*  
ARTHUR LAZARUS, JR.\*  
JAMES J. MCCULLOUGH

FRANCIS J. O'TOOLE  
HARVEY L. PITT  
MELVIN RISKE\*  
MARCUS A. ROWDEN  
RICHARD A. SAUBER  
JAMES H. SCHROPP  
DANIEL M. SINGER\*  
RICHARD A. STEINWURTEL  
THOMAS P. VARTANIAN  
W. RICHARD WEST, JR.  
ERIC J. ZAHLER  
LEONARD A. ZAK

MARTIN D. GINSBURG\*  
STUART R. REICHART  
PAUL SHNITZER  
SARGENT SHRIVER  
COUNSEL

\*PROFESSIONAL CORPORATION

(202) 639-1000

CABLE "STERIC WASHINGTON"

TELEX 892406

RAPIFAX (202) 639-7008

DEX 1100 (202) 639-7006

DEX 3500 (202) 639-7005

DEX 4200 (202) 639-7003

ZAP MAIL (202) 338-0110

ONE NEW YORK PLAZA  
NEW YORK, NEW YORK 10004-1980  
(212) 690-8000  
TELEX: 620223

P.O. BOX 1470  
LOS ANGELES, CALIFORNIA 90083-1470  
(213) 481-1780

3 KING'S ARMS YARD  
LONDON, EC2R 7AD, ENGLAND  
(01) 600-1541  
TELEX: 887606

July 16, 1986

WRITER'S DIRECT LINE

639-7090

Robert Raich, Esquire  
Federal Elections Commission  
Washington, D.C. 20463

Re: MUR 2036  
Joel Yachzel

Dear Mr. Raich:

Enclosed please find the signed Conciliation Agreement executed in settlement of the matter between the Federal Election Commission and Joel Yachzel. Please review the Agreement, noting the amendment which we discussed by telephone on July 15. I am certain that you will find the document to be in good order. However, if you have any comments or questions, do not hesitate to call. Please provide me with a signed original for our records. I will be contacting you in the near future regarding any unresolved details.

Thank you for your cooperation in this matter.

Sincerely,



Richard A. Sauber

RAS:tc

Enclosure

1 2 3 4 5 6 7 8

JUL 17 13:50

Re: MUR 2036

NORMAN KENT 3-82  
ATTORNEY AT LAW  
SUSAN E. KENT  
7547 MARCH AVE. 340-3880  
CANOGA PARK, CA 91304

3021

7/1 1986

PAY TO THE ORDER OF TREASURER OF the United States \$ 250.00

Two Hundred and fifty & ~~00~~ DOLLARS

HOME FEDERAL  
MEMO

Canoga Park Office  
6400 Platt Avenue  
Canoga Park, CA  
91304

*Norm Kent*

⑆322270013⑆10570010818⑆3021

MEMORANDUM

000#902

TO: Debra A. Reed TO: Judy Smith

FROM: Judy Smith FROM: Debra A. Reed

CHECK NO. 3021 (a copy of which is attached) RELATE  
TO MUR 2036 (Arch) AND NAME Norma Kent  
WAS RECEIVED ON 7/19/86. PLEASE INDICATE THE ACCOUNT INTO  
WHICH IT SHOULD BE DEPOSITED:

/ ☒ / BUDGET CLEARING ACCOUNT (#95F3875.160)  
/ / CIVIL PENALTIES ACCOUNT (#95-1099.160)  
/ / OTHER

SIGNATURE

*Debra A. Reed*

DATE

7/11/86

RONALD L. HARTMAN  
17976 MEDLEY DR.  
EMERYVILLE, CA. 94608  
86 AUG 4 9:35  
Gcc# 1101

JULY 29, 1986

ROBERT RAICH  
FEDERAL ELECTION COMMISSION  
WASHINGTON D.C. 20463

86 AUG 4 4:08  
RECEIVED  
OFFICE OF THE  
GENERAL COUNSEL

Re: MUR 2036

DEAR MR. RAICH:

ENCLOSED IS THE EXECUTED CONCILIATION AGREEMENT  
IN THE ABOVE REFERENCED MATTER. PLEASE PROVIDE ME  
WITH AN EXECUTED COPY OF THE AGREEMENT.

FOR THE PURPOSE OF ACCURACY IN THIS CASE, I  
ENCLOSE HERewith A COPY OF MY JULY 10, 1985 LETTER  
TO YOUR OFFICE. I BELIEVE IT ACCURATELY SETS FORTH  
THE FACTS OF THIS MATTER. AT THE SAME TIME I RECOGNIZE  
THE STRUCTURAL AND PROCEDURAL REQUIREMENTS OF YOUR  
OFFICE. THUS, IT MAKES SENSE TO CONCLUDE THIS  
SITUATION PRESENTLY.

Ronald L. Hartman

8 7 0 4 7 4 0 4 2 5



Ronald L. Hartman  
17976 Medley Drive  
Encino, CA 91936

July 10, 1985

Federal Election Commission  
Washington, D.C. 20463  
Attn: Matt Gerson

Re: MUR 2036

Dear Mr. Gerson,

With reference to the commission's letter to me of June 27, 1985, concerning the above referenced matter, I enclose herewith answers to written questions and a photocopy of a \$250 check. I have no other documents under my possession or control concerning the matter, and I know of no other documents that exist concerning the matter.

Several things should be clear. I did not ask any Bekins executive for a contribution to the Glenn Committee. I do not know of any executive who gave a contribution. I have never had any affiliation with the Glenn Committee. At no time did I ever tell a staff attorney that a contribution was compulsory - either directly, indirectly, or at all. I do not know or recall if a staff attorney made a contribution. I may have spoken to one or two of the staff attorneys about a contribution, but I have no recollection of it. I have no recollection of talking about or authorizing any reimbursement. I certainly did not participate in any meetings that I recall discussing repayments of \$250. The sua sponte "inquiry" seems rather cavalier and selective in its assertions.

Indeed, if Jacobs or Schwalbach only asked Labinger for \$250, what was their reaction if indeed they received some additional checks? Why did Labinger or Lee or both ask me for a contribution? And so forth.

I am no longer with Bekins. Logic dictates that time and expense be reduced where appropriate.

Pursuant to 11 C.F.R. 111.18(d), I wish to pursue pre-probable cause conciliation. Nothing herein shall be deemed a waiver of any of my rights in this matter.

Thank you for your consideration of the foregoing.

Very truly yours,

Ronald L. Hartman  
RLH/ph  
Enclosures

9 0 0 4 0 7 4 0 4 2 4

LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET

LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

TELECOPIER (213) 680-2098

TLX 590773

ELN 62793268

CABLE ADDRESS LATHWAT

CHICAGO OFFICE

SEARS TOWER, SUITE 6900

CHICAGO, ILLINOIS 60606

TELEPHONE (312) 876-7700

TELECOPIER (312) 993-9767

TLX 590776

ELN 62793271

NEWPORT BEACH OFFICE

680 NEWPORT CENTER DRIVE, SUITE 1400

NEWPORT BEACH, CALIFORNIA 92660

TELEPHONE (714) 762-9100

TELECOPIER (714) 766-8891

TLX 590777

ELN 62793272

NEW YORK OFFICE

53RD AT THIRD, SUITE 1000

885 THIRD AVENUE

NEW YORK, NEW YORK 10022-4802

TELEPHONE (212) 906-1200

TELECOPIER (212) 751-4864

TLX 510102680

ELN 62891922

PAUL R. WATKINS (1899-1973)  
DANA LATHAM (1898-1974)

SAN DIEGO OFFICE

101 18TH STREET, SUITE 2100

SAN DIEGO, CALIFORNIA 92101-8197

TELEPHONE (619) 236-1234

TELECOPIER (619) 696-8281

TLX 590778

ELN 62793276

WASHINGTON, D.C. OFFICE

1333 NEW HAMPSHIRE AVE., N.W., SUITE 1200

WASHINGTON, D.C. 20036-1594

TELEPHONE (202) 828-4400

TELECOPIER (202) 828-4415

TLX 590775

ELN 62793269

July 31, 1986

Robert Raiche, Esq.  
Federal Election Commission  
999 E Street, N.W.  
Room 657  
Washington, D.C. 20463

Re: In Re Richard J. Morse, MUR 2036

Dear Rob:

Enclosed please find Dick Morse's check in the amount of \$1,000 made payable to the Treasurer of the United States in payment of Mr. Morse's civil fine in the above-referenced investigation.

Under separate cover, you should have already received the Conciliation Agreement signed me on behalf of Mr. Morse. Accordingly, this should close the matter with regard to Mr. Morse.

Very truly yours,

*David J. McLean*  
David J. McLean  
of LATHAM & WATKINS

Enclosure

cc: Richard J. Morse

REC  
CCH 1146  
66 AUG 4 89: 29

5 AUG 6 ALL: 47

000#1033

JACK R. FOTI & ASSOCIATES

(213) 874-0866  
3342 TROY DR.  
LOS ANGELES, CA 90068

0240

7/12/86

16.65  
12.79

PAY TO THE ORDER OF Treasurer of the U.S. 250<sup>00</sup> 50  
Two hundred fifty 00/100 DOLLARS

BANK OF AMERICA

TOLUCA LAKE BRANCH 0411  
4123 WEST OLIVE AVENUE  
P.O. BOX 6087  
BURBANK, CA 91505

*[Signature]*

9 2 2 0 0 0 6 6 1 1 0 2 4 0 0 0 4 1 1 3 1 2 0 8 7

MEMORANDUM

TO: Debra A. Reed

TO: Judy Smith

FROM: Judy Smith

FROM: Debra A. Reed

CHECK NO. 0240 (a copy of which is attached) RELATING  
TO MUR 2036 (Raich) AND NAME Jack Foti  
WAS RECEIVED ON 7/24/86. PLEASE INDICATE THE ACCOUNT INTO  
WHICH IT SHOULD BE DEPOSITED:

/ ☒ BUDGET CLEARING ACCOUNT (#95F3875.16)  
/ / CIVIL PENALTIES ACCOUNT (#95-1099.160)  
/ / OTHER \_\_\_\_\_

SIGNATURE

Debra A. Reed

DATE

7/25/86

06 JUL 22 1986

9 2 4 0 4 2 0 2 0 0 8

GARY KLEIN  
DAWN KLEIN  
12710 GOETHE PL. 818-368-0903  
GRANADA HILLS, CA 91344

411

July 14 1986

PAY TO THE  
ORDER OF

Treasurer of the United States \$ 250.00  
Two hundred and fifty DOLLARS



HOME SAVINGS  
OF AMERICA  
GLENDALE OFFICE 008  
620 NORTH BRAND BLVD. GLENDALE, CA 91203

MEMO

1:322070006:00089066310 0411

*[Signature]*

00041005

MEMORANDUM

TO: Debra A. Reed

(TO: Judy Smith)

FROM: Judy Smith

FROM: Debra A. Reed

CHECK NO. 411 (a copy of which is attached) RELATING  
TO MUR 2036 (Reich) AND NAME Gary Klein  
WAS RECEIVED ON 7/22/86. PLEASE INDICATE THE ACCOUNT INTO  
WHICH IT SHOULD BE DEPOSITED:

/ ☒ / BUDGET CLEARING ACCOUNT (#95F3875.16)  
/ / CIVIL PENALTIES ACCOUNT (#95-1099.160)  
/ / OTHER \_\_\_\_\_

SIGNATURE

*Debra A. Reed*

DATE

7/23/86

6 JUL 22 1986

22407207068

LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET

LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

TELECOPIER (213) 680-2098

TLX 590773

ELN 62793268

CABLE ADDRESS LATHWAT

CHICAGO OFFICE

SEARS TOWER, SUITE 6900

CHICAGO, ILLINOIS 60606

TELEPHONE (312) 876-7700

TELECOPIER (312) 993-9767

TLX 590776

ELN 62793271

NEWPORT BEACH OFFICE

660 NEWPORT CENTER DRIVE, SUITE 1400

NEWPORT BEACH, CALIFORNIA 92660

TELEPHONE (714) 752-9100

TELECOPIER (714) 759-8891

TLX 590777

ELN 62793272

NEW YORK OFFICE

536 AT THIRD, SUITE 1000

885 THIRD AVENUE

NEW YORK, NEW YORK 10022-4802

TELEPHONE (212) 908-1200

TELECOPIER (212) 751-4864

TLX 5101012680

ELN 62891922

PAUL R. WATKINS (1899-1973)  
DANA LATHAM (1898-1974)

SAN DIEGO OFFICE

333 N. STREET, SUITE 2100

SAN DIEGO, CALIFORNIA 92101-8197

TELEPHONE (619) 236-1234

TELECOPIER (619) 696-8281

TLX 590778

ELN 62793276

WASHINGTON, D.C. OFFICE

1333 NEW HAMPSHIRE AVE., N.W., SUITE 200

WASHINGTON, D.C. 20036-1594

TELEPHONE (202) 828-4400

TELECOPIER (202) 828-4415

TLX 590775

ELN 62793269

August 6, 1986

BY FEDERAL EXPRESS

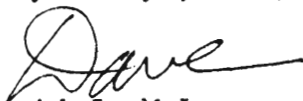
Robert Raiche, Esq.  
Federal Election Commission  
999 E Street, N.W.  
Room 657  
Washington, D.C. 20463

Re: In the Matter of The Bekins Company  
Ernest Gallego, et al., MUR 2036

Dear Rob:

Pursuant to our telephone conversation this afternoon, I am enclosing herewith the Conciliation Agreements for Shannon Sesmas and Joe Noga. Our records indicate we enclosed the Conciliation Agreements and checks for Shannon Sesmas and Joe Noga in the amounts of \$250 each with my July 29 letter. So I can't imagine why you don't have them. Anyway, I apologize for any inconvenience this may have caused you. We will forward new checks as soon as we receive them from Sesmas and Noga.

Very truly yours,

  
David J. McLean  
of LATHAM & WATKINS

Enclosures

THE FEC  
CCCH-1151  
AUG 7 P1:14

AUG 7 P3:34

407404229

**RICHARD J. MORSE**  
P. O. BOX 3943  
GLENDALE, CALIFORNIA 91201 U.S.A.  
(818) 240-3384

6065

July 29 1986 18-4/1220

PAY TO THE ORDER OF Treasury of the United States \$ 1000.00  
on November and 00/100 DOLLARS

**SECURITY PACIFIC NATIONAL BANK**  
Olympic & Flower Office #0144  
700 W. Olympic Blvd.  
Los Angeles, CA 90015

MEMO FTE MVR 2036 Richard Morse

⑆ 1 2 200004 3 ⑆ 6065 ⑆ 1 4 4 ⑆ 007978 ⑆

CCC#1146

MEMORANDUM

TO: Debra A. Reed

TO: Judy Smith

FROM: Judy Smith

FROM: Debra A. Reed

CHECK NO. 6065 (a copy of which is attached) RELATING

TO MUR 20316 (Ratner) AND NAME Richard J. Morse

WAS RECEIVED ON 8/6/86. PLEASE INDICATE THE ACCOUNT INTO

WHICH IT SHOULD BE DEPOSITED:

/ ☒ BUDGET CLEARING ACCOUNT (#95F3875.16)

/ / CIVIL PENALTIES ACCOUNT (#95-1099.160)

/ / OTHER \_\_\_\_\_

SIGNATURE

Debra A. Reed

DATE

8/7/86

16 AUG 6 11:46

RECEIVED  
FBI  
FEDERAL BUREAU OF INVESTIGATION  
U.S. DEPARTMENT OF JUSTICE

CCC#1288

FRIED, FRANK, HARRIS, SHRIVER & JACOBSON

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

SUITE 800

1001 PENNSYLVANIA AVENUE, N. W.

WASHINGTON, D. C. 20004-2505

(202) 639-7000

CABLE "STERIC WASHINGTON"

TELEX 892406

RAPIFAX (202) 639-7008

DEX 1100 (202) 639-7006

DEX 3500 (202) 639-7005

DEX 4200 (202) 639-7003

ZAP MAIL (202) 338-0110

ONE NEW YORK PLAZA

NEW YORK, NEW YORK 10004-1980

212-820-8000

TELEX: 620223

P.O. BOX 1470

LOS ANGELES, CALIFORNIA 90053-1470

(213) 461-1780

3 KING'S ARMS

LONDON, EC2R 7AD, ENGLAND

(01) 800 1541

TELEX 887806

RICHARD A. SAUBER

(202) 639-7190

August 20, 1986

Robert Raich, Esq.  
Office of the General Counsel  
Federal Election Commission  
Washington, D.C. 20463

Re: MUR 2036  
Joel Yachzel

Dear Robert:

Enclosed is an agreement signed by me on behalf of my client, Joel Yachzel. Please let me know if this is acceptable to the Commission.

Best regards,



Richard A. Sauber

Enclosure

86 AUG 21 11:48

0340740430

QCC#1324

LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET  
LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

TELECOPIER (213) 614-8763

TLX 590773

ELN 62793268

CABLE ADDRESS LATHWAT

PAUL R. WATKINS (1899-1973)  
DANA LATHAM (1898-1974)

SAN DIEGO OFFICE

701 "B" STREET, SUITE 2100  
SAN DIEGO, CALIFORNIA 92101-8197  
TELEPHONE (619) 236-1234  
TELECOPIER (619) 696-8281

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WASHINGTON, D.C. 20004-1894  
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CHICAGO OFFICE

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CHICAGO, ILLINOIS 60608  
TELEPHONE (312) 876-7700  
TELECOPIER (312) 993-9767

NEWPORT BEACH OFFICE

660 NEWPORT CENTER DRIVE, SUITE 1400  
NEWPORT BEACH, CALIFORNIA 92660-6415  
TELEPHONE (714) 752-9100  
TELECOPIER (714) 759-8891

NEW YORK OFFICE

63RD AT THIRD, SUITE 1000  
885 THIRD AVENUE  
NEW YORK, NEW YORK 10022-4802  
TELEPHONE (212) 906-1200  
TELECOPIER (212) 751-4864

August 22, 1986

Robert Raiche, Esq.  
Federal Election Commission  
999 E Street, N.W.  
Room 647  
Washington, D.C. 20463

Re: In re Ernest Gallego, MUR2036

Dear Rob:

Enclosed please find my client, Ernest Gallego's  
check in the amount of \$250 as full payment of his civil  
fine pursuant to the Conciliation Agreement.

I hope by now you have received from Ken Oder the  
executed Conciliation Agreement on behalf of the Bekins  
Company.

Thank you again for your assistance and patience  
in resolving this matter.

Very truly yours,

*Dane*

David J. McLean  
of LATHAM & WATKINS

Enclosure

AUG 26 3:15



0740432

ERNEST E. GALLEGOS  
ATTORNEY AT LAW  
6803 WARM SPRINGS AVE. 714-583-9543  
LA VERNE, CA 91750

1534

August 19 1986

16-8/1220

Pay to the order of TREASURER OF THE UNITED STATES \$ 250.00  
TWO HUNDRED FIFTY AND NO/100 - DOLLARS

**CROCKER NATIONAL BANK**  
WEST GLENDALE OFFICE  
6343 SAN FERNANDO ROAD, GLENDALE, CALIFORNIA 91201

1:122000085:1534 4041708051133

MEMORANDUM

TO: Debra A. Reed

TO: Judy Smith

FROM: Judy Smith

FROM: Debra A. Reed

CHECK NO. 1534 (a copy of which is attached) RELATING  
TO MUR 2036 (Batch) AND NAME Berins Company et al  
WAS RECEIVED ON 8/26/86. PLEASE INDICATE THE ACCOUNT INTO  
WHICH IT SHOULD BE DEPOSITED:

- / ☒ BUDGET CLEARING ACCOUNT (#95F3875.16)  
/ / CIVIL PENALTIES ACCOUNT (#95-1099.160)  
/ / OTHER \_\_\_\_\_

SIGNATURE Debra A. Reed

DATE 8/26/86

6 AUG 26 P 15

**SENSITIVE**

**BEFORE THE FEDERAL ELECTION COMMISSION**

FILED  
OFFICE OF THE REC  
COMMISSION SECRETARY

In the Matter of )  
 )  
The Bekins Company, Ronald Hartman )  
Albert Labinger, Roger Lee, )  
Richard Morse, Jack Foti, )  
Ernest Gallego, Norman Kent, )  
Gary Klein, Joseph Noga, )  
Shannon Sesmas, and Joel Yachzel )

MUR 2036

86 SEP 11 P 3:2

**GENERAL COUNSEL'S REPORT**

**Background**

On June 18 and 19, 1986, the Commission mailed conciliation proposals to all of the remaining respondents in this matter. Attached are conciliation agreements that have been submitted on behalf of all remaining respondents except Albert Labinger<sup>1</sup>/. Messrs. Morse, Foti, Gallego, Kent, Klein, and Noga and Ms. Sesmas have also sent checks for their civil penalties.

**Discussion of Conciliation Provisions**

3 3 7 4 0 7 4 0 4 3 3

8 7 0 9 0 7 4 3 4

Recommendations

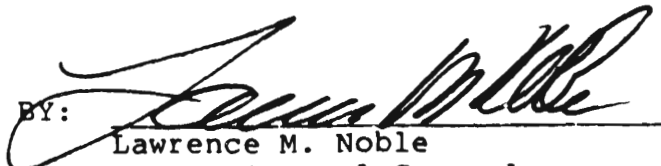
1. Accept the conciliation agreements from The Bekins Company, Ronald Hartman, Richard Morse, Jack Foti, Ernest Gallego, Norman Kent, Gary Klein, Joseph Noga, Shannon Sesmas, and Joel Yachzel, and close the file as it pertains to these respondents.
- 2.
3. Approve and send the attached letters.

Charles N. Steele  
General Counsel

Date

9/10/86

BY:

  
Lawrence M. Noble  
Deputy General Counsel

Attachments

1. Conciliation Agreements (11)
2. Letters (7)

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )  
The Bekins Company, Ronald Hartman ) MUR 2036  
Albert Labinger, Roger Lee, )  
Richard Morse, Jack Foti, )  
Ernest Gallego, Norman Kent, )  
Gary Klein, Joseph Noga, )  
Shannon Sesmas, and Joel Yachzel )

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on September 16, 1986, the Commission decided by a vote of 4-0 to take the following actions in MUR 2036:

1. Accept the conciliation agreements from The Bekins Company, Ronald Hartman, Richard Morse, Jack Foti, Ernest Gallego, Norman Kent, Gary Klein, Joseph Noga, Shannon Sesmas, and Joel Yachzel, and close the file as it pertains to these respondents.

2

3. Approve and send the letters, as recommended in the General Counsel's Report signed September 10, 1986.

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

Attest:

9-16-86

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

Received in Office of Commission Secretary: Thurs., 9-11-86, 3:23  
Circulated on 48 hour tally basis: Fri., 9-12-86, 2:00  
Deadline for vote: Tues., 9-16-86, 4:00



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 19, 1986

Richard Sauber, Esquire  
Fried, Frank, Harris, Shriver & Jacobson  
1001 Pennsylvania Avenue, N.W., Suite 800  
Washington, D.C. 20004

RE: MUR 2036  
Joel Yachzel

Dear Mr. Sauber:

On September 16, 1986, the Commission accepted the conciliation agreement signed by you on behalf of Joel Yachzel in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your client, and it will become a part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing within 10 days.

The Commission reminds you, however, that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele  
General Counsel

*Lawrence M. Noble*  
BY: Lawrence M. Noble  
Deputy General Counsel

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Joel Yachzel

)  
)  
)  
)  
)

MUR 2036

CONCILIATION AGREEMENT

390907437  
This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal cause of carrying out its supervisory responsibilities. Reason to believe was found that Joel Yachzel ("Respondent") violated 2 U.S.C. § 441f by knowingly permitting his name to be used to effect a political contribution by The Bekins Company.

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

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

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

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

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

1. In February 1984, Respondent was an attorney for The Bekins Company, a corporation.

2. On February 6, 1984, in response to a solicitation from his immediate superior, Respondent wrote a \$250 personal check to John Glenn's presidential campaign.

3. Respondent's immediate superior told respondent that he would receive reimbursement from The Bekins Company.

4. Respondent received reimbursement in his March 1984 bonus check.

V. 1. Pursuant to 2 U.S.C. § 441f, no person shall knowingly permit his name to be used to effect a contribution by another.

2. Respondent knowingly permitted his name to be used to effect a contribution by The Bekins Company, in violation of 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Fifty dollars (\$250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date all parties hereto have executed the same and the Commission has approved the entire agreement.

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

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele  
General Counsel

BY:

Lawrence M. Noble (Signature)  
Lawrence M. Noble  
Deputy General Counsel

9/18/80  
Date

FOR THE RESPONDENT:

\_\_\_\_\_  
Date

89090740439





FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 19, 1986

David McLean, Esquire  
Kenneth Oder, Esquire  
Latham & Watkins  
555 South Flower Street  
Los Angeles, California 90071

RE: MUR 2036  
The Bekins Company  
Ernest Gallego  
Richard Morse  
Joseph Noga  
Shannon Sesmas

Dear Messrs. McLean and Oder:

On September 16, 1986, the Commission accepted the conciliation agreements from your above-referenced clients, and civil penalties from Ernest Gallego, Dick Morse, Joseph Noga, and Shannon Sesmas, in settlement of violations of 2 U.S.C. §§ 441f and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your clients, and it will become a part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing within 10 days.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

89040740440

- 2 -

Enclosed you will find fully executed copies of the final conciliation agreements for your files.

Sincerely,

Charles N. Steele  
General Counsel

BY: *Lawrence M. Noble (LH)*  
Lawrence M. Noble  
Deputy General Counsel

Enclosures  
Conciliation Agreements

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campaign, in response to instructions from their superiors. Most employees were told they would receive reimbursements for their contributions.

3. During February and March 1984, Respondent reimbursed its employees for their contributions.

V. 1. Pursuant to 2 U.S.C. § 441f, no person shall make a contribution in the name of another person.

2. Pursuant to 2 U.S.C. § 431(11), the definition of "person" includes corporations.

3. Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution in connection with a federal election.

4. Respondent made contributions in the names of other persons, in violation of 2 U.S.C. § 441f.

5. Respondent made contributions in connection with a primary election for a presidential candidate, in violation of 2 U.S.C. § 441b(a).

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Four Thousand dollars (\$4,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the

80040740443

VIII. This agreement shall become effective as of the date all parties hereto have executed the same and the Commission has approved the entire agreement.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

Charles N. Steele  
General Counsel

Lawrence M. Noble  
Deputy General Counsel

Date \_\_\_\_\_

Kenneth W. Oden

8-18-86  
Date

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of  
Ernest Gallego

)  
)  
)  
)  
)

MUR 2036

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Reason to believe was found that Ernest Gallego ("Respondent") violated 2 U.S.C. § 441f by knowingly permitting his name to be used to effect a political contribution by The Bekins Company.

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

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

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

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

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

1. In February 1984, Respondent was an attorney for The Bekins Company, a corporation.

3. Respondent's immediate superior told Respondent that he would receive reimbursement from The Bekins Company.

V. 1. Pursuant to 2 U.S.C. § 441f, no person shall knowingly permit his name to be used to effect a contribution by another.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Fifty dollars (\$250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VIII. This agreement shall become effective as of the date all parties hereto have executed the same and the Commission has approved the entire agreement.

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

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele  
General Counsel

BY:

Lawrence M. Noble  
Lawrence M. Noble  
Deputy General Counsel

9/18/86  
Date

FOR THE RESPONDENT:

[Signature]  
Date 7/23/86

97040740447



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In the Matter of )  
 )  
Richard Morse ) MUR 2036  
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# CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Reason to believe was found that Richard Morse ("Respondent") violated 2 U.S.C. §§ 441f and 441b(a) by permitting his name to be used to effect a political contribution by The Bekins Company and, as an officer of the corporation by consenting to a plan to make corporate contributions.

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

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

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

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

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

1. In February 1984, Respondent was Vice President of Human Resources for The Bekins Company.

2. The Bekins Company is a corporation.

3. During February 1984, in response to a direction from his immediate superior, Respondent wrote a \$250 personal check to John Glenn's presidential campaign.

4. In response to instructions from his immediate superior, Respondent listed \$250 on his expense report for an item not reimbursable under company policies.

5. Respondent received reimbursement from The Bekins Company for the item referred to in the preceding paragraph submitted on his expense report.

6. Respondent helped to prepare and signed a document which the Accounting Department used to increase the bonus payments for certain Bekins employees who contributed to John Glenn's presidential campaign in order to reimburse them for their contributions.

7. Through its employees, The Bekins Company made contributions to John Glenn's presidential campaign.

V. 1. Pursuant to 2 U.S.C. § 441f, no person shall knowingly permit his name to be used to effect a contribution by another.

2. Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any corporation to make contributions in connection with a

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federal election and it is unlawful for any corporate officer to consent to any contribution by the corporation.

3. Respondent knowingly permitted his name to be used to effect a contribution by The Bekins Company, in violation of 2 U.S.C. § 441f. Respondent contends he did not knowingly and willfully violate 2 U.S.C. § 441f.

4. Respondent, as an officer of a corporation, acting at the direction of his superior, consented to contributions made by the corporation in connection with a primary election for a presidential candidate, in violation of 2 U.S.C. § 441b(a). Respondent contends he did not knowingly and willfully violate 2 U.S.C. § 441b(a).

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of One Thousand dollars (\$1,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date all parties hereto have executed the same and the Commission has approved the entire agreement.

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X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

Charles N. Steele  
General Counsel

Lawrence M. Noble (44)  
Deputy General Counsel

9/15/82

*David M. Leav*  
Attorney for Richard Morse

Date July 29, 1986



2. On February 3, 1984, in response to a solicitation from his immediate superior, Respondent wrote a \$250 personal check to John Glenn's presidential campaign.

3. Respondent's immediate superior told respondent that he would receive reimbursement from The Bekins Company.

4. Respondent received reimbursement in his March 1984 bonus check.

V. 1. Pursuant to 2 U.S.C. § 441f, no person shall knowingly permit his name to be used to effect a contribution by another.

2. Respondent knowingly permitted his name to be used to effect a contribution by The Bekins Company, in violation of 2 U.S.C. § 441f. Respondent contends that he did not knowingly and willfully violate 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Fifty dollars (\$250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date all parties hereto have executed the same and the Commission has approved the entire agreement.

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

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele  
General Counsel

BY: Lawrence M. Noble (LLF)  
Lawrence M. Noble  
Deputy General Counsel

9/18/86  
Date

FOR THE RESPONDENT:

Joseph P. Papp

7/19/86  
Date

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REC# 1145

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of  
Shannon Sesmas

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MUR 2036

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RECEIVED  
U.S. DEPT. OF JUSTICE  
GENERAL INVESTIGATIVE  
DIVISION

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal cause of carrying out its supervisory responsibilities. Reason to believe was found that Shannon Sesmas ("Respondent") violated 2 U.S.C. § 441f by knowingly permitting her name to be used to effect a political contribution by The Bekins Company.

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

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

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

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

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

1. In February 1984, Respondent was Director of Public Communications for The Bekins Company, a corporation.

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2. During February, 1984, in response to a solicitation from her immediate superior, Respondent wrote a \$250 personal check to John Glenn's presidential campaign.

3. In response to instructions from her immediate superior, Respondent listed the \$250 on her expense report.

4. Respondent received reimbursement from The Bekins Company through her expense account and in her March 1984 bonus check.

V. 1. Pursuant to 2 U.S.C. § 441f, no person shall knowingly permit her name to be used to effect a contribution by another.

2. Respondent knowingly permitted her name to be used to effect a contribution by The Bekins Company, in violation of 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Fifty dollars (\$250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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VIII. This agreement shall become effective as of the date all parties hereto have executed the same and the Commission has approved the entire agreement.

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

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele  
General Counsel

BY:

Lawrence M. Noble  
Deputy General Counsel

9/15/80  
Date

FOR THE RESPONDENT:

Sharon Thomas

July 16, 1980  
Date

89040740457



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 19, 1986

Mr. Gary Klein  
12710 Goethe Place  
Granada Hills, California 91344

RE: MUR 2036  
Gary Klein

Dear Mr. Klein:

On September 16, 1986, the Commission accepted the conciliation agreement signed by you, and a civil penalty, in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to you, and it will become a part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing within 10 days.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele  
General Counsel

BY: *Lawrence M. Noble*  
Lawrence M. Noble  
Deputy General Counsel

Enclosure  
Conciliation Agreement

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Gary Klein

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MUR 2036

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Reason to believe was found that Gary Klein ("Respondent") violated 2 U.S.C. § 441f by permitting his name to be used to effect a political contribution by The Bekins Company.

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

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

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

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

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

1. In February 1984, Respondent was an attorney for The Bekins Company, a corporation.

2. During February, 1984, in response to a solicitation from his immediate superior, Respondent wrote a \$250 personal check to John Glenn's presidential campaign.

3. Respondent received reimbursement for this check in his March 1984 bonus check.

V. 1. Pursuant to 2 U.S.C. § 441f, no person shall knowingly permit his name to be used to effect a contribution by another.

2. Respondent permitted his name to be used to effect a contribution by The Bekins Company, in violation of 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Fifty dollars (\$250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date all parties hereto have executed the same and the Commission has approved the entire agreement.

IX. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and

implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele  
General Counsel

BY: Lawrence M. Noble (JF) 9/18/86  
Lawrence M. Noble Date  
Deputy General Counsel

FOR THE RESPONDENT:

JK July 14, 1986  
Date

89040740451



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 19, 1986

Mr. Jack Foti  
3342 Troy Drive  
Los Angeles, California 90068

RE: MUR 2036  
Jack Foti

Dear Mr. Foti:

On September 16, 1986, the Commission accepted the conciliation agreement signed by you, and a civil penalty, in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to you, and it will become a part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing within 10 days.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele  
General Counsel

*Lawrence M. Noble (22)*  
BY: Lawrence M. Noble  
Deputy General Counsel

Enclosure  
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

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In the Matter of

Jack Foti

MUR 2036

86 JUL 24 AIO: 42

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GENERAL COUNSEL

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Reason to believe was found that Jack Foti ("Respondent") violated 2 U.S.C. § 441f by knowingly permitting his name to be used to effect a political contribution by The Bekins Company.

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

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

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

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

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

1. In February 1984, Respondent was Director of Corporate Development for The Bekins Company, a corporation.



2. On or about February 3, 1984, in response to a solicitation from his immediate superior, Respondent wrote a \$250 personal check to John Glenn's presidential campaign.

3. Subsequently, in response to instructions from his immediate superior, Respondent listed approximately \$250 on his expense report for items not normally reimbursable under company policies.

4. Respondent received reimbursement from The Bekins Company for the items submitted on his expense report.

V. 1. Pursuant to 2 U.S.C. § 441f, no person shall knowingly permit his name to be used to effect a contribution by another.

2. Respondent knowingly permitted his name to be used to effect a contribution by The Bekins Company, in violation of 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Fifty dollars (\$250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

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VIII. This agreement shall become effective as of the date all parties hereto have executed the same and the Commission has approved the entire agreement.

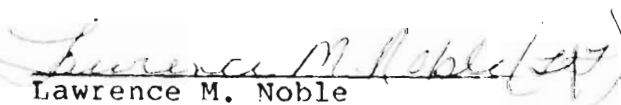
IX. Respondent shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

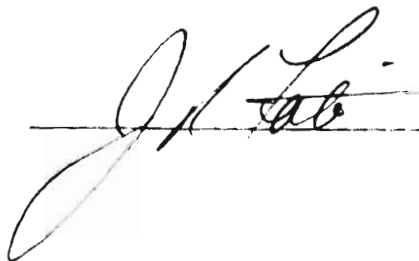
Charles N. Steele  
General Counsel

BY:

  
Lawrence M. Noble  
Deputy General Counsel

9/18/86  
Date

FOR THE RESPONDENT:

  
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7/12/86  
Date

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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

September 19, 1986

Mr. Norman Kent  
7547 March Avenue  
Canoga Park, California 91304

RE: MUR 2036  
Norman Kent

Dear Mr. Kent:

On September 16, 1986, the Commission accepted the conciliation agreement signed by you, and a civil penalty, in settlement of a violation of 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to you, and it will become a part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing within 10 days.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele  
General Counsel

*Lawrence M. Noble*  
BY: Lawrence M. Noble  
Deputy General Counsel

Enclosure  
Conciliation Agreement

BEFORE THE FEDERAL ELECTION COMMISSION

RECEIVED AT THE FEC  
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In the Matter of  
Norman Kent

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) MUR 2036  
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CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Reason to believe was found that Norman Kent ("Respondent") violated 2 U.S.C. § 441f by knowingly permitting his name to be used to effect a political contribution by The Bekins Company.

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

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

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

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

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

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GENERAL

1. In February 1984, Respondent was an attorney for The Bekins Company, a corporation.

2. On February 6, 1984, in response to a solicitation from his immediate superior, Respondent wrote a \$250 personal check to John Glenn's presidential campaign.

3. Respondent's immediate superior told Respondent that he would receive reimbursement from The Bekins Company.

4. Respondent's received reimbursement in his March 1984 bonus check.

V. 1. Pursuant to 2 U.S.C. § 441f, no person shall knowingly permit his name to be used to effect a contribution by another.

2. Respondent knowingly permitted his name to be used to effect a contribution by The Bekins Company, in violation of 2 U.S.C. § 441f.

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Hundred Fifty dollars (\$250), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date all parties hereto have executed the same and the Commission has

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approved the entire agreement.

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

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele  
General Counsel

BY: Lawrence M. Noble (7/7) 9/18/86  
Lawrence M. Noble Date  
Deputy General Counsel

FOR THE RESPONDENT:

Thomas Kent July 1, 1986  
Date

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 19, 1986

Mr. Ronald Hartman  
17976 Medley Drive  
Encino, California 91316

RE: MUR 2036  
Ronald Hartman

Dear Mr. Hartman:

On September 16, 1986, the Commission accepted the conciliation agreement signed by you in settlement of a violation of 2 U.S.C. §§ 441f and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to you, and it will become a part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing within 10 days.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele  
General Counsel

BY: *Lawrence M. Noble*  
Lawrence M. Noble  
Deputy General Counsel

Enclosure  
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Ronald Hartman

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MUR 2036

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission ("the Commission") pursuant to information ascertained in the normal cause of carrying out its supervisory responsibilities. Reason to believe was found that Ronald Hartman ("Respondent") violated 2 U.S.C. §§ 441f and 441b(a) by knowingly permitting his name to be used to effect a political contribution by The Bekins Company, and as an officer of the corporation, by consenting to a scheme to make corporate contributions.

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

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C.

§ 437g(a)(4)(A)(i).

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

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

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

1. During February 1984, Respondent was General Counsel of The Bekins Company.

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2. The Bekins Company is a corporation

3. On or about February 6, 1984, in response to a solicitation from his immediate superior, Respondent wrote a \$250 personal check to John Glenn's presidential campaign.

4. In response to instructions from his immediate superior, Respondent listed an extra \$250 on his expense report.

5. Respondent received reimbursement for the extra \$250 listed on his expense report.

6. Respondent solicited contributions to John Glenn's presidential campaign from six of Respondent's subordinates. Respondent told his subordinates that The Bekins Company would reimburse them for their contributions.

7. In response to solicitations from Respondent, six of his subordinates made \$250 contributions to John Glenn's presidential campaign.

8. Six of Respondent's subordinates received reimbursement from The Bekins Company for contributing to John Glenn's presidential campaign.

9. Through its employees, The Bekins Company made contributions to John Glenn's presidential campaign.

V. 1. Pursuant to 2 U.S.C. § 441f, no person shall knowingly permit his name to be used to effect a contribution by another.

2. Pursuant to 2 U.S.C. § 441b(a) it is unlawful for any corporation to make contributions in connection with a federal election and it is unlawful for any corporate officer to

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consent to any contribution by the corporation.

3. Respondent knowingly permitted his name to be used to effect a contribution by The Bekins Company, in violation of 2 U.S.C. § 441f.

4. Respondent, as an officer of a corporation, caused and consented to contributions made by that corporation in connection with a primary election for a presidential candidate, in violation of 2 U.S.C. § 441b(a).

VI. Respondent will pay a civil penalty to the Treasurer of the United States in the amount of Two Thousand dollars (\$2,000), pursuant to 2 U.S.C. § 437g(a)(5)(A).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date all parties hereto have executed the same and the Commission has approved the entire agreement.

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

X. This Conciliation Agreement constitutes the entire

agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

FOR THE COMMISSION:

Charles N. Steele  
General Counsel

BY:

Lawrence M. Noble (LZ)  
Lawrence M. Noble  
Deputy General Counsel

9/18/86

FOR THE RESPONDENT:

Ronald L. Hartman

Date

7/29/86

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RECEIVED AT THE FEC

LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET  
LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

TELECOPIER (213) 614-8763

TLX 590773

ELN 62793268

CABLE ADDRESS LATHWAT

06 OCT 9 12:40

PAUL R. WATKINS (1899-1973)  
DANA LATHAM (1898-1974)

CHICAGO OFFICE

SEARS TOWER, SUITE 6900  
CHICAGO, ILLINOIS 60606  
TELEPHONE (312) 876-7700  
TELECOPIER (312) 993-9767

NEWPORT BEACH OFFICE

660 NEWPORT CENTER DRIVE, SUITE 1400  
NEWPORT BEACH, CALIFORNIA 92660-6415  
TELEPHONE (714) 752-9100  
TELECOPIER (714) 759-8891

NEW YORK OFFICE

53RD AT THIRD, SUITE 1000  
885 THIRD AVENUE  
NEW YORK, NEW YORK 10022-4802  
TELEPHONE (212) 906-1200  
TELECOPIER (212) 751-4864

SAN DIEGO OFFICE

701 "B" STREET, SUITE 2100  
SAN DIEGO, CALIFORNIA 92101-8197  
TELEPHONE (619) 236-1234  
TELECOPIER (619) 696-8281

WASHINGTON, D.C. OFFICE

1333 NEW HAMPSHIRE AVE., N.W., SUITE 1200  
WASHINGTON, D.C. 20036-1594  
TELEPHONE (202) 828-4400  
TELECOPIER (202) 828-4415

October 2, 1986

Robert Raiche, Esq.  
Federal Election Commission  
999 E. Street, N.W.  
Room 657  
Washington, D.C. 20463

Re: The Bekins Company

Dear Rob:

At long last, I am enclosing my client's check in the amount of \$4,000 made payable to the Federal Election Commission in full satisfaction of the civil fine levied against the Bekins Company by the FEC. I apologize for the delay in getting this check to you, and appreciate your cooperation and understanding.

Very truly yours,



David J. McLean  
of LATHAM & WATKINS

Enclosure

cc: Kenneth W. Oder, Esq.

**BEKINS**  
THE BEKINS COMPANY

CORPORATE HEADQUARTERS

777 FLOWER STREET  
GLENDALE, CALIF. 91201

16-8  
1220

CHECK NO.  
**00018813**

**018813**

**FOUR THOUSAND DOLLARS NO CENTS**

PAY TO THE ORDER OF  
**FEDERAL ELECTION COMMISSION**

DATE  
**10-01-86**

CHECK AMOUNT  
**\*\*\*\*\*4,000.00**

CROCKER NATIONAL BANK  
WEST GLENDALE #404  
6343 SAN FERNANDO ROAD  
GLENDALE, CALIFORNIA 91201

*[Signature]*  
AUTHORIZED SIGNATURE

⑈018813⑈ ⑆122000085⑆ 404019309⑈3333

CCC#1727

MEMORANDUM

TO: Debra A. Reed

TO: Judy Smith

FROM: Judy Smith

FROM: Debra A. Reed

CHECK NO. 00018813 (a copy of which is attached) RELATING  
TO MUR 2036 (Bach) AND NAME The Bekins Company  
WAS RECEIVED ON 10/14/86. PLEASE INDICATE THE ACCOUNT INTO  
WHICH IT SHOULD BE DEPOSITED:

/ / BUDGET CLEARING ACCOUNT (#95F3875.16)  
/ ✓ CIVIL PENALTIES ACCOUNT (#95-1099.160)  
/ / OTHER \_\_\_\_\_

SIGNATURE Debra A. Reed

DATE 10/15/86

FRIED, FRANK, HARRIS, SHRIVER & JACOBSON  
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

SUITE 800  
1001 PENNSYLVANIA AVENUE, N. W.  
WASHINGTON, D. C. 20004-2505  
(202) 639-7000

CABLE "STERIC WASHINGTON"  
TELEX 892406  
RAPIFAX (202) 639-7008  
DEX 1100 (202) 639-7006  
DEX 3500 (202) 639-7005  
DEX 4200 (202) 639-7003  
ZAP MAIL (202) 338-0110

RICHARD A. SAUBER  
(202) 639-7190

ONE NEW YORK PLAZA  
NEW YORK, NEW YORK 10004-1980  
212-820-8000  
TELEX 620223

P.O. BOX 1470  
LOS ANGELES, CALIFORNIA 90053-1470  
(213) 481-1780  
3 KING'S ARMS  
LONDON, EC2R 7AD, ENGLAND  
(01) 600-1541  
TELEX 687606

October 3, 1986

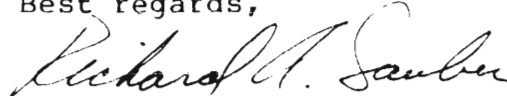
Robert Raich, Esq.  
Office of the General Counsel  
Federal Election Commission  
Washington, D.C. 20463

Re: MUR 2036  
Joel Yachzel

Dear Robert:

Enclosed is the check for two hundred fifty dollars in accordance with the final conciliation agreement.

Best regards,



Richard A. Sauber

Enclosure

RECEIVED AT THE FEC  
00001714  
06 OCT 6 10:08

92040740477

JOEL S. YACHZEL  
ATTORNEY AT LAW  
25039 NARBONNE AVENUE  
LOMITA, CA 90717

1651

PAY TO THE ORDER OF

Treasurer of U.S.

250.00

TWO HUNDRED FIFTY

DOLLARS

BANK OF AMERICA

INT'L JEWELRY CENTER BR 0310  
550 SOUTH HILL STREET  
BOX 3609 TERMINAL ANNEX  
LOS ANGELES, CA 90051

MUR 2036

⑆ 122000661 ⑆ 1651 ⑆ 03109 ⑆ 03492 ⑆

QCC#1714

MEMORANDUM

TO: Debra A. Reed TO: Judy Smith

FROM: Judy Smith FROM: Debra A. Reed

CHECK NO. 1651 (a copy of which is attached) RELATING

TO MUR 2036 (March) AND NAME Joel Yachzel

WAS RECEIVED ON 10/19/86. PLEASE INDICATE THE ACCOUNT INTO

WHICH IT SHOULD BE DEPOSITED:

- / ✓ BUDGET CLEARING ACCOUNT (#95F3875.16)
- / / CIVIL PENALTIES ACCOUNT (#95-1099.160)
- / / OTHER

SIGNATURE Debra A. Reed DATE 10/10/86

OCTOBER 10, 1986

RONALD L. HARTMAN  
GCC#1819  
36 OCT 20 1986  
ALL: 26

LAWRENCE NOBLE  
FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

Re MUR 2036 (R. Raich)

DEAR MR. NOBLE,

IN ACCORDANCE WITH THE CONCILIATION  
AGREEMENT OF SEPTEMBER 18, 1986 IN THE ABOVE  
MATTER, I ENCLOSE MY CHECK IN THE AMOUNT  
OF \$2,500. PAYABLE TO THE TREASURER OF  
THE UNITED STATES IN FULL SETTLEMENT OF THE  
MATTER.

Ronald L. Hartman

93340740479

6 OCT 23 1986  
14:18



CCCH#1945

REC  
**HAND DELIVERED**

NOV 6 12:33

LAW OFFICES  
**SCHWALB, DONNENFELD, BRAY & SILBERT**

A PROFESSIONAL CORPORATION

BURTON A. SCHWALB  
CHARLES R. DONNENFELD  
JOHN M. BRAY  
EARL J. SILBERT  
JAMES K. STEWART  
PHILIP D. GREEN  
DAVID J. CURTIN  
ALLEN V. FARBER  
CHARLES B. WAYNE  
STEVEN SARFATTI  
LAURA A. KUMIN  
LUCINDA J. BACH  
PATRICIA L. MAHER  
CARY M. FELDMAN  
AMY G. RUDNICK  
KEITH R. ANDERSON  
KEVIN M. DINAN\*  
DOUGLAS C. MCALISTER\*  
DAVID N. YELLEN

\*NOT ADMITTED IN D. C.

SUITE 300 EAST  
1025 THOMAS JEFFERSON STREET, N. W.  
WASHINGTON, D. C. 20007

AREA CODE 202  
965-7910

TELECOPIER 202-337-0676

TELEX 897007

November 6, 1986

**HAND DELIVERED**

Robert Raich, Esquire  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

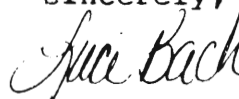
Re: **Labinger Conciliation Agreement**  
**MUR 2036**

Dear Mr. Raich:

Enclosed is the Conciliation Agreement with the final revisions we discussed earlier this week. It has been executed on Mr. Labinger's behalf by Burt Schwalb. Please advise me of the effective date of the Agreement as soon as it has been executed on behalf of the Commission and return a copy of the fully executed agreement to me at your earliest convenience.

Thank you.

Sincerely,



Lucinda J. Bach

LJB/ab  
Enclosure

86 NOV 6 P 3:29

RECEIVED  
OFFICE OF THE  
GENERAL COUNSEL

MEMORANDUM

GCC# 1819

TO: Debra A. Reed

TO:

Judy Smith

FROM: Judy Smith

FROM: Debra A. Reed

CHECK NO.

3351

(a copy of which is attached) RELATING

TO MUR

2036 (Rich)

AND NAME

Ronald L. Hartman

WAS RECEIVED ON

Oct. 23, 1986

PLEASE INDICATE THE ACCOUNT INTO

WHICH IT SHOULD BE DEPOSITED:

/ /

BUDGET CLEARING ACCOUNT

(#95F3875.16)

/ ✓

CIVIL PENALTIES ACCOUNT

(#95-1099.150)

/ /

OTHER

SIGNATURE

Retha L. Dixon

DATE

10-24-86



SENSITIVE

07 JAN 2 AIC: 01

RECEIVED  
COMM. SECRETARY

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Roger Lee

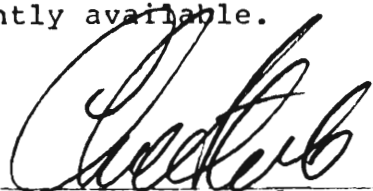
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MUR 2036

GENERAL COUNSEL'S REPORT

The Office of General Counsel is prepared to close the investigation in this matter as to Roger Lee, based on the assessment of the information presently available.

30 Dec 1986  
Date

  
Charles N. Steele  
General Counsel

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 14, 1987

MEMORANDUM

TO: The Commission

FROM: Charles N. Steele  
General Counsel

SUBJECT: MUR # 2036

Attached for the Commission's review is a brief stating the position of the General Counsel on the legal and factual issues of the above-captioned matter. A copy of this brief and a letter notifying the respondents of the General Counsel's intent to recommend to the Commission a finding of probable cause to believe was mailed on January 14, 1987. Following receipt of the Respondents' reply to this notice, this Office will make a further report to the Commission.

Attachments

1. Brief
2. Letter to Respondent

SENSITIVE

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

January 14, 1987

Mr. David Ifshin, Esquire  
Manatt, Phelps, Rothberg, Tunney & Evans  
1200 New Hampshire Avenue, N.W.  
Washington, D.C. 20036

RE: MUR 2036  
Roger Lee

Dear Mr. Ifshin:

Based on information ascertained in the normal course of carrying out its supervisory responsibilities, the Federal Election Commission found reason to believe your client violated 2 U.S.C. §§ 441f and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended (the "Act").

After considering all the evidence available to the Commission, the Office of the General Counsel is prepared to recommend that the Commission find probable cause to believe your client violated the Act. The Commission may or may not approve the General Counsel's recommendations.

Submitted for your review is a brief stating the position of the General Counsel on the legal and factual issues of the case. Within fifteen days of your receipt of this notice, you may file with the Secretary of the Commission a brief (10 copies if possible) stating your client's position on the issues and replying to the brief of the General Counsel. Three copies of such brief should also be forwarded to the Office of the General Counsel, if possible. The General Counsel's brief and any brief which you submit will be considered by the Commission before proceeding to a vote on whether there is probable cause to believe a violation occurred.

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

Sincerely,



Charles N. Steele  
General Counsel

Enclosure  
Brief

80040740486

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Roger Lee

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MUR 2036

GENERAL COUNSEL'S BRIEF

I. Statement of the Case

The Commission found reason to believe that Roger Lee violated 2 U.S.C. §§ 441f (by knowingly permitting his name to be used to effect contributions by The Bekins Company, a corporation) and 441b(a) (by consenting to corporate contributions).

On about March 7, 1984, Roger Lee was promoted to the position of President and Chief Executive Officer of The Bekins Company. Immediately prior to his promotion, Lee held the position of Senior Vice President and Chief Financial Officer. Lee served on Bekins' board of directors during all relevant time periods.

In early February 1984, Albert Labinger, Bekins' then-president, asked Lee to make a \$250 contribution to John Glenn's campaign. Labinger also requested that Lee ask the senior people working for him to contribute. Labinger said the company could "make people whole" for their contributions. Lee himself contributed, and he solicited contributions from two subordinates, telling them they could be "made whole" for their contributions, and describing to them a method they could use to ensure reimbursement.



Lee says he does not "recall" other discussions with Bekins employees concerning contributions to the Glenn campaign. Other Bekins employees, however, have vivid recollections of such conversations with Lee. For example, one Bekins employee reports that he protested to Roger Lee about having to contribute to the Glenn Committee. Lee's response was one word: "Orders." Another employee states that he had a discussion with Lee in which the employee expressed his concerns that Bekins' reimbursements to contributors would violate provisions of the Internal Revenue Code and the Foreign Corrupt Practices Act.

Numerous people have admitted that Bekins reimbursed them for their contributions to the Glenn campaign. The reimbursements took place in two ways--through bonuses "grossed up" sufficiently to compensate employees for their contributions and the tax consequences of the extra compensation, and through employee expense accounts.

Although Roger Lee does not recall receiving reimbursement for his contribution, the evidence indicates that Lee did receive reimbursement through his expense account. A document prepared jointly by two Bekins employees lists 15 employees who contributed to Glenn's campaign. The list was intended to be used by Bekins' Accounting Department to reimburse those employees who contributed. Lee's name appears on the list as a person who was to receive reimbursement through his expense account.

The evidence indicates that Roger Lee approved the

reimbursements to the Bekins employees reimbursed through their bonuses. Bekins policy required that the company president approve bonuses to employees. The bonuses at issue in this matter were paid several weeks into Lee's tenure as President of The Bekins Company.

## II. Legal Analysis

No person shall knowingly permit his name to be used to effect a contribution by another person. 2 U.S.C. § 441f. The term "person" includes a corporation. 2 U.S.C. § 431(11).

Because Roger Lee received a reimbursement for his contribution to John Glenn's campaign, Lee knowingly permitted his name to be used to effect a contribution by The Bekins Company. Accordingly, this Office recommends that the Commission find probable cause to believe Lee violated 2 U.S.C. § 441f.

It is unlawful for any officer or any director of any corporation to consent to any contribution by the corporation. 2 U.S.C. § 441b(a).

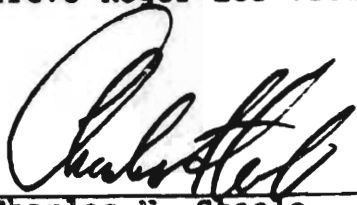
Lee was a director of The Bekins Company, as well as its Chief Financial Officer and then its President. By his approval of bonuses, his statements to subordinates that they could receive reimbursements, and his own reimbursement, Roger Lee consented to contributions by The Bekins Company. Accordingly, this Office recommends that the Commission find probable cause to believe Lee violated 2 U.S.C. § 441b(a).

## III. General Counsel's Recommendations

1. Find probable cause to believe Roger Lee violated 2 U.S.C § 441f.

2. Find probable cause to believe Roger Lee violated  
2 U.S.C. § 441b(a).

9 Jan 1987  
Date

  
\_\_\_\_\_  
Charles N. Steele  
General Counsel

87040741990

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of  
Albert Labinger

)  
)  
)  
MUR 2036

**SENSITIVE**

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On June 18 and 19, 1986, the Commission mailed proposed conciliation agreements to Albert Labinger and other respondents in this matter. On September 16, 1986, the Commission accepted conciliation agreements for most respondents. At that time this Office informed the Commission that negotiations were continuing with attorneys for Mr. Labinger because it appeared that an acceptable agreement might be reached with him.

Labinger's attorneys have now submitted a final conciliation agreement counter-proposal signed on behalf of Labinger. This Office recommends that the Commission accept the counter-proposal.

II. DISCUSSION OF CONCILIATION PROVISIONS

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\*// Bekins employees received reimbursements in two ways: through their expense accounts and through "grossed up" bonuses. The best evidence available of Labinger's reimbursement is a document signed by Richard Morse listing the names of the 15 employees who contributed. Morse drew a line through Labinger's name, and through five other names, indicating that Bekins' Accounting Department was not to "gross up" the bonuses for those six individuals. Of the six employees, three admit they were reimbursed through their expense accounts. Morse does not actually know whether Labinger received reimbursement through his expense account, and Labinger denies receiving any reimbursement. On balance, because Labinger is willing to admit that he violated both sections of the Act, this Office is willing to permit Labinger to avoid stating that he was reimbursed.

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III. RECOMMENDATIONS

1. Accept Labinger's counter-proposal.
2. Approve and send the attached letter.

Charles N. Steele  
General Counsel

Date

1/16/87

By:

Lawrence M. Noble  
Deputy General Counsel

Attachments

1. Counter-proposal
2. Proposed Conciliation Agreement
3. Letter

89040740497

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of       )  
                              )  
Albert Labinger        )       MUR 2036

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of January 29, 1987, do hereby certify that the Commission decided by a vote of 5-1 to take the following actions in MUR 2036:

1. Accept Labinger's counter-proposal.
2. Approve and send the letter attached to the General Counsel's report dated January 16, 1987.

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

Attest:

Jan. 30, 1987  
Date

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

89090740498

MANATT, PHELPS, ROTHENBERG, TUNNEY & EVANS

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

ATTORNEYS AT LAW

1200 NEW HAMPSHIRE AVENUE, 18

SUITE 200

WASHINGTON, D.C. 20036

TELEPHONE (202) 463-4300

January 22, 1987

LOS ANGELES

11355 WEST OLYMPIC BOULEVARD

LOS ANGELES, CALIFORNIA 90064

(213) 312-4000

Robert Raich, Esq.  
Federal Election Commission  
999 E Street N.W.  
Washington, D.C. 20463

Re: MUR 2036. Roger Lee

Dear Mr. Raich:

On January 16, 1987 we received your brief recommending that the commission find probable cause to believe that Mr. Lee violated the Federal Election Campaign Act. Our brief is due on Feb. 2, 1987.

Mr. Ifshin had a previously arranged trip during the week of January 19. In addition he is involved in the discovery phase of a lawsuit and has a very heavy schedule over the next several weeks. Therefore, we respectfully request a 60 day extension of time for filing our brief.

Sincerely,

*David M. Ifshin / PAF*

David M. Ifshin  
MANATT, PHELPS, ROTHENBERG,  
& EVANS

*Patricia Fiori*

Patricia Fiori

JAN 30 11:09

9 3 0 4 0 7 4 0 4 9 9

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

MUR 2036

Roger Lee )

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On January 14, 1987, this Office mailed Roger Lee's attorney a brief recommending probable cause to believe findings. Lee's counsel states that he received the brief on January 16, 1987; accordingly, a reply brief would be due February 2, 1987. Lee's counsel has sent the Commission a letter requesting a 60-day extension of time to file his brief. (Attachment 1) It is the position of the General Counsel's Office that the reasons set forth in the letter justify only a 40-day extension of time, i.e., until March 12, 1987. Accordingly, this Office recommends that the Commission grant Roger Lee an extension of time of until March 12, 1987, to file a reply brief.

II. RECOMMENDATIONS

1. Grant Roger Lee an extension of time of until March 12, 1987, to file a reply brief.
2. Approve and send the attached letter.

Charles N. Steele  
General Counsel

Date

2/2/87

By:

Lawrence M. Noble  
Deputy General Counsel

Attachments

1. Request for extension of time
2. Letter

SENSITIVE

89040740500

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Roger Lee

)  
)  
)

MUR 2036

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on February 4, 1987, the Commission decided by a vote of 6-0 to take the following actions in MUR 2036.

1. Grant Roger Lee an extension of time until March 12, 1987, to file a reply brief, as recommended in the General Counsel's Report signed February 2, 1987.
2. Approve and send the letter, as recommended in the General Counsel's Report signed February 2, 1987.

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

Attest:

2/5/87

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

Received in the Office of Commission Secretary: Mon., 2-2-87, 11:12  
Circulated on 48 hour tally basis: Mon., 2-2-87, 4:00  
Deadline for vote: Wed., 2-4-87, 4:00

89040740501



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

February 5, 1987

Burton A. Schwalb, Esquire  
Schwalb, Donnenfeld, Bray & Silbert  
1025 Thomas Jefferson Street, N.W., Suite 300  
Washington, D.C. 20007

RE: MUR 2036  
Albert Labinger

Dear Mr. Schwalb:

On January 29, 1987, the Commission accepted the conciliation agreement signed by you in settlement of a violation of 2 U.S.C. §§ 441f and 441b(a), provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your client, and it will become a part of the public record within thirty days after this matter has been closed with respect to all other respondents involved. However, 2 U.S.C. § 437g(a)(4)(B) prohibits any information derived in connection with any conciliation attempt from becoming public without the written consent of the respondent and the Commission. Should you wish any such information to become part of the public record, please advise us in writing within 10 days.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) remain in effect until the entire matter has been closed. The Commission will notify you when the entire file has been closed.

Enclosed you will find a fully executed copy of the final conciliation agreement for your files.

Sincerely,

Charles N. Steele  
General Counsel

By: *Lawrence M. Noble*  
Deputy General Counsel

Enclosure  
Conciliation Agreement

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**MUR 2036**

## CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (the "Commission") pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. Reason to believe was found that Albert Labinger ("Labinger") violated 2 U.S.C. §§ 441f and 441b(a).

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

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

II. Labinger has been afforded the procedures provided by the Statute to demonstrate to the Commission why no further proceedings should be pursued with respect to him.



III. Labinger and the Commission enter voluntarily into this agreement.

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

1. For a period of time prior to February 20, 1984, Labinger held the titles of President and Chief Executive Officer of The Bekins Company, a corporation.

2. As of February, 1984, Labinger was approaching the end of his association with The Bekins Company, and many of the responsibilities previously performed by Labinger were being assumed by his superior.

3. During February 1984, Labinger was instructed by his superior to inquire as to whether certain Bekins employees, falling within a particular group, would be willing to make, or request from others, \$250 contributions to the presidential primary campaign of Senator John Glenn.

4. In response, Labinger solicited contributions from six individuals, and passed on the request to two of them to solicit contributions from their subordinates as well.

5. Labinger suggested in the above conversations that The Bekins Company would be willing to reimburse those making contributions. Labinger contends that he did so because he believed that the owners of The Bekins Company approved.

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7. Fifteen employees of The Bekins Company, by check, each contributed \$250 to John Glenn's campaign. Those checks were given to Labinger who, in turn, forwarded them to his superior.

8. During February and March, 1984, The Bekins Company reimbursed its employees for their contributions. Labinger contends that, because of his departure from The Bekins Company, he has no knowledge of the extent to which reimbursements were made.

9. Through its employees, The Bekins Company made contributions to John Glenn's presidential primary campaign to the extent of such reimbursements.

V. 1. Pursuant to 2 U.S.C. § 441f, no person shall knowingly permit his name to be used to effect a contribution by another person, and no person shall knowingly accept a contribution made by one person in the name of another person.

2. Pursuant to U.S.C. § 441b(a), it is unlawful for any corporation to make contributions in connection with

3. In 1984, Labinger knew of the possibility that Bekins might reimburse employees who contributed to the Glenn presidential primary campaign, and he raised no objection thereto. Labinger, as an officer of the corporation, consented to contributions made by that corporation in connection with a primary election for a presidential candidate in violation of 2 U.S.C. § 441b(a). Labinger contends that he did not know that his activities as set forth above would be deemed a consent in violation of the Federal Election Campaign Act of 1971, as amended. Labinger contends that he did not knowingly and willfully violate the Act.

4. Labinger knowingly permitted his name to be used to effect a contribution by The Bekins Company, and Labinger forwarded checks of Bekins' employees to his superiors, in violation of 2 U.S.C. § 441f.

VI. Labinger will pay a civil penalty to the Treasurer of the United States in the amount of Four Thousand, Five Hundred Dollars (\$4,500), pursuant to 2 U.S.C. §

437g(a)(5)(A). Pursuant to 2 U.S.C. § 437g(a)(4)(A)(i), this Conciliation Agreement, unless violated, is a complete bar to any further action concerning the matters discussed herein.

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date all parties hereto have executed the same and the Commission has approved the entire agreement.

IX. Labinger shall have no more than thirty (30) days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

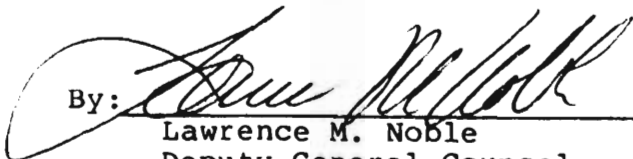
X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be valid.

89040740507

FOR THE COMMISSION:

Charles N. Steele  
General Counsel

By:

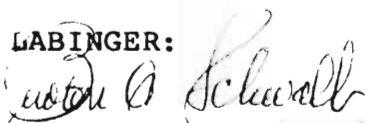

  
Lawrence M. Noble  
Deputy General Counsel

Date

2/15/87

FOR LABINGER:

By:

  
  
Burton A. Schwalb  
Schwalb, Donnenfeld, Bray  
& Silbert  
A Professional Corporation  
1025 Thomas Jefferson Street, N.W.  
Suite 300  
Washington, D.C. 20007  
(202) 965-7910

Date

November 6, 1986

As agent for and on behalf of  
Albert Labinger

89040740508



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

February 9, 1987

David Ifshin, Esquire  
Manatt, Phelps, Rothenberg, Tunney & Evans  
Suite 200,  
1200 New Hampshire Avenue, N.W.  
Washington, D.C. 20036

RE: MUR 2036  
Roger Lee

Dear Mr. Ifshin:

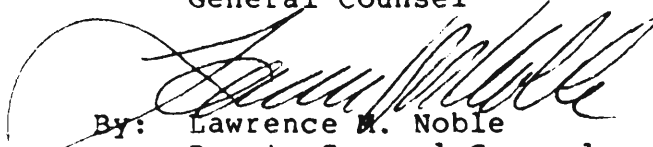
This is in response to your letter dated January 22, 1987, in which you request a 60-day extension of time to reply to the General Counsel's Brief in this matter.

After considering the circumstances presented in your letter, the Commission has determined to grant you a 40-day extension. Accordingly, your brief is due no later than March 12, 1987.

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

Sincerely,

Charles N. Steele  
General Counsel

By:  Lawrence M. Noble  
Deputy General Counsel

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LAW OFFICES  
SCHWALB, DONNENFELD, BRAY & SILBERT

A PROFESSIONAL CORPORATION

BURTON A. SCHWALB  
CHARLES R. DONNENFELD  
JOHN M. BRAY  
EARL J. SILBERT  
JAMES K. STEWART  
PHILIP D. GREEN  
DAVID J. CURTIN  
ALLEN V. FARRER  
CHARLES B. WAYNE  
STEVEN SANFATTI  
LUCINDA J. BACH  
PATRICIA L. MAHER  
CARY M. FELDMAN  
AMY G. RUDNICK  
KEITH R. ANDERSON  
KEVIN M. DINAN  
DOUGLAS C. MCALLISTER  
DAVID N. YELLEN  
ADELE P. KIMMEL  
JAMES A. BARKER, JR.  
ERIC M. KATZ  
STEPHEN P. MATTHEWS

SUITE 300 EAST  
1025 THOMAS JEFFERSON STREET, N. W.  
WASHINGTON, D. C. 20007

AREA CODE 202  
965-7910

TELECOPIER 202-337-0678

TELEX 897007

February 13, 1987

\*NOT ADMITTED IN D. C.

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

Re: MUR 2036/Albert Labinger

Dear Mr. Noble:

As a follow-up to your February 5, 1987 letter regarding the settlement with Mr. Labinger, I would appreciate your advising me as to the mechanics of making payment and of assuring that the payment is acknowledged as being attributable to and in full satisfaction of the agreement.

I look forward to hearing from you.

Sincerely yours,

  
Burton A. Schwalb

BAS:dk  
cc: Mr. Albert Labinger

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87 FEB 17 11:58

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OFFICE OF THE  
GENERAL COUNSEL

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LAW OFFICES  
SCHWALB, DONNENFELD, BRAY & SILBERT

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A PROFESSIONAL CORPORATION

BURTON A. SCHWALB  
CHARLES R. DONNENFELD  
JOHN M. BRAY  
EARL J. SILBERT  
JAMES K. STEWART  
PHILIP D. GREEN  
DAVID J. CURTIN  
ALLEN V. FARBER  
CHARLES S. WAYNE  
STEVEN SARFATTI  
LUCINDA J. BACH  
PATRICIA L. MAHER  
CARY M. FELDMAN  
AMY G. RUONICK  
KEITH R. ANDERSON  
KEVIN M. DINAN  
DOUGLAS C. MCALLISTER  
DAVID N. YELLEN  
ADELE P. KIMMEL\*  
JAMES A. BARKER, JR.  
ERIC M. KATZ  
STEPHEN P. MATTHEWS

SUITE 300 EAST  
1025 THOMAS JEFFERSON STREET, N. W.  
WASHINGTON, D. C. 20007

AREA CODE 202  
965-7910

TELECOPIER 202-337-0876

TELEX 897007

March 4, 1987

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RECEIVED  
GENERAL COUNSEL

\*NOT ADMITTED IN D. C.

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

Re: MUR-2036

Gentlemen:

Pursuant to the settlement reached with Mr. Albert Labinger, signed by your Deputy General Counsel, Lawrence M. Noble, on February 5, 1987, I am forwarding herewith Mr. Labinger's check in the amount of \$4,500 payable to the Commission. I have had the check made out, and am forwarding it to you, all in accordance with the directions given to me by Mr. Robert Raich of your office.

I believe that this winds up and completes all matters in any way involving Mr. Labinger.

Sincerely yours,

  
Burton A. Schwalb

BAS:dk  
Enclosure (check)  
cc: Mr. Albert Labinger

11505205066



SHEARSON  
LEHMAN  
BROTHERS

ALBERT LABINGER  
55 POMPADOUR DRIVE  
ASHLAND, OR 97520

109



431

2/25 1987

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310

Pay to the  
Order of

FEDERAL ELECTION COMMISSION

\$ 4,500.00

FORTY FIVE HUNDRED & NO/100

Dollars

FINANCIAL MANAGEMENT ACCOUNT  
PROVIDENT NATIONAL BANK  
17TH & CHESTNUT STREETS, PHILA. PA

T  
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For SETTLEMENT - MUR 2036

Albert Labinger

⑆031000053⑆ 6201147431⑆ 20109

440740512

MEMORANDUM

TO: Debra A. Reed

TO:

Colette Labinger

FROM: ~~Colette Labinger~~

FROM: Debra A. Reed

B7 MAR 9

CHECK NO. 109

(a copy of which is attached) RELATING

TO MUR 2036 AND NAME Albert Labinger

WAS RECEIVED ON March 9, 1987. PLEASE INDICATE THE ACCOUNT INTO WHICH IT SHOULD BE DEPOSITED:

✓ BUDGET CLEARING ACCOUNT (#95F3875.16)

/ / CIVIL PENALTIES ACCOUNT (#95-1099.160)

OTHER

SIGNATURE

Debra A. Reed

DATE

3-9-87

CO# 2844

APR 30

## BEFORE THE FEDERAL ELECTION COMMISSION

Roger Lee,  
Respondent

MUR 2036

RESPONSE TO GENERAL COUNSEL'S BRIEFI. Factual Background

This matter began when Mr. Lee was asked in February, 1984 by his superior, Mr. Albert Labinger, President of The Bekins Company, to make a contribution to the Glenn campaign and to solicit contributions from employees under Mr. Lee's supervision. Mr. Labinger explained that he was soliciting these contributions at the behest of Mr. Irwin Jacobs, Chairman of the Board of Bekins, and of its parent corporation, Minstar, Inc. Mr. Labinger stated that Mr. Jacobs, who was serving on John Glenn's presidential campaign committee, had contacted him to ask that he solicit a number of \$250 contributions from Bekins employees in order to demonstrate popular support for the candidate. Mr. Labinger told Mr. Lee that any employee contributing to the Glenn campaign could be "made whole" by the corporation for their contribution.

Mr. Lee subsequently made a \$250 contribution to the Glenn campaign and solicited \$250 contributions from two other employees, Jack Foti and Joe Noga. Both Mr. Foti and Mr. Noga were under Mr. Lee's supervision. When soliciting these two

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contributions, Mr. Lee, repeating what he had been told by Mr. Labinger, stated to Mr. Foti and Mr. Noga that they could be reimbursed from the corporation for their contributions.

Mr. Lee would have never made or solicited any contribution to the Glenn campaign had he not felt obligated to do so by Mr. Labinger's, and Mr. Jacobs', request. As to his own contribution, Mr. Lee neither requested nor received reimbursement. As to the contributions he solicited, Mr. Lee was merely acting at the direction of Mr. Labinger, President of Bekins, who in turn was acting at the direction of Mr. Jacobs, Chairman of the Board of Bekins and Minstar.

The events surrounding the contributions to the Glenn campaign consumed a small amount of Mr. Lee's time. As Bekins' Senior Vice President and Chief Financial Officer responsible for the operation of a multi-million dollar corporation, Mr. Lee did not regard a total of \$750 in contributions to the Glenn campaign as significant. Mr. Lee knew that, at the behest of Mr. Labinger, Bekins' General Counsel was also soliciting contributions from his subordinates and was authorized to reimburse them with corporate funds. Hence, Mr. Lee believed that the course of action outlined by Mr. Labinger, namely, reimbursing employees with corporate funds for contributions to the Glenn campaign, was legal.

II. General Counsel's Recommendations

The General Counsel's Brief recommends that the Federal Election Commission find probable cause to believe that Mr. Lee violated 2 U.S.C. § 441f by knowingly permitting his name to be used to effect a contribution by The Bekins Company, a corporation, and 2 U.S.C. § 441b(a) by consenting to corporate contributions. The General Counsel's recommendations are not warranted by the facts in this case as Mr. Lee did not violate any provision of the Federal Election Campaign Act ("FECA").

III. Mr. Lee did not receive reimbursement for his contribution and therefore did not violate 2 U.S.C. § 441f.

The General Counsel's Brief concludes that Mr. Lee violated 2 U.S.C. §441f by receiving reimbursements from Bekins for his contribution to the Glenn campaign. The conclusion that Mr. Lee received reimbursements is based on a list, which, according to the Brief, "was intended to be used" (emphasis added) by Bekins in reimbursing employees who made contributions. General Counsel's Brief (hereinafter cited as "Brief"), p.2. Because Mr. Lee's name is included on the list as someone "who was to receive reimbursement through his expense account" (emphasis added), the Brief surmises that Bekins reimbursed Mr. Lee for his contribution. Brief, p.2.

The language used in the Brief demonstrates that the recommendation is based on pure speculation, not fact. The Brief summarily concludes that the list was intended to be used by Bekins to reimburse employees, but scrupulously avoids stating

that Mr. Lee in fact received any reimbursement. Even if the list were intended to identify Mr. Lee as someone who "was to receive reimbursement", which Mr. Lee denies, this does not prove that he actually received it.

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A copy of the list referred to in the General Counsel's Brief is attached. (Attachment I) It is a handwritten list apparently prepared by Mr. Labinger's secretary. As such, it is a very informal document. The General Counsel's Brief concludes that because the names of six employees have a line drawn through them, they received reimbursement through their expense accounts. However, there is supporting documentation in the form of expense reimbursement requests to show that only two employees (Ronald Hartman and Richard Morse) on the list actually requested reimbursement. Despite the fact that a search of Bekins' records was apparently made, no expense reimbursement requests or other documentation is presented to show that Mr. Lee received reimbursement. The General Counsel has not, and can not, produce such documentation because it does not exist, as Mr. Lee neither requested nor received reimbursement for this contribution.

The Brief surmises that employees on the list received expense reimbursements if their names were crossed off. However, it is much more plausible to conclude that the list was compiled, first, to indicate those employees of Bekins who made contributions and, second, to authorize bonuses to employees whose names were not crossed off. The list was thus a means for authorizing the payroll department to issue bonus checks to

employees whose names were not crossed off, while employees whose names were crossed off were not to receive bonus checks.

IV. Mr. Lee did not violate 2 U.S.C. § 441b

The General Counsel's Brief concludes that Mr. Lee violated 2 U.S.C. § 441b by approving bonuses to reimburse subordinates for their contributions, by telling subordinates that they could receive reimbursement and by receiving reimbursement for his own contribution.

Mr. Lee did not receive reimbursement for his contribution and the General Counsel's Brief does not provide any evidence to show that he approved any payments to reimburse employees for their contributions. While it is true that Mr. Lee as President of the corporation was responsible for approving all bonuses after he became President, he did not approve the reimbursement requests or bonuses in question, as these were approved prior to the date on which he became President.

The General Counsel's Brief concludes that because Mr. Lee approved all bonuses after he became President of Bekins on March 7, 1984, he therefore approved reimbursement to Bekins' employees who were compensated for their contributions via bonuses. The Brief relies on the handwritten list, discussed above, which was prepared by Mr. Labinger's secretary. (Attachment I) However, this list bears an approval date of February 27, 1984 when Richard Morse initialed it, thereby authorizing the payment of the bonuses by the payroll department.

Once this authorization occurred, Bekins payroll department would issue a check to those employees authorized to receive bonuses, without any further action by the President of Bekins, or any other Bekins officer. This authorization occurred before Mr. Lee became President. It is therefore totally wrong for the General Counsel's Office to assert that Mr. Lee as President approved bonuses to any individual whose name appears on the list.

Similarly, the expense reimbursement requests of Ronald Hartman and Richard Morse (Attachment I) were submitted on February 5, 1984 and March 2, 1984, respectively. Mr. Morse apparently submitted his request with a note dated March 2, 1984 to Mr. Labinger stating: "Al - The \$250 expense for 'Hawaii/Europe car rental' is per your instructions - RJM" (emphasis added). Ronald Hartman's expense reimbursement request bears the initials "AL", indicating Albert Labinger's approval. These facts certainly indicate that Mr. Labinger, not Mr. Lee, approved the reimbursement requests, if there were any, of the individuals named on the list. Moreover, since Mr. Lee did not become President until March 7, 1984, any reimbursements through bonuses or expense requests were already approved prior to the beginning of his tenure as President of Bekins.

When Mr. Lee requested two subordinates to make contributions to the Glenn campaign, informing them that they could receive reimbursement for their contribution, he was acting at the request of his superior, Mr. Labinger, and in turn, Mr. Jacobs. In so doing, Mr. Lee was merely conveying information

that Mr. Labinger had told him had come from Mr. Jacobs. Mr. Lee solicited these contributions only because Mr. Labinger requested him to do so and because of the demands inherent in such requests from superiors. Moreover, because he knew that Bekins' General Counsel was soliciting contributions on the same basis, Mr. Lee believed that it was legal for the corporation to reimburse employees for contributions.

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The General Counsel's Brief states that Mr. Lee responded with the word "orders" to an employee who protested making a contribution to the Glenn campaign. Brief, p.2. The Brief is extremely misleading in that it implies that Mr. Lee used the word "orders" when soliciting contributions from subordinates. In fact, the evidence in this case shows that Mr. Lee did not use the word "orders" when talking to either of the two employees from whom he solicited contributions. Mr. Foti and Mr. Noga have each during deposition testimony recounted their conversations with Mr. Lee regarding contributions to the Glenn campaign. Neither individual ever stated that Mr. Lee used the word "orders" or any similar language when soliciting those contributions. (Mr. Foti's deposition appears as Attachment II.)

During Mr. Lee's deposition testimony, a Federal Election Commission attorney asked whether he had "any recollection of replying, quote, 'orders', unquote, when asked by Lou Friedman why these contributions were being requested". Deposition of Roger Lee, p.39. Mr. Lee's response was "no." Id.



It thus appears that the General Counsel's Brief is relying on a statement by Lou Friedman in its assertion that Mr. Lee responded with the word "orders" to an employee who protested having to make contributions. Mr. Lee never solicited a contribution to the Glenn campaign from Mr. Friedman, who was never under Mr. Lee's supervision. In fact, attorneys representing Bekins have stated to the Commission that Ronald Hartman, General Counsel of Bekins, required Mr. Friedman to make a contribution (Attachment I, p. 3).

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The General Counsel's Brief states that a Bekins' employee expressed concern to Mr. Lee that reimbursements to contributors might violate the Internal Revenue Code or the Foreign Corrupt Practices Act. Brief, p.2. The General Counsel's Office has acknowledged that the Foreign Corrupt Practices Act does not apply to any of the activities at issue in this case. Mr. Noga, Bekins' corporate controller and an accountant, has testified that he told Mr. Lee that compensating employees through bonuses, rather than expense reimbursements, complied with the Internal Revenue Code. Noga Deposition, p.9.


Mr. Noga has also testified that Mr. Labinger entered the room during his discussion with Mr. Lee of the Internal Revenue Code requirements. Noga Deposition, p.31. According to Mr. Noga, Mr. Lee immediately communicated Mr. Noga's concerns to

Mr. Labinger. Mr. Labinger's presence and his lack of objection amounted to approval of reimbursements through bonuses.

During all of this, Mr. Lee remained totally unaware that any of the activities at issue in this case might violate the FECA prohibition on corporate contributions. Under California law, corporate contributions are legal and Mr. Lee was not aware that federal law might be different. Indeed, the record in this case reflects that Bekins' controller advised Mr. Lee that reimbursing employee contributions through bonuses complied with federal tax laws. Moreover, as was stated earlier, Mr. Lee was aware that Bekins' General Counsel was also soliciting contributions from his subordinates and was authorized to reimburse them with corporate funds. Mr. Lee thus assumed that the General Counsel's involvement in this activity clearly indicated it was legal. Finally, Mr. Lee had no reason to suspect that telling subordinates that they could receive reimbursement for their contributions was improper because he had been asked to convey this information by the President of Bekins who was in turn implementing a request from the Chairman of Bekins' Board of Directors.

V. Conclusion

Mr. Lee requests that the Commission find that there is no probable cause to believe that he committed a violation of 2 U.S.C. § 441b(a) or U.S.C. § 441f.



David M. Ifshin  
Manatt, Phelps, Rothenberg & Evans

  
Patricia Ann Fiori

89740740522

## LATHAM &amp; WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET

LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE 213 485-1234

CABLE ADDRESS LATHWAT

TWX 910 321-3733

TELECOPIER (213) 880-2098

PAUL R. WATKINS 1988-1975

DANA LATHAM 1988-1974

CHICAGO OFFICE

SEARS TOWER SUITE 6000

CHICAGO ILLINOIS 60606

TELEPHONE 312 876-7700

TELECOPIER 312 993-9787

TWX 910 221-0355

NEWPORT BEACH OFFICE

660 NEWPORT CENTER DRIVE SUITE 400

NEWPORT BEACH, CALIFORNIA 92660

TELEPHONE 714 752-9100

TELECOPIER 714 759-8891

SAN DIEGO OFFICE

701 B STREET SUITE 200

SAN DIEGO CALIFORNIA 92101-0911

TELEPHONE 619 236-2344

TELECOPIER 619 698-8288

WASHINGTON D.C. OFFICE

333 NEW HAMPSHIRE AVE N.W. SUITE 200

WASHINGTON D.C. 20036-5904

TELEPHONE 202 628-4400

TELECOPIER 202 628-4415

TWX 710 822-8375

February 21, 1985

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

Dear Sir or Madam:

The Bekins Company ("Bekins") and its parent corporation Minstar, Inc. ("Minstar") discovered last week that several of Bekins' former executives took actions in early 1984 which may violate the Federal Elections Act. As soon as they became aware of these actions, Bekins, Minstar and Irwin Jacobs, Minstar's majority shareholder, engaged this firm to investigate this matter and to advise them about the legality of these actions. Pursuant to their directions, I am writing to inform the Commission of the facts we have discovered to date and that a violation of the Federal Elections Campaign Act of 1971 may have occurred.

In early November, 1984, Bekins discovered that its then General Counsel and member of the Board of Directors, Ronald Hartman, had embezzled sums of money from it by, among other things, requiring outside law firms to kickback to him a percentage of their billings to Bekins in exchange for inflated fee rates. Bekins terminated Mr. Hartman's employment in November and gave the United States Attorney's Office and the Federal Bureau of Investigation data uncovered by its own internal investigation of this matter. The United States Attorney filed an Information against Mr. Hartman, and he has pled guilty to federal charges of mail fraud, wire fraud and income tax evasion. He is currently awaiting sentencing.

000746

Kenneth Gross, Assistant  
General Counsel  
February 21, 1985  
Page 2

Bekins cooperated extensively with the United States Attorney's Office and the Federal Bureau of Investigation in this investigation of Mr. Hartman. In that connection, Bekins discovered last week that Mr. Hartman required the inside counsel who worked for him to make \$250.00 contributions each to the John Glenn Presidential Committee. The facts we have discovered which led to this action are as follows.

In early 1984, Irwin Jacobs became a member of the John Glenn Presidential Committee. One of his business partners, Gerald Schwalbach, in a telephone conversation in early 1984 with Albert L. Labinger, then the Chief Executive Officer of Bekins, asked Mr. Labinger if he would like to make a contribution to the Committee. He said he would. Neither Mr. Schwalbach, Mr. Jacobs, nor anyone else at minstar talked to Mr. Labinger or anybody else at Bekins about this matter again or ever gave Mr. Labinger or anyone else at Bekins the idea that contributing was a job requirement.

Mr. Labinger and Roger Lee, then Chief Financial Officer of Bekins, approached seven executives and told them that they should draft a personal check to the Committee for \$250.00 each. We believe, but are not certain, that in some cases they expressly or impliedly indicated to these individuals that their future employment depended on their agreeing to make these contributions. In some instances, they also represented to each of these people that Bekins would repay them for the contribution with an addition to their bonus payments of \$360.25, representing a "grossed-up" for taxes reimbursement of \$250.00. With respect to the contributions of several of these executives, including Mr. Hartman and Richard Morse, the Senior Vice President of Human Resources, Mr. Labinger told them to submit fraudulent expense reports designating the contribution as a fictitious expense item. For example, Mr. Hartman reported a \$250.00 litigation entertainment expense. See Exhibit A. Mr. Morse reported a \$250.00 Hawaii/Europe car rental expense. See Exhibit B. Mr. Morse accompanied his expense report with a note to Mr. Labinger making clear to Mr. Labinger that he was doing so at Mr. Labinger's instructions. See Exhibit C.

000747

Kenneth Gross, Assistant  
General Counsel  
February 21, 1985  
Page 3

Mr. Hartman directed each attorney working for him in the Bekins legal department to contribute \$250.00 to the Glenn Committee. Ernest Gallego, one of the attorneys, has told us that Mr. Hartman told each such attorney (Gallego, Phil Berlin, Norman Kent, Gary Klein, Joel Yachzel and Louis Friedman) that he was requiring them to make such contributions, implying that their employment would be terminated if they did not comply. Mr. Hartman further stated that he and other top executives at Bekins did not wish the employees to be "out-of-pocket", and he therefore informed these attorneys that their bonuses would be "grossed-up" by an amount sufficient to repay each \$250.00 contribution plus the additional income tax payable on the receipt of \$250.00 additional income.

Mr. Labinger's secretary prepared a single page which lists the fifteen individuals who had contributed to the Glenn Committee. See Exhibit D. The individuals whose names have a line drawn through them were reimbursed through their expense reports. The others received \$360.25 in extra bonus awards. This document was used to direct the payroll department to include such amounts in the indicated bonus distributions. The specific authorization to the payroll department was supplied by Mr. Morse whose initials appear next to the letters "OK". Mr. Morse states that Mr. Labinger instructed him to grant these approvals.

We do not know why Mr. Labinger decided to repay certain of the executives by expense reimbursement and others by bonus awards. However, the six executives who were not paid by bonus awards as listed on Exhibit D are individuals who had already received their regular bonus payments by the time of the contributions. In addition, they were high level executives whose compensation was often reviewed by Minstar. Cutting a special bonus check of \$360.25 for these executives would have risked scrutiny by Minstar.

Bekins is continuing to investigate this matter. The investigation has been impeded somewhat by the circumstance that Messrs. Labinger, Hartman and Lee no longer work for Bekins. We will notify the Commission

000748

Kenneth Gross, Assistant  
General Counsel  
February 21, 1985  
Page 4

immediately of any additional facts we discover. In the interim, my clients are anxious to cooperate with the Commission in every way possible to rectify this matter. In the event the Commission decides to investigate this matter, we are ready and willing to assist it in the gathering of facts and in the notification of any individuals who may be under investigation. If the Commission decides not to investigate this matter, we would appreciate it if you could inform us of that decision.

Very truly yours,

*Kenneth W. Oder*

Kenneth W. Oder  
of LATHAM & WATKINS

Attachments

cc: Henry H. Rossbacher, Esq.  
James B. Farrell, Esq.  
bc: John R. Light, Esq.  
Michael Stanton, Esq.  
David J. McLean, Esq.  
Thomas W. Shreve, Esq.

EXPENSE

# EXPENSE REIMBURSEMENT REQUEST

(FOR USE BY ALL DIVISIONS)

BRANCH NO.:

COMPANY

PERIOD: FROM

TO

000750

NAME KONALD L. HARTMAN  
 TIP PURPOSE MAYFLOWER & SANTINI

SEE REVERSE FOR INSTRUCTIONS	DATE									TOTALS		ACCOUNTING USE ONLY	
	CITY							CHARGED TO COMPANY ACCOUNT	PAID BY EMPLOYEE	"PAID BY EMPLOYEE" DISTRIBUTION		ACCOUNT NO	AMOUNT
HELP EXPENSE ONLY:													
BREAKFAST													
LUNCH													
DINNER													
LODGING (ATTACH HOTEL RECEIPTS)													
TRAVEL													
TRANSPORTATION (AIR, RAIL, ETC.)													
PARKING, TOLLS													
LOCAL TAXI, BUS													
RENTAL CAR													
TIPS													
BUSINESS DEVELOPMENT (ORGANIZATIONAL)													
TELEPHONE													
CAR MAINTENANCE (ATTACH INVOICE)													
MILEAGE: 0.5 / MILE													
OTHER EXPENSES (ITEMIZE)													
MISC. EXPENSES													
TOTAL EXPENSES													
BUSINESS DEVELOPMENT EXPENSE EXPLAINED: DATE WITH WHERE AND PURPOSE AMOUNT 2/31/77 Mandarini 486 2/1/78 Kodak 37-										LESS ADVANCE SUB TOTAL DUE COMPANY (CHECK ATTACHED) DUE EMPLOYEE EMPLOYEE SIGNATURE <i>Ronald Hartman</i> APPROVAL SIGNATURE REMARKS 0100-113600 26310798191 0100-113600 6754079301 2910-78902 2510-791000			
RECEIPTS ARE REQUIRED FOR ALL EXPENDITURES CHARGED TO COMPANY ACCOUNT AND OTHERS OVER \$25 INCLUDE FOR ITEMS UNDER \$25 IF PRACTICAL										TOTAL PAID BY EMPLOYEE DATE 2/5/78 300.00 CK 100.00 CA 842.60 250.00			

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BEKINS

EXPENSE REIMBURSEMENT REQUEST  
(FOR USE BY ALL DIVISIONS)

NAME

RICHARD J. MORSE

COMPANY

THE BEKINS CO

TRIP PURPOSE

GENERAL

PERIOD FROM

FEB 1, 1974 TO MAR 1, 1974

000751

SEE REVERSE FOR INSTRUCTIONS	DATE	CITY	TOTALS					ACCOUNTING USE ONLY	
			CHARGED TO COMPANY ACCOUNT	PAID BY EMPLOYEE	PAID BY EMPLOYEE DISTRIBUTION	ACCOUNT NO	AMOUNT		
SELF EXPENSE ONLY									
BREAKFAST									
LUNCH									
DINNER									
LODGING (ATTACH HOTEL RECEIPTS)									
TIPS									
LEVEL									
TRANSPORTATION (AIR, RAIL, ETC)									
PARKING, TOLLS									
LOCAL TAXI, BUS									
RENTAL CAR									
TIPS									
BUSINESS DEVELOPMENT (BREAKDOWN BELOW)									
TELEPHONE									
AUTO MAINTENANCE (ATTACH INVOICE)									
MILEAGE @ \$ /MILE									
OTHER EXPENSES (ITEMIZE)									
HAWAII/LEADLINE 140 RUMBL									
AIR TICKETS									
UNION & PUBLIS REVEN									
CEG MEMBERSHIP & MISC. 140 RUMBL									
TOTAL EXPENSES									
LESS ADVANCE									
SUB TOTAL									
DUE COMPANY (CHECK ATTACHED)									
DUE EMPLOYEE									
EMPLOYEE SIGNATURE									
APPROVAL SIGNATURE									
REMARKS									
DATE									

RECEIPTS ARE REQUIRED FOR ALL EXPENDITURES CHARGED TO COMPANY ACCOUNT AND OTHERS OVER \$25 INCLUDE FOR ITEMS UNDER \$25 IF PRACTICAL

TOTAL

275.14

3/2/04

al

THE \$250 EXPENSE  
FOR "HAWAII/EUROPE-  
CAR RENTAL" IS PER  
YOUR INSTRUCTIONS.

RM

000752

Gross up

T.C. ✓

✓ Phil Scott 250 net 360.25 ✓

~~Her. Smith 250~~

✓ Joe Kaya 250 net 360.25 ✓

~~Roger Lee 250~~

~~Jack Felti 250~~

~~Dick Morse 250~~

✓ Shannon Seames 250 net 360.25

~~Ron Hartman 250~~

✓ Ernie Sallego 250 net 360.25

✓ Phil Berlin 250

✓ Norm Kent 250

✓ Joel Yackzel 250

✓ Gary Klein 250

~~at Lohing 250~~

✓ Lew Friedman 250 net 360.25

OK By 2/27/84

82040740530

Superior Court of the State of California  
For the County of Los Angeles

JACK R. FOTI,

PLAINTIFF,

VS.

THE BEKINS COMPANY, A CALIFORNIA  
CORPORATION, AND DOES 1 THROUGH  
20, INCLUSIVE,

DEFENDANTS.

No. C 584773

DEPOSITION OF JACK R. FOTI

MAY 29, 1986

SEIJAS, RADOGNA & BAUMSTARK

CSR 3593 INCORPORATED

CERTIFIED SHORTHAND REPORTERS

1910 PINE GATE AVENUE, SUITE 200

SOUTH PASADENA, CALIFORNIA 91106

000826

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14 Q THIS IS THE CONTRIBUTION TO JOHN GLENN'S  
15 CAMPAIGN?

16 A THAT'S CORRECT.

17 Q I UNDERSTAND YOU MADE A \$250 CONTRIBUTION  
18 LIKE ALL THE OTHERS INVOLVED IN THAT?

19 A YES. I MADE A \$250 CONTRIBUTION.

20 Q WAS ANYONE ELSE PRESENT WHEN LEE TOLD YOU TO  
21 MAKE THAT CONTRIBUTION?

22 A NO.

23 Q WHAT DID HE SAY?

24 A HE CAME IN, KIND OF CLOSED THE DOOR TO MY  
25 OFFICE, WHICH INDICATED SOMETHING IMPORTANT WAS GOING TO BE

1 TALKED ABOUT, AND HE ACTED AS IF HE WAS QUITE EMBARRASSED.  
2 HE SAT DOWN AND HE ASKED ME FOR A FAVOR, AND HE SAID THAT HE  
3 NEEDED ME TO MAKE A POLITICAL CONTRIBUTION TO THE JOHN GLENN  
4 CAMPAIGN BECAUSE IRWIN JACOBS WANTED TO SUPPORT JOHN GLENN IN  
5 HIS CAMPAIGN FOR PRESIDENT AND ASKED ME IF I WOULD DO THAT,  
6 AND I REALLY DIDN'T UNDERSTAND WHAT HE WAS SAYING AT FIRST.  
7 I ASKED HIM WHY COULDN'T BEKINS OR MINSTAR SIMPLY WRITE THE  
8 JOHN GLENN CAMPAIGN A CHECK AND MAKE THE CONTRIBUTION. WHY  
9 DID THEY NEED MY \$250 CONTRIBUTION? HE SAID MR. JACOBS WAS  
10 TRYING TO ARRANGE A \$6 MILLION LOAN FOR MR. GLENN, AND THAT  
11 IT WAS IMPORTANT THAT THE BANK OR BANKS THAT WERE GOING TO  
12 GIVE THIS LOAN BELIEVE THAT THERE WAS A GREAT, WIDESPREAD  
13 SUPPORT IN THE BUSINESS COMMUNITY FOR JOHN GLENN'S CANDIDACY  
14 FOR PRESIDENT, AND THAT IF THEY DIDN'T HAVE ALL OF THESE  
15 LITTLE \$250 CHECKS FROM, I ASSUME, DOZENS AND DOZENS OF  
16 PEOPLE, THAT THEY WOULD BE UNWILLING TO MAKE A LOAN. HE TOLD  
17 ME THAT I WOULD BE REIMBURSED BY THE COMPANY FOR THE  
18 CONTRIBUTION.

19 Q DID HE TELL YOU HOW YOU WOULD BE REIMBURSED?

20 A HE SAID I COULD PUT IT ON MY EXPENSE ACCOUNT.

21 Q DID HE SAY ANYTHING ELSE IN THAT MEETING?

22 A YES. HE SAID THAT IRWIN JACOBS FELT THAT  
23 SUPPORTING A MAJOR POLITICAL CANDIDATE FOR THE OFFICE OF  
24 PRESIDENT WOULD BE VERY HELPFUL TO MR. JACOBS' STATURE IN THE  
25 FINANCIAL COMMUNITY AND MAKE HIM BE A RECOGNIZED BUSINESS

1 LEADER, MORE RECOGNIZED BUSINESS LEADER.

2 Q ANYTHING ELSE THAT HE SAID?

3 A NO.

89040740534

87 MAY 4 ALL: 21

**EXECUTIVE SESSION**  
**MAY 12 1987**

**MUR 2036**

## I. BACKGROUND

This Office conducted an investigation which included depositions of all individual respondents in this matter, and of other persons. After the close of the investigation, this Office forwarded to the Commission a General Counsel's Brief recommending that the Commission find probable cause to believe Roger Lee violated 2 U.S.C. §§ 441f and 441b(a). The Commission has received from Lee's attorneys a Response To General Counsel's Brief (hereinafter "Reply Brief") requesting findings of no probable cause to believe. For the reasons stated below, and in accord with the discussion in the General Counsel's Brief, this Office recommends that the Commission find probable cause to believe Roger Lee violated the Act.

This Office relies chiefly upon the discussion in the General Counsel's Brief; however, the Reply Brief makes a number of inaccurate statements. In order to clarify the record, this Office presents the information set forth below.



A. Roger Lee's Reimbursement

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The Reply Brief states that the General Counsel's Section 441f recommendation "is based on pure speculation, not fact." Reply Brief, p. 3. The Reply Brief supports that assertion by arguing that the inclusion of Mr. Lee's name on a document prepared to reimburse Bekins' employees for their contributions does not prove that he actually received a reimbursement. However, other employees whose names appear on the document freely admit that they received reimbursements. There is therefore strong circumstantial evidence that Lee, too, received reimbursement. Such evidence rises beyond the realm of "pure speculation."

The Reply Brief, at p. 4, states that there is supporting documentation in the form of expense reimbursement requests to show that only two employees (Ronald Hartman and Richard Morse) actually requested reimbursements through their expense accounts. In fact, two other employees, Jack Foti and Shannon Sesmas, have testified that they, too, requested and received reimbursements through their expense accounts. Foti Deposition, p. 10-11 and Sesmas Deposition, p. 7 and 11.

The Reply Brief, at p. 4, states that "a search of Bekins' records was apparently made," but that there is no documentation showing Mr. Lee received reimbursement. That assumption is incorrect. This Office made no search of Bekins' records.

B. Roger Lee's Approval of Reimbursements

The Reply Brief, at p. 5-6, argues that Mr. Lee should not be held accountable for reimbursements paid to Bekins employees through "gross ups" of their bonuses. The Reply Brief notes that Richard Morse (the Vice President for Human Resources) approved the reimbursements on February 27, 1984, and that Roger Lee did not become President until March 7, 1984. The Reply Brief, however, does not mention that Bekins' president needed to approve bonuses and that the reimbursements at issue were not paid until the end of March, 1984. Thus, for the better part of a month Lee had every opportunity to prevent the reimbursements.

The Reply Brief, at p. 8, states that "The General Counsel's Office has acknowledged that the Foreign Corrupt Practices Act does not apply to any of the activities at issue in this case." That statement is incorrect. The General Counsel's Office offers no opinion concerning the application of the Foreign Corrupt Practices Act because it is beyond the Commission's jurisdiction.

According to the Reply Brief, "Bekins' controller advised Mr. Lee that reimbursing employee contributions through bonuses complied with federal tax laws." Reply Brief, p. 9. That statement is misleading. What the Reply Brief neglects to mention is that in the same conversation, Bekins' controller informed Lee that reimbursements through bonuses would violate one federal law and that reimbursements through employee expense accounts would violate the Internal Revenue Code. Noga Deposition, p. 9. Nevertheless, Lee told his subordinates to submit false expense reports to ensure reimbursement. In addition, before Lee approved Jack Foti's falsified expense report, Lee returned to Foti the expense report Foti had

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had submitted which actually listed the John Glenn contribution as an expense. Lee told Foti to disguise the expense in some way. Foti Deposition, p. 11.

The Reply Brief, at p. 9, states that in telling employees they could receive reimbursement for their contributions, Lee was conveying information from Bekins' President (Albert Labinger) who was implementing a request from Bekins' Chairman (Irwin Jacobs). In fact, the record in this matter indicates that Labinger initiated the reimbursement scheme himself, and that he was not implementing a request from Jacobs.

For the reasons stated in the General Counsel's Brief, and in consideration of the discussion above, this Office recommends that the Commission find probable cause to believe Roger Lee violated 2 U.S.C. §§ 441f and 441b(a).

III. DISCUSSION OF CONCILIATION PROVISIONS

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With regard to the violations of both sections of the Act, several aggravating factors are present. There have been no refunds of the reimbursements. Lee was deeply involved in a scheme to evade the requirements of the Act. Lee was personally informed that both reimbursement methods violated federal statutes. The contributions were facially prohibited.

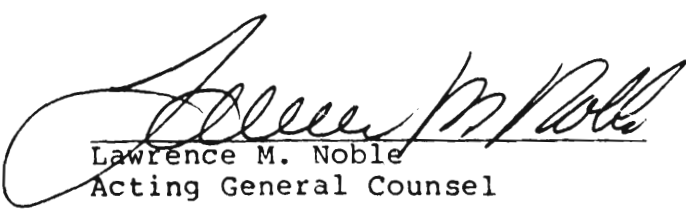
This Office recommends that the Commission approve the attached conciliation agreement.

IV. RECOMMENDATIONS

1. Find probable cause to believe Roger Lee violated 2 U.S.C. § 441f.
2. Find probable cause to believe Roger Lee violated 2 U.S.C. § 441b(a).
3. Approve the attached conciliation agreement.
4. Approve and send the attached letter.

Date

5/1/87

  
Lawrence M. Noble  
Acting General Counsel

Attachments

1. Conciliation Agreement
2. Letter

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of       )  
                              )  
Roger Lee                )               MUR 2036

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of May 12, 1987, do hereby certify that the Commission took the following actions in MUR 2036:

1. Decided by a vote of 6-0 to
  - a) Find probable cause to believe Roger Lee violated 2 U.S.C. § 441f.
  - b) Find probable cause to believe Roger Lee violated 2 U.S.C. § 441b(a).
  - c) Approve the conciliation agreement attached to the General Counsel's report dated May 1, 1987.
  - d) Approve and send the letter attached to the General Counsel's report dated May 1, 1987.

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

(continued)

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2. Decided by a vote of 5-0 to reconsider the previous decision.

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

3. Decided by a vote of 6-0 to reject the recommendations contained in the General Counsel's report dated May 1, 1987, and return the report to the Office of General Counsel for further investigation as discussed at this meeting.

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

Attest:

5-12-87

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

89040740541



FEDERAL ELECTION COMMISSION

May 29, 1987

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

David McLean, Esquire  
Kenneth Oder, Esquire  
Latham & Watkins  
555 South Flower Street  
Los Angeles, CA 90017

**RE: MUR 2036**

**Dear Messrs. McLean and Oder:**

The Federal Election Commission has the statutory duty of enforcing the Federal Election Campaign Act of 1971, as amended, and Chapters 95 and 96 of Title 26, United States Code. The Commission has issued the enclosed Request for Production of Documents which requires you to provide certain material in connection with an investigation the Commission is conducting. The Commission does not consider your client a respondent in this matter, but rather a witness only.

Because this information is being sought as part of an investigation being conducted by the Commission, the confidentiality provision of 2 U.S.C. § 437g(a)(12)(A) applies. That section prohibits making public any investigation conducted by the Commission without the express written consent of the person with respect to whom the investigation is made. You are advised that no such consent has been given in this case.

You should submit the requested documents within 20 days after your receipt of this letter.

If you have any questions, please direct them to Robert Raich, the attorney handling this matter, at (202) 376-8200.

Sincerely,

Lawrence M. Noble  
Acting General Counsel

**Enclosure**  
**Request for Production of Documents**

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

)  
)  
)

MUR 2036

REQUEST FOR PRODUCTION OF DOCUMENTS

TO: The Bekins Company  
c/o Latham & Watkins  
555 South Flower Street  
Los Angeles, CA 90017

In furtherance of its investigation in the above-captioned matter, the Federal Election Commission hereby requests that you produce the documents specified below, in their entirety, for inspection and copying at the Office of the General Counsel, Federal Election Commission, 999 E Street, N.W., Washington, D.C. 20463, within 20 days after your receipt of this request. Clear and legible copies or duplicates of the documents which, where applicable, show both sides of the documents may be submitted in lieu of the production of the originals.

Produce all documents, including but not limited to expense reimbursement requests, receipts, vouchers, checks, and memoranda, concerning or pertaining to Roger Lee's expense account during the months of February and March, 1984.



CCC# 3631

# LATHAM & WATKINS

ATTORNEYS AT LAW

555 SOUTH FLOWER STREET  
LOS ANGELES, CALIFORNIA 90071-2466

TELEPHONE (213) 485-1234

TELECOPIER (213) 614-8763

TLX 590773

ELN 62793268

CABLE ADDRESS LATHWAT

PAUL R. WATKINS (1899-1973)  
DANA LATHAM (1898-1974)

## SAN DIEGO OFFICE

701 "B" STREET, SUITE 2100  
SAN DIEGO, CALIFORNIA 92101-8197

TELEPHONE (619) 236-1234

TELECOPIER (619) 696-8281

## WASHINGTON, D.C. OFFICE

1333 NEW HAMPSHIRE AVE., N.W., SUITE 1200

WASHINGTON, D.C. 20036-1594

TELEPHONE (202) 828-4400

TELECOPIER (202) 828-4415

## CHICAGO OFFICE

3 FARS TOWER, SUITE 6900

CHICAGO, ILLINOIS 60606

TELEPHONE (312) 876-7700

TELECOPIER (312) 993-9767

## NEWPORT BEACH OFFICE

660 NEWPORT CENTER DRIVE, SUITE 1400

NEWPORT BEACH, CALIFORNIA 92660-8415

TELEPHONE (714) 752-9100

TELECOPIER (714) 759-8891

## NEW YORK OFFICE

83RD AT THIRD, SUITE 1000

885 THIRD AVENUE

NEW YORK, NEW YORK 10022-4802

TELEPHONE (212) 906-1200

TELECOPIER (212) 751-4864

June 16, 1987

Robert Raiche, Esquire  
Federal Election Commission  
999 E Street, N.W.  
Room 657  
Washington, D.C. 20463

Re: MUR 2036

Dear Rob:

After a review of the relevant files maintained by our client, The Bekins Company ("Bekins"), we are unable to locate any documents pertaining to Roger Lee's expense account during February and March, 1984. Accordingly, we have prepared the enclosed response. I am sorry we could not be of more help to you.

Very truly yours,



David J. McLean  
of LATHAM & WATKINS

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

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MUR 2036

RESPONSE TO REQUEST FOR PRODUCTION  
OF DOCUMENTS

After a diligent search, The Bekins Company is unable to locate any documents, including but not limited to expense reimbursement requests, receipts, vouchers, checks and memoranda, concerning or pertaining to Roger Lee's expense account during the months of February and March, 1984.

  
David J. McLean

39040740545

SENSITIVE

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of )

Roger Lee )

MUR 2036

GENERAL COUNSEL'S REPORT

I. BACKGROUND

In a General Counsel's Report dated May 1, 1987, this Office recommended that the Commission find probable cause to believe Roger Lee violated 2 U.S.C. § 441f and 2 U.S.C. § 441b(a). At the Commission meeting of May 12, 1987, the Commission directed this Office to conduct a further investigation concerning a \$250 contribution reimbursement Roger Lee could have received through his expense account.

This Office requested from The Bekins Company relevant documents concerning Roger Lee's expense account. The Bekins Company responded through counsel, stating that after a diligent search of its records, it could not locate any such documents.

See Attachment III.

II. FACTUAL AND LEGAL ANALYSIS

Due to the lack of evidence indicating that Roger Lee received a reimbursement from The Bekins Company for his contribution, this Office now recommends that the Commission find no probable cause to believe Roger Lee violated 2 U.S.C. § 441f.

Nevertheless, in accord with the previous General Counsel's Report and the General Counsel's Brief, this Office recommends that the Commission find probable cause to believe Roger Lee violated 2 U.S.C. § 441b(a). Lee was one of The Bekins Company's

EXECUTIVE SESSION

SEP 09 1987

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Directors during all relevant time periods. At the inception of the contribution and reimbursement scheme, Lee was the company's Senior Vice President and Chief Financial Officer. At the conclusion of the scheme, Lee had become the company's President and Chief Executive Officer. Lee expressly consented to the reimbursements for his two immediate subordinates, who together received reimbursements totaling \$500. In addition, Lee directly or indirectly consented to eight more bonus reimbursements totaling \$2,000. (This does not include the bonus reimbursement to one of Lee's immediate subordinates.) Bonuses at Bekins required the company president's approval. The bonuses at issue in this MUR were paid several weeks into Lee's tenure as President. Lee knew about the bonuses, and at the very least, tacitly approved of them by failing to stop them. Finally, Lee was aware of the reimbursement scheme from its inception, so as Chief Financial Officer, Chief Executive Officer, and as a Director of the corporation, Lee gave his indirect consent to all reimbursements (through bonuses and expense accounts) paid by The Bekins Company, an amount totaling \$3,250.

### III. DISCUSSION OF CONCILIATION PROVISIONS

Lee directly consented to at least two of the reimbursements, and he indirectly consented to all of the reimbursements.

In addition, several aggravating factors are present. There have been no refunds of the reimbursements. Lee was deeply involved in a scheme to evade the requirements of the Act. Lee was personally informed that both reimbursement methods violated federal statutes.

This Office recommends that the Commission approve the attached conciliation agreement.

#### IV. RECOMMENDATIONS

1. Find no probable cause to believe Roger Lee violated 2 U.S.C. § 441f.
2. Find probable cause to believe Roger Lee violated 2 U.S.C. § 441b(a).
3. Approve the attached conciliation agreement.
4. Approve and send the attached letter.

Date

8/25/87

*Lawrence M. Noble (LH)*  
Lawrence M. Noble  
Acting General Counsel

#### Attachments

- I. Conciliation Agreement
- II. Letter
- III. Bekins' Response

89040740548

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of       )  
                              )  
Roger Lee                )       MUR 2036

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of September 9, 1987, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2036:

1. Find no probable cause to believe Roger Lee violated 2 U.S.C. § 441f.
2. Find probable cause to believe Roger Lee violated 2 U.S.C. § 441b(a).
3. Approve the conciliation agreement attached to the General Counsel's report dated August 25, 1987.
4. Approve and send the letter attached to the General Counsel's report dated August 25, 1987.

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

Attest:

9-10-87  
Date

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

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

September 15, 1987

David Ifshin, Esquire  
Manatt, Phelps, Rothenberg,  
Tunney & Evans  
Suite 200  
1200 New Hampshire Avenue, N.W.  
Washington, D.C. 20036

RE: MUR 2036  
Roger Lee

Dear Mr. Ifshin:

On September 9, 1987, the Federal Election Commission found that there is no probable cause to believe Roger Lee violated 2 U.S.C. § 441f, a provision of the Federal Election Campaign Act of 1971, as amended. On that date the Commission also found that there is probable cause to believe Roger Lee violated 2 U.S.C. § 441b(a).

The Commission has a duty to attempt to correct such a violation for a period of 30 to 90 days by informal methods of conference, conciliation, and persuasion, and by entering into a conciliation agreement with the respondent. If we are unable to reach an agreement during that period, the Commission may institute a civil suit in United States District Court and seek payment of a civil penalty.

Enclosed is a conciliation agreement that the Commission has approved in settlement of this matter. If you agree with the provisions of the enclosed agreement, please sign and return it, along with the civil penalty, to the Commission within ten days. I will then recommend that the Commission approve the agreement. Please make your check for the civil penalty payable to the Federal Election Commission.

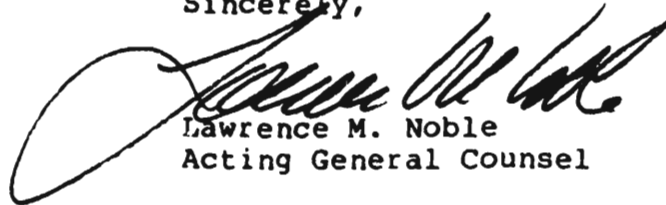
If you have any questions or suggestions for changes in the enclosed conciliation agreement, or if you wish to arrange a meeting in connection with a mutually satisfactory conciliation

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Letter to David Ifshin  
Page 2

agreement, please contact Robert Raich, the attorney handling  
this matter, at (202) 376-8200.

Sincerely,

A handwritten signature in dark ink, appearing to read "Lawrence M. Noble", is written over the typed name and title.

Lawrence M. Noble  
Acting General Counsel

Enclosure  
Conciliation Agreement

39740740551



BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of  
Roger Lee

)  
)  
)  
MUR 2036

GENERAL COUNSEL'S REPORT

I. BACKGROUND

In the executive session of January 12, 1988, the Commission directed the Office of the General Counsel to prepare a conciliation agreement in accordance with the discussion at that meeting. Accordingly, this Office has prepared the attached conciliation agreement (Attachment I) and recommends its approval by the Commission. This Office also recommends that the Commission authorize filing suit against Roger Lee if he does not sign and return the conciliation agreement within 15 days after his counsels' receipt of the conciliation agreement.

II. DISCUSSION OF CONCILIATION PROVISIONS

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FEDERAL ELECTION COMMISSION

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EXECUTIVE SESSION

JAN 26 1988

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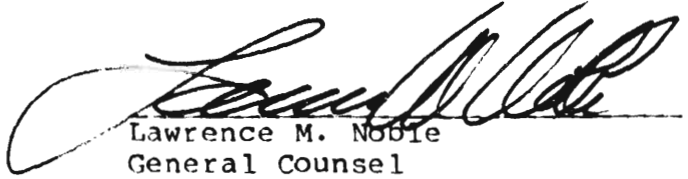
recommends that the Commission approve the attached conciliation agreement.

III. RECOMMENDATIONS

1. Approve the attached conciliation agreement.
2. Authorize the Office of the General Counsel to file a civil suit in United States District Court against Roger Lee if he does not sign and return the conciliation agreement within 15 days after his counsels' receipt of the attached letter.
3. Approve and send the attached letter.

Date

1/17/88

  
Lawrence M. Noble  
General Counsel

Attachments

- I. Conciliation Agreement
- II. Letter

89040740553

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of       )  
                              )  
Roger Lee                )       MUR 2036

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session of January 26, 1988, do hereby certify that the Commission decided by a vote of 6-0 to take the following actions in MUR 2036:

1. Approve the conciliation agreement attached to the General Counsel's report dated January 19, 1988.
2. Authorize the Office of the General Counsel to file a civil suit in United States District Court against Roger Lee if he does not sign and return the conciliation agreement within 15 days after his counsels' receipt of the letter.
3. Approve and send the letter attached to the General Counsel's report dated January 19, 1988.

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

Attest:

Jan. 26, 1988  
Date

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

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FEDERAL ELECTION COMMISSION

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

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MUR 2036

Roger Lee

GENERAL COUNSEL'S REPORT

I. BACKGROUND

On January 26, 1988, the Commission authorized the General Counsel's Office to file suit against Roger Lee if he did not sign and return the conciliation agreement approved by the Commission (Attachment I) within 15 days after his counsels' receipt of a letter approved by the Commission.

(Attachment II).

II. DISCUSSION OF CONCILIATION PROVISIONS

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III. RECOMMENDATION

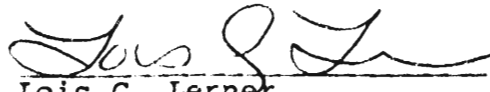
1. Reject the respondent's counteroffer.
2. Approve and send the attached letter.

Lawrence M. Noble  
General Counsel

Date

3/4/88

By:



Lois G. Lerner  
Associate General Counsel

Attachments

- I. Conciliation agreement approved by the Commission
- II. Respondent's counteroffer
- III. Letter

Staff Member: Robert Raich

8 2 0 4 0 7 4 0 5 5 0

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Roger Lee

)  
)  
)

MUR 2036

CERTIFICATION

I, Marjorie W. Emmons, Secretary of the Federal Election Commission, do hereby certify that on March 10, 1988, the Commission decided by a vote of 5-0 to take the following actions in MUR 2036:

1. Reject the respondent's counteroffer, as recommended in the General Counsel's report signed March 4, 1988.
2. Approve and send the letter, as recommended in the General Counsel's report signed March 4, 1988.

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

Attest:

3/10/88

Date

Marjorie W. Emmons

Marjorie W. Emmons  
Secretary of the Commission

Received in the Office of Commission Secretary: Mon., 3-7-88, 1:07  
Circulated on 48 hour tally basis: Tues., 3-8-88, 11:00  
Deadline for vote: Thurs., 3-10-88, 11:00

89040740557



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

March 14, 1988

David M. Ifshin, Esquire  
Patricia Ann Fiori, Esquire  
Manatt, Phelps, Rothenberg & Evans  
1200 New Hampshire Avenue, N.W., Suite 200  
Washington, D.C. 20036

RE: MUR 2036  
Roger Lee


Dear Mr. Ifshin and Ms. Fiori:

On March 10, 1988, the Federal Election Commission considered and rejected the counteroffer conciliation agreement signed by Roger Lee.

The Commission has previously authorized the General Counsel's Office to institute a civil suit in United States District Court against Roger Lee. Should you have any questions, or should you wish to settle this matter prior to suit, please contact Ivan Rivera, Assistant General Counsel, at (202) 376-8200.

Sincerely,

Lawrence M. Noble  
General Counsel

By:   
Lois G. Lerner  
Associate General Counsel

89040740558

MVR 2036

HAND DELIVERED  
RECEIVED  
FEDERAL ELECTION COMMISSION  
MAIL ROOM

October 26, 1988

88 OCT 27 AM 11:36

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

Re: Federal Election Commission v. Roger Lee  
Civil Action No. 88-02640 (RG)

Dear Mr. Noble:

I am submitting the following statement for submission to the Federal Election Commission's Public Disclosure Division for placement on the public record in accordance with the provisions of 11 C.F.R. §4.4 and your invitation in your letter dated October 19, 1988 to Alschuler, Grossman & Pines, my legal counsel in this matter.

This matter began in February, 1984, when my superior, who was the President at the time of The Bekins Company, asked me to contribute to the John Glenn presidential campaign and to solicit contributions from employees under my supervision. The President explained to me at that time that he was soliciting these contributions at the behest of the Chairman of the Board of Bekins, who had asked that he solicit a number of \$250 contributions from Bekins employees in order to demonstrate popular support for the candidate. The President also told me that any employee contributing to the Glenn campaign could be "made whole" by the corporation for their contribution.

I subsequently contributed \$250 to the Glenn campaign and solicited \$250 contributions from two other employees under my supervision. When I solicited these contributions, I repeated to these employees what had been told to me by my superior regarding their ability to be reimbursed from the corporation.

I would never have made nor solicited any contribution to the Glenn campaign had I not felt obligated to do so by the President's and Chairman's request. With regard to my own contribution, I neither requested nor received reimbursement.

88 OCT 28 AM 11:12

8904074559

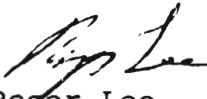


Mr. Lawrence N. Noble  
October 26, 1988  
Page two

I knew that Bekins' General Counsel was also soliciting contributions from his subordinates and was authorized to reimburse them with corporate funds. Hence, I believed that the course of action outlined by the company President, namely, reimbursing employees with corporate funds for contributions to the Glenn campaign, was legal.

I agreed to enter into a stipulation with the Commission to the Consent Order on file in this matter solely for the purpose of settling this matter and avoiding the expense and inconvenience of litigation. By executing the Consent Order, I did not, and do not, concede any knowing violation of any law or regulation.

Very truly yours,

  
Roger Lee

89040740360

FEDERAL ELECTION COMMISSION

In re MUR 2036

)  
)  
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)

DEPOSITION of RONALD L. HARTMAN, taken by counsel for the Federal Election Commission, at the Federal Prison Camp, Boron, California, on Friday, December 6, 1985, commencing at 12:37 p.m. before Edwin J. Chenoweth, a Certified Shorthand Reporter holding Certificate No. 2478, and a Notary Public in and for the County of Kern, State of California.

36 JAN 6 23:26

GENERAL COUNSEL

APPEARANCES:

For the Federal Election  
Commission:

MR. ROBERT RAICH  
and  
MS. LOIS LERNER  
999 E Street NW  
Washington, D.C. 20463

C O P Y

**STONER & SCHLENKER**

*Certified Shorthand Reporters*  
111 HAY BLDG. 1612 19TH STREET  
BAKERSFIELD, CALIFORNIA 93301

827 0849

## LAWYER'S NOTES

[illegible]

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1 RONALD L. HARTMAN,  
2 called as a witness by counsel for the Federal Election  
3 Commission, after being duly sworn, testified as follows:

4 EXAMINATION BY MR. RAICH

5 Q Please state your name.

6 A Ronald L. Hartman.

7 Q And what is your address?

8 A Residence or the domicile address?

9 Q I would like to know the address where you would  
10 like any information sent from the Federal Election  
11 Commission.

12 A 17976 Medley, M-e-d-l-e-y, Drive, Encino,  
13 California 91316.

14 Q I am going to ask you a series of questions.  
15 If at any time you don't understand the question, just say  
16 so, and I will try to rephrase the question.

17 If you don't tell me that you don't understand the  
18 question, I will assume that you do understand the  
19 question and that your answer is responsive. Is that clear?

20 A Yes.

21 Q Have you ever had your deposition taken before?

22 A I don't think so.

23 Q Have you taken depositions before?

24 A Probably more than a thousand, I would -- just a  
25 guess.

26 Q Since receiving the subpoena from the Federal  
27 Election Commission, have you spoken with anybody concerning  
28 this deposition or the answers you will give today?

1 A I don't believe so.

2 Q Have you read anything in preparation for this  
3 deposition?

4 A No. I reread the correspondence from your office --  
5 no. Other than having reread the correspondence from your  
6 office and the interrogatories and my answers, I don't believe  
7 anything else.

8 Q When did you start working for Bekins Company?

9 A November, 1979.

10 Q In early February, 1984, what was your job title?

11 A Either vice-president or senior vice-president  
12 and general counsel.

13 Q Who was your immediate superior?

14 A Al Labinger, president, C.E.O.

15 Q Did you also serve on the board of directors of  
16 Bekins?

17 A At some time I did, yeah. I don't recall whether  
18 it was in February of '84. I think so.

19 Q When did you leave Bekins?

20 A November, '84.

21 Q And why did you leave Bekins?

22 A Why are we going into that?

23 MS. LERNER: I don't think he wants to know  
24 detailed history, but --

25 Q (By Mr. Raich) We would just like to know if  
26 you left at their behest or left on your own.

27 A Disagreement.

28 Q Disagreement with Bekins management?

1 A Minstar.

2 Q Did anybody ever request you to contribute to  
3 John Glenn's presidential campaign?

4 A I believe so.

5 Q Who?

6 A Either Labinger or Lee, Roger Lee, or both of  
7 them. I really don't recall.

8 Q Did Erwin Jacobs ever ask you to contribute?

9 A Difficult to say. I believe in late '83 Jacobs  
10 told me that he was on the finance committee of the Glenn  
11 committee or whatever they called it, the Glenn political  
12 committee. But I don't recall anything beyond that, so I  
13 can't tell you one way or the other.

14 Q When did you have the conversation with Labinger  
15 or Lee or both when they asked you to contribute?

16 A I have no idea. I haven't the slightest idea.  
17 I would presume sometime before I made the contribution,  
18 but I just don't have any idea.

19 Q Do you recall if it was after your conversation  
20 with Erwin Jacobs in late 1983?

21 A I can only say probably, but I don't know.

22 Q Did this conversation you had with Labinger,  
23 Lee or both -- do you recall where that took place?

24 A I don't even recall if it took place, really.  
25 I assume it took place. So no, I can't tell you where it  
26 took place. Traveled a great deal and regularly, so if  
27 there was a conversation, it might have taken two or three  
28 minutes or less. But my assumption would be -- I think I

1 put in my answers to interrogatories that probably in  
2 Glendale, in the corporate headquarters, but I can't say  
3 for sure.

4 Q Why do you assume you had a conversation with  
5 Labinger and Lee?

6 A Because I found the \$250.00 check payable to the  
7 Glenn campaign.

8 Q You found the check?

9 A Well, I sent it to you in response to your  
10 subpoena duces tecum in connection with the interrogatories.

11 Q Do you have any independent recollection other  
12 than what you found in response to your interrogatories?

13 A No. I had my wife look through checks to see  
14 if I had written one, because at the time, in answering the  
15 interrogatories, I didn't even know whether I had done it  
16 or not. So she went through the material and found the  
17 check. So since the check seemed to be from me, I stretched  
18 my memory as much as I possibly could to come up with the  
19 best recollection, and assumed that it was either Labinger  
20 or Lee or both, but I am giving you my best answer.

21 Q Do you recall to whom you gave the check?

22 A No, I do not. I think, in my answers to  
23 interrogatories, I put Labinger, Lee or Morris. And that's  
24 an assumption on my part, and I believe it would have been  
25 one of the three.

26 Q Why did you include Morris?

27 A I looked at your interrogatories to try to jog  
28 my memory on it, and just included him because he would

1 have perhaps been a likely one. But I couldn't tell you  
2 under oath or not under oath who I gave it to. As I say,  
3 I didn't even remember writing it until we saw it and I  
4 sent you a copy.

5 Q Are you sure that Morris was not one of the  
6 people who asked you to contribute to John Glenn's campaign?

7 A I can't be sure of anything, you know. It's  
8 what; two years ago or -- and I'm not playing games with  
9 you. I am giving my best answer. I just don't know. If  
10 there was a conversation, it may have taken two minutes  
11 or less, I would guess.

12 Q How secure did you feel in your job at Bekins in  
13 February, 1984?

14 A I always felt secure in my job.

15 Q Would it be accurate to say that Erwin Jacobs  
16 got what Erwin Jacobs wanted?

17 A I don't know what you mean by that. I have no  
18 idea what you mean by that.

19 Q You mentioned that you had personal conversations  
20 with Erwin Jacobs. What I mean: Is Erwin Jacobs the kind  
21 of person who, as a superior, disobeying orders --

22 A Could I have that question read back, please?  
23 I didn't understand it.

24 THE REPORTER: I'm sorry, I didn't understand it,  
25 either. Could you please rephrase it?

26 MR. RAICH: That's all right.

27 THE WITNESS: You are asking me to speculate  
28 on the personality or character of another person



1 in an abstract type of hypothetical matter, and it's  
2 not the kind of question that I would ask and expect  
3 to get an answer to. I cannot answer that question.  
4 If you want to rephrase it, I will try to do what  
5 I can. I want to be responsive, but I can't sit here  
6 and play clairvoyant with somebody.

7 Q (By Mr. Raich) How much experience --

8 A Let me back up. If I -- let me back up. If  
9 I asked you -- you look like you've worked somewhat in your  
10 life -- if I asked another person -- how could you, under  
11 oath, answer that, because no one in life always knows one  
12 way or another way, so it's an impossible question, in my  
13 opinion, to answer, and so I can't answer it.

14 Q What I am asking you to do is to give me an  
15 understanding of what a person is like to work under. I  
16 realize that it could be different at various times. But  
17 I am asking you for your general opinion. And I agree  
18 it is an opinion that I am looking for, but it is that kind  
19 of information that is valuable to me. I hope you can  
20 understand.

21 A Mr. Raich, yes, I hope you can understand my  
22 position and my position right now. I wind up giving a  
23 \$250.00 contribution to some company that I have no interest  
24 in, zero involvement and never heard of. Now you're asking  
25 me to speculate on the personality of some guy who was  
26 the chairman of the board of the parent company of Bekins.  
27 And I -- it's like -- what is it; cybernetics. Those  
28 are condemned typically by psychiatrists; are they not?

1 I can't sit here speculating about the personality of  
2 A, B, C, D or E. It's unfair.

3 I am not playing games with you. I have probably  
4 taken many more depositions than anyone in this room,  
5 and if someone said to me that question is unfair, I would  
6 think -- I would agree it's unfair. I can't answer it.  
7 I will answer everything I possibly can within reason,  
8 and then -- within reasonable limits.

9 Q How much contact did you have with Erwin Jacobs?

10 A Well, in brief, Minstar made a tender offer on--  
11 you know -- all right. I will just be responsive. Minstar  
12 made a tender offer on Bekins in the late spring or early  
13 summer of '83, and Minstar was, I believe, at that point,  
14 I believe, chaired by Jacobs. We had had no prior -- we  
15 at Bekins had had no prior dealings or knowledge of Jacobs,  
16 at least I had.

17 There was some major litigation that ensued because  
18 there had been another tenderor at that point in time or  
19 so forth.

20 Shortly thereafter, we, the management of Bekins, met  
21 Jacobs and his group. And they remained in the abyss and  
22 we continued to run Bekins and duly reported to Minstar.

23 And there were a myriad of business relationships  
24 that had to be taken care of, as you can imagine in such  
25 a major complex transaction. So -- and subsequently,  
26 why, after all those things, why, in addition, as you may  
27 know, then Labinger was deposed as president of Bekins.  
28 And I think I handled those negotiations. There were the

1 everyday negotiations and relationships. So whatever was  
2 necessary, why, I was in contact and communication, that  
3 sort of thing.

4 Q Whatever was necessary, you were in contact and  
5 communication with Jacobs; is that correct?

6 A Well, generally in the last six months of my  
7 time there, I was not in much contact with him at all.  
8 We had a liaison in there. There is another name that  
9 I could use for him. So he is the go-between between  
10 Bekins and Minstar, as I understand it.

11 Q Who was that?

12 A Well, let's see. As I understand it, there was a  
13 financial tie. In order to tighten up the financial ties  
14 between Minstar and Bekins, I think there was a fellow  
15 named Joe Noga who became the Bekins chief financial officer  
16 at the time Roger Lee became president. In other words,  
17 when Labinger left Bekins in early '84, Roger Lee became  
18 president, and Noga, who had been Lee's financial -- as I  
19 recall, chief financial officer-- I believe, but I don't  
20 recall with certainty, that Noga became the general liaison  
21 between Bekins and Minstar.

22 It would be fair to state that there were other  
23 communications between Minstar and Bekins and Jacobs.  
24 I assume Lee kept in communication, and I suppose occasionally  
25 I did, but I don't recall too many after May, June of '84.  
26 The channel of communications were open and business operated  
27 as usual. But in terms of direct verbage with Jacobs,  
28 I think it was fairly limited from my point of view,

1 particularly after we were able to refinance the company,  
2 as Minstar acquired Bekins on a short-term money on a  
3 ninety-day bank arrangement, and we were able to assist  
4 Minstar.

5 I think about this February time, I was spending most  
6 of my time in New York. We were able to negotiate and  
7 successfully sell a hundred million dollar debenture to  
8 create a long-term finance for Minstar to satisfactorily  
9 finance the company at that point. That was, among other  
10 things, with relation to business as usual.

11 So that's why whether or not there was a \$200.00  
12 contribution or not -- I'm not playing big shot or small  
13 shot. I mean it just wasn't in the what did you have for  
14 lunch and how big was the tip and where did you put it on  
15 the table. It just doesn't often still stick with you.

16 Q When did you first meet Erwin Jacobs?

17 A Well, it would have been after Minstar's tender  
18 offer was completed. My guess, without looking at the records,  
19 would be May -- probably June or July of '83.

20 I would guess that he came to Los Angeles and came to  
21 the Bekins Company offices. My recollection would be that  
22 he -- we met the corporate officers, met him at about  
23 that time at the corporate offices. That would be my  
24 guess, my recollection.

25 Q In between that time, in the summer of 1983, when  
26 you first met Jacobs, and mid February, 1984 -- just a  
27 guess, now -- how many times do you think you talked with  
28 Jacobs?

1           A     Golly, I would have no idea. We were back in  
2 Minneapolis a number of times in the cold, cold winter.  
3 That was a fairly heavy period because of trying to attempt  
4 to integrate the companies, restating financial statements,  
5 that sort of thing. So gee, Mr. Raich, I just couldn't  
6 give you an idea. I would say there were a number of them,  
7 but I just couldn't give you any idea.

8           Q     You mentioned that in late 1983, Jacobs told  
9 you of his involvement in the John Glenn campaign. Was  
10 that the only time you recall ever talking with Jacobs about  
11 the John Glenn campaign?

12          A     Yeah, I don't know if it was really one or a  
13 couple of conversations. My best guess or recollection  
14 would be that it was probably at one time, I think we may  
15 have been in Minneapolis, and he was discussing the  
16 Democratic party in general and who he liked and who he  
17 didn't like, I think. And I'm pretty sure that he mentioned  
18 that he had gotten actively involved in the Glenn campaign  
19 or committee or whatever the political name for it is,  
20 supporting John Glenn.

21                My guess would be once, but it could have been twice.  
22 But how many times do you sit and talk politics with  
23 people? I don't know. I mean I recall that general  
24 conversation, but if there were other conversations during  
25 lunch or dinner or business meeting about politics, why,  
26 there may have been, but I can't pin it down.

27           Q     Okay. Based --

28           A     It was the beginning, you know, of the -- let's

1 see, probably the beginning of the Democratic primaries  
2 were getting warmed up, so politics was probably a reasonable  
3 discussion to have at lunch or something like that.

4 Q Yes. Based on Jacobs' position at Minstar and  
5 on your dealings with him, would it be fair to say that  
6 when he gave an instruction to Bekins personnel, his  
7 instruction was followed?

8 A I don't know all of the instructions he gave, so  
9 I just couldn't be -- if he had been talking to the C.E.O.,  
10 whoever it was, I wouldn't be privy to that, so how could  
11 I --

12 Q I'm not asking you to talk about every instruction  
13 that he gave. I'm asking you to tell me about would it  
14 be fair to characterize his instructions as being followed?

15 A If it was a proper business decision that they  
16 made, I assume that it would be carried out, yes, but I  
17 can't think of one where there was an instruction or no  
18 instruction. But my assumption would be yes, if Minstar  
19 people or Jacobs said let's do this or that, I would assume  
20 they would be carried out if possible, yeah.

21 Q You mentioned earlier that you had no independent  
22 recollection of contributing to the John Glenn campaign;  
23 is that correct?

24 A I believe that was my answer, yes.

25 Q Would it be accurate to say unless someone had  
26 asked you to contribute to the John Glenn campaign, you  
27 wouldn't have made a contribution?

28 A You say would not have made a contribution?

1 Q Yes.

2 A That's correct, I would not have made a  
3 contribution.

4 Q Unless someone had asked you?

5 A That's a fair assumption, yes.

6 Q Did you get reimbursed in any way for making  
7 your contribution?

8 A As I indicated in my other answers, I have --  
9 I do not believe I did. I have no recollection of asking  
10 and I have no recollection of receiving.

11 Q How much was the bonus you received in 1984?

12 A There would be two bonuses.

13 Q Then let's take them one at a time.

14 A I don't know. The records would indicate.  
15 They're based on formula. They're based on formula.

16 There were two bonuses, according to my recollection.  
17 One would be based on a fixed formula, which is based on your  
18 earnings against plan, company business plan. And I really  
19 didn't dabble in that very much. I assume that was computed  
20 by the financial people.

21 Q When did this bonus come out?

22 A It would have been after the audited numbers were  
23 put out by the auditor.

24 Q Would this have been in January or March of 1984?

25 A I would guess March or something of that range,  
26 after the audited numbers are out.

27 Q What about the other bonus?

28 A Well, in '84, I don't recall if there was another

1 bonus in '84, but it would have been a real estate bonus,  
2 I believe, if there was one in '84, and I'm not sure there  
3 was.

4 I think we modified it downwards and -- but that, also,  
5 would have been based on, I guess, a formula subject to  
6 approval by Minstar, I believe, but I don't recall.

7 Q How much was the bonus you received in approximately  
8 May of '84?

9 A I don't know. It would all be disclosed in the  
10 material. It was probably in the sixty to seventy thousand  
11 dollars range, I would guess. I don't know. It's also  
12 somewhere in the records, so there is no need to pass notes.

13 Q Were you ever told that you could be reimbursed  
14 for making the contribution to the John Glenn campaign?

15 A I have absolutely no recollection of asking for,  
16 being told or being reimbursed.

17 Q If your bonus had been increased by the amount  
18 necessary to compensate you for making the contribution,  
19 would you have known about it?

20 A Not unless someone told me, probably, because  
21 the amount would have been pretty insignificant against  
22 the amount of the bonus. I -- well, the bonus would have  
23 been sixty, seventy or eighty -- I don't know how much  
24 the bonus is, but it certainly would have been a lot more  
25 than the \$250.00 check. So no, I don't -- the answer is  
26 no, I don't believe so.

27 Q Did the amounts you submitted on your expense  
28 account reports for reimbursement always equal the amount



1 of money you received in reimbursement?

2 (Pending question read.)

3 THE WITNESS: I would assume so. I would  
4 assume so.

5 Q (By Mr. Raich) Did you ever ask anyone else  
6 to contribute to the John Glenn campaign?

7 A Yeah, as I put in my answers to interrogatories,  
8 I don't believe so, but it is possible. It is possible,  
9 but I don't believe so. I cannot give you the name of  
10 anyone that I did or didn't talk to about it.

11 As I indicated, Labinger and Lee or both of them may  
12 have said to me see if you can get some additional  
13 contributions. But now having said that, I cannot swear  
14 that that occurred because I don't know that it occurred.  
15 It's sort of an assumption on my part, and then it may not  
16 be an accurate assumption because then you say that some of  
17 these others made contributions in your material, but they  
18 don't indicate who, so it becomes a supposition. But I can't  
19 sit here and tell you that I talked to John Doe or John so  
20 and so and this or that. I have no belief or recollection  
21 that I did or didn't do it. I don't think I did, but as  
22 they say in life, here we sit, so anything is possible.

23 Q You just stated that you think you were requested  
24 to solicit contributions from Labinger or Lee or both of  
25 those people.

26 A Not from them.

27 Q Rather you were requested by them?

28 A I said maybe, possible.

1 Q That's right. Is there any reason that you did not  
2 include Erwin Jacobs among that list of people?

3 A No reason. I just don't recall him asking me or  
4 not asking me. The only conversation I can recall with him,  
5 I have already duly told you about, about the political --  
6 about the campaign things that he's involved in. But that's  
7 my best answer.

8 Q How many employees did you supervise?

9 A Well, it was pretty broad. There was the Adams-  
10 Clay insurance arm of the Bekins Company, which is really  
11 the claims company, and they reported to me. I don't recall  
12 offhand how many employees they had, the sixty or fifty,  
13 in that range, all around the country. The man who ran that,  
14 a fellow named Bob Ritter, reported to me. The rest of the  
15 people, I assume, reported through channels and so forth.

16 Then there was the legal department. Let's see. Maybe  
17 ten or twelve people in the legal department, something like  
18 that.

19 Q How many of those ten or twelve people were lawyers?

20 A Well, at any given time, we ran with what; five or  
21 six, seven lawyers, in that range, in the Glendale office.

22 Q Do you recall how many lawyers there were in the  
23 office in February of 1984?

24 A Not offhand. It would either be five, six or  
25 seven, typically in that range.

26 Q How secure did your subordinates feel in their jobs?

27 A I can't read their minds. I think they thought I  
28 was a reasonable fellow, and I know most of them wrote letters

1 when this business happened to me and wrote letters to the  
2 Court setting forth their views about me, which were quite  
3 positive, and they're on file down there in the federal court.  
4 So I would like to believe they felt pretty secure, but I  
5 can't read their minds. That's something that you would have  
6 to ask them. Some of the secretaries wrote letters, too.

7 Q Of the ten or twelve people in the legal department,  
8 you stated that five to seven were attorneys.

9 A Yes.

10 Q Who were the other people in the department?

11 A Secretaries, I guess sort of a paralegal,  
12 librarian-type, that sort of thing, the usual support  
13 staff.

14 Q Did you ever tell Joel Yachcel that Erwin Jacobs  
15 was backing John Glenn in his bid for president?

16 A That's possible, but I don't recall doing that, no,  
17 but it's possible.

18 Q Did you ever tell Joel Yachcel to make a \$250.00  
19 contribution to John Glenn's campaign?

20 A I think I have already given you my answer to that.  
21 I have no recollection of telling anyone to make a  
22 contribution to -- I have already given you my answer.

23 Q Did you ever tell Joel Yachcel to submit an  
24 expense report with the amount of the contribution as an  
25 expense?

26 A I do not believe so, but anything is possible.  
27 I don't believe I did that, no.

28 Q Did you normally approve the expense account

1 reports of your subordinates?

2 A I think so, yeah. I think so, or a certain amount.  
3 I guess most of them, yes, uh-huh. Quite often they would  
4 be laying on my secretary's desk if I was away, and sometimes  
5 she might initial mine and that sort of thing, but by and  
6 large, I guess I would approve them.

7 Q Did you ever tell anybody that their employment  
8 would be severed if they did not contribute to John  
9 Glenn's campaign?

10 A That's one thing I can remember clearly about  
11 anything. I have never told anyone their employment would  
12 be severed about anything other than my saying to a person  
13 you're fired because you're a lousy lawyer or a terrible  
14 secretary.

15 I never put anything with relation to doing -- watering  
16 the lawn, making political contributions, shining my shoes  
17 or saluting me or anything at all like that. Employment was  
18 not conditioned on any third-party event ever. I followed  
19 that rule from day one. I learned that as a box boy from  
20 seven years old, so while it would just be uncharacteristic  
21 of me to do such a thing.

22 Q If someone had submitted a report for his expense  
23 account in which they requested reimbursement for a  
24 contribution to Glenn's campaign, would Erwin Jacobs have  
25 known about that?

26 A I don't know. I don't know.

27 Q Based on the structure of the two corporations.

28 A Well, anything's possible there because the

1 material goes to the finance department, I assume, or the  
2 accounting department, whatever they call it, and Jacobs'  
3 people have access to it. They ran it. So I don't know  
4 what happens after that, after it leaving the legal  
5 department, once it goes to the accounting or finance  
6 department. How would I know? It wasn't my bailiwick,  
7 didn't care. I assumed people were taking care of their own  
8 end. It's certainly possible.

9 Q You mentioned that you had a record of a check  
10 that you wrote to the Glenn campaign in the amount of  
11 \$250.00. Do you know the date of that check?

12 A I sent you the check. I sent you the check in  
13 response to your subpoena DT or the copy of it. I may have  
14 a copy here.

15 Q I'm afraid I don't have a copy of that check.

16 A In my original transmittal letter to you, I --  
17 my July 5th letter to Gerson -- and I have an extra copy  
18 of it here. Do you have my July 10th letter?

19 Q Yes, I have that. I don't have --

20 A And in it I say enclosed herewith is answers  
21 to written interrogatories and copy of a \$250.00 check.

22 Q You say that; however, I never --

23 A Here's my copy of it. I'll show it to you.  
24 It's dated 2/6/84. Well, here's a copy of what I believe  
25 to be the front and back of the check that I sent. I  
26 hand it to you now.

27 Q May I keep these, or are these your only copies?

28 A Well, gee, I guess that's my only copy.

1 MS. LERNER: We don't need it as long as we've  
2 seen it.

3 THE WITNESS: Or if you wish -- all right.  
4 Well, all right.

5 MS. LERNER: Let me just ask you: This is  
6 a 2/6/84 or is that a 3?

7 THE WITNESS: It looks like 2/6/84, my terrible  
8 handwriting.

9 Q (By Mr. Raich) Do you know if Bekins Company  
10 on any occasion have reimbursed employees by means of expense  
11 account reports for expenses which were not work related?

12 A Not that I'm aware of, no.

13 Q Do you know if Bekins Company on any occasions  
14 ever reimbursed employees through grossed-up bonuses for  
15 nonwork related expenditures?

16 A No. I read that in your questions. No, and I don't  
17 use that phrase gross up. I have always thought that was an  
18 ambiguity. No.

19 MS. LERNER: Let me just clarify it. Is that  
20 no, you do not know, or no, it never occurred?

21 THE WITNESS: No, I do not know. In a corporation  
22 of what -- how many employees -- six thousand --  
23 four or five thousand employees, I can't speak for  
24 what they do or don't do. No, I do not know.

25 Q (By Mr. Raich) Were you aware of the compensation  
26 that the other lawyers in the Bekins legal department  
27 received?

28 A Their salaries?

1 Q Yes.

2 A Well, at the time, sure. I mean I had their --  
3 the records were in the human resources section, but sure,  
4 I was generally aware, of course.

5 Q Was \$250.00 a substantial amount of money to those  
6 people?

7 A I don't know what you mean by that. They were  
8 drawing salaries -- the lawyers?

9 Q Yes.

10 A The lawyers were making -- let me answer it this  
11 way. I -- to some people \$5.00 is a lot, and to some people  
12 apparently a million dollars doesn't mean much at all. So  
13 I don't know their personal wealth or whether they practiced  
14 law for the fun of it or whatever. So all I can speak to is  
15 their salary range. And their salary ranges were -- oh,  
16 golly, what, fifty thousand to seventy thousand, in that  
17 range, I guess, plus their expense reimbursement and all  
18 the usual corporate perq's that come along with it.

19 As to their personal wealth or lack of it, I don't  
20 know. I didn't really -- wasn't that familiar with each  
21 of the individuals. I can't tell you.

22 Q Do you know about any involvement by Bekins Company  
23 in politics?

24 A None as far as I know. I didn't even like PAC's.  
25 I have been on the -- as a matter of fact, I was opposed  
26 to PAC's and still am. I don't believe there was any, but  
27 as I say, there was what, four or five thousand employees  
28 and companies all over the world. I'm not giving you a

1 cop-out, but it's like asking you are you aware of the  
2 federal government's involvement in grain in the world.  
3 I mean how can you answer -- can you give me the question  
4 again and I'll try to be a little more precise?

5 Q I think you have already answered it.

6 A All right.

7 Q Did anyone ever tell you that it's illegal for  
8 corporations to contribute to federal election campaigns?

9 A Did anyone ever tell me that --

10 Q Yes.

11 A Anything is possible, but I don't recall finite  
12 conversation on it. It was one of the few areas of law  
13 that I really didn't get involved in, had a broad range  
14 of areas of expertise in, and election law was not one of  
15 them.

16 Q Did you know that it was illegal for corporations  
17 to make contributions to federal election campaigns?

18 A At what time?

19 Q In 1984.

20 A Probably not, although I didn't focus on it.  
21 Probably if you asked me now to think what I thought then,  
22 generally I thought there was limitations, but don't ask  
23 me what they were because I really wasn't akin to it. The  
24 only recollection I have of political discussions was when  
25 I was in Washington when I was involved in 1980 in the  
26 Motor Carrier Act Legislations and spent an enormous amount  
27 of time and wrote a lot of it. And there was a lot of  
28 pressures to various lobbyists to create PAC's, but just



1 initially my opposition to PAC's, and that was really the  
2 extent of it. But I didn't get down to the personal  
3 contribution basis, never made personal contributions  
4 and that sort of thing, nor did we get questions in my  
5 department about getting personal contributions. We  
6 had a broad range of issues to take care of labor  
7 relations and so forth, and politics really just didn't  
8 seem to come up.

9 Q Did you ever ask anybody to contribute to the  
10 Glenn-Anderson congressional campaign committee?

11 A No, I don't believe so.

12 Q You're entitled to a witness fee for your testimony  
13 today. I'm handing you the check --

14 A Are you sure I'm entitled to that here?

15 MS. LERNER: I'm not sure. As far as I know,  
16 the only people that don't get them are federal  
17 employees, so I think you probably are.

18 THE WITNESS: All right. Now, let's -- so,  
19 your -- why don't you say on the record that you're  
20 handing this to me and the check number, please,  
21 so that I -- these people don't come down on my  
22 head or something.

23 Q (By Mr. Raich) I am now tendering to you  
24 Check Number 76,567,774, made payable to Ronald Hartman,  
25 in the amount of \$30.00 for witness fee.

26 A All right.

27 MS. LERNER: Actually, just to be absolutely  
28 sure, perhaps we can use their phone and call our

1 office. I've never had one of these situations  
2 before. We'll give it to you. If there is a  
3 problem, we can get it back.

4 Q (By Mr. Raich) You are entitled to sign and  
5 read your deposition when the transcript is prepared.

6 A Right.

7 Q You are not required to do that, however.  
8 The choice is yours. Do you wish to waive signature?

9 A No, I do not wish to waive signature.

10 Q We would like to have this transcript sent to you  
11 at the address you gave earlier in Encino.

12 A Well, my wife is -- just go off the record for  
13 a minute.

14 MS. LERNER: Off the record.

15 MR. RAICH: Off the record.

16 (Short recess.)

17 MR. RAICH: Let's go back on the record.

18 Q Have you decided whether you will read and sign  
19 the deposition or if you will wait for that?

20 A Let me equivocate if I may. Under the circumstances,  
21 I would prefer to reserve my right to read and sign it, and  
22 if at some later time, it becomes relevant or desirable for  
23 me to read and sign it or consider signing it, I would  
24 like to then reserve that option to that time if I may.

25 MR. RAICH: I have no further questions.

26 This concludes the deposition.

27 --o0o--  
28

1 (PAGES 1 UP TO AND INCLUDING LINE 26 OF PAGE 24  
2 CONSTITUTE THE DEPOSITION OF RONALD L. HARTMAN, AND PAGE 25  
3 IS INSERTED HERewith SOLELY FOR THE PURPOSE OF PROVIDING  
4 THE WITNESS WITH AN OPPORTUNITY TO SUBSCRIBE HIS SIGNATURE  
5 THERETO.  
6  
7  
8  
9  
10

11 \_\_\_\_\_  
12 Subscribed and sworn to before me this  
13 \_\_\_\_\_ day of \_\_\_\_\_, 1985.  
14

15 \_\_\_\_\_  
16 Notary Public in and for the County  
17 of Kern, State of California.  
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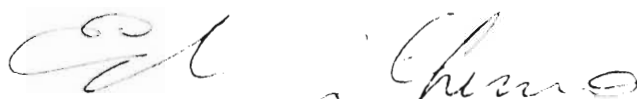
1 STATE OF CALIFORNIA)  
 2 ) ss.  
 3 COUNTY OF KERN)

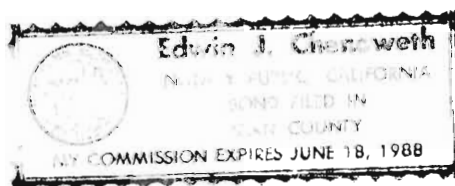
4 I, Edwin J. Chenoweth, a Notary Public in  
 5 and for the County of Kern, State of California, do hereby  
 6 certify that Ronald L. Hartman, the witness  
 7 named in the foregoing deposition, was by me duly sworn;  
 8 that the deposition is a true record of the testimony given  
 9 by the witness, and that said deposition was taken at the  
 10 time and place set forth on the first page hereof;

11 That upon the taking of the deposition, the words of  
 12 the witness were written down by me, a Certified Shorthand  
 13 Reporter holding Certificate No. 2478, in stenotypy,  
 14 and thereafter transcribed into typewriting under my direction.

15 I further certify that I am neither counsel for nor in  
 16 any way related to any party to said action, nor in anywise  
 17 interested in the result or outcome thereof.

18 IN WITNESS WHEREOF, I have hereunto set my hand and  
 19 affixed my seal at my office in Bakersfield, California,  
 20 this 28<sup>th</sup> day of December, 19 85.

21  
 22   
 23 Notary Public in and for the County  
 24 of Kern, State of California



QCC# 9434

Stenographic Transcripts Of  
HEARINGS

BEFORE THE FEDERAL ELECTION COMMISSION

IN RE:

MUR-2036

DEPOSITION OF ALBERT LABINGER

DECEMBER 11, 1985

WASHINGTON, D.C.

MILTON, DAWSON, MINSON, INC.

OFFICIAL REPORTERS

(Notary Public: D.C.-Virginia-Maryland)

515 WYTHE STREET, SUITE #309 ALEXANDRIA, VA 22314  
(703) 836-2020

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OFFICE OF THE  
GENERAL COUNSEL

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1                               BEFORE THE FEDERAL ELECTION COMMISSION

2  
3       In Re:   MUR 2036  
4  
5  
6

7                               Wednesday, December 11, 1985  
8                               Washington, D. C.

9               Deposition of

10                           ALBERT LABINGER

11       a witness in the above-entitled matter, called for examination  
12       by counsel for the Federal Election Commission, pursuant  
13       to notice, taken in the law offices of Schwalb, Donnenfeld,  
14       Bray & Silbert, Suite 300, 1025 Thomas Jefferson Street,  
15       Northwest, Washington, D. C., beginning at 9:35 a.m.,  
16       before Lu Anne Dawson, a Notary Public in and for the  
17       District of Columbia, when were present on behalf of the  
18       respective parties:  
19  
20  
21  
22

1 For the Federal Election Commission:

2 Robert Raich, Esq.  
3 Lois Lerner, Esq.  
4 Office of General Counsel  
5 999 E Street, Northwest  
6 Washington, D. C. 20463

7 For the Deponent:

8 Burton A. Schwalb, Esq.  
9 Schwalb, Donnenfeld, Bray & Silbert  
10 Suite 300  
11 1025 Thomas Jefferson Street, Northwest  
12 Washington, D. C.

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## C O N T E N T S

## EXAMINATION BY COUNSEL FOR:

WITNESS:

FEC  
(Mr. Raich)DEPONENT  
(Mr. Schwalb)

ALBERT LABINGER

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## E X H I B I T S

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1           Thereupon,

2                           ALBERT LABINGER

3       a witness, was called for examination by counsel for the  
4       FEC, and, after having been first duly sworn by the  
5       Notary, was examined and testified as follows:  
6       examined and testified as follows:

7                           EXAMINATION BY COUNSEL FOR THE FEC

8                           BY MR. RAICH:

9           Q       Please state your name.

10          A       My name is Albert Labinger.

11          Q       What is your address?

12          A       55 Pompadour Drive, Ashland, Oregon 97520.

13          Q       What is your telephone number?

14          A       Area code (503) 482-1728.

15          Q       I'm going to ask you a series of questions, and if  
16       at any time you don't understand the question, just say so,  
17       and I will try to phrase it in a way that you will understand  
18       it. If you don't tell me that you don't understand a  
19       question, I will assume that you do understand the question,  
20       and that your answer is responsive. Is that clear?

21          A       Sure.

22          Q       Are you represented by counsel today?

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1 A Yes, I am.

2 Q Who is that?

3 A Mr. Burton Schwalb.

4 Q Have you ever had your deposition taken before?

5 A Yes, I have.

6 Q Since receiving the subpoena, have you spoken with  
7 anybody about this deposition or about the answers you will  
8 give today?

9 MR. SCHWALB: Other than me?

10 MR. RAICH: Other than Mr. Schwalb?

11 THE WITNESS: No. I have not spoken to anybody  
12 about this deposition or the answers I would give today.

13 BY MR. RAICH:

14 Q Have you read anything in preparation for this  
15 deposition?

16 A Other than the subpoena and the questions I  
17 answered on the subpoena, no.

18 Q Where are you currently employed?

19 A I am self employed.

20 Q What is your current occupation?

21 A I'm a consultant. I'm a marketing consultant.

22 Q When did you start working for Deakins Company?

R 9 0 4 0 7 0 5 9 3

1 A August 1st, 1974.

2 Q In February 1984, what was your job title?

3 A My job title was President and Chief Executive  
4 Officer.

5 Q In late 1983, what was your job title?

6 A The title remained the same.

7 Q That would be president and chief executive  
8 officer?

9 A Yes.

10 Q When did you leave Beakins Company?

11 A I actually left the company either in late  
12 February-early March but was on call to the company for the  
13 month of March and the month of April on a full-time basis on  
14 call to help the transition to the new chief executive  
15 officer, and from then on in, I had a severance agreement.

16 Q So is it accurate to say that you actually left  
17 working at Beakins on a day-to-day basis in late February?

18 A That would be pretty accurate.

19 Q Do you recall the date?

20 A No. No, I really don't.

21 Q Did you, in fact, report to Beakins during that  
22 month or so after late February when you were on call?

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1           A       How do you mean report? I'm not clear on what you  
2 mean.

3           Q       Did you consult with anybody at Beakins on the  
4 telephone during that time?

5           A       Yes, yes, I did. During the period of time of  
6 late February to approximately early April, yes, I did.

7           Q       Did you ever go to Beakins headquarters and meet  
8 with people there about matters?

9           A       No.

10          Q       Did you ever go, during this two-month period, to  
11 Minstar headquarters to consult with them about Beakins  
12 matters?

13          A       No.

14          Q       Why did you leave Beakins?

15          A       Well, it became apparent after --

16               MR. SCHWALB: Excuse me a second. I apologize for  
17 interrupting, and I realize that relevancy is a factor but  
18 not necessarily a determinative one, and in terms of personal  
19 things and so forth, could you give me some idea of why you  
20 feel there is a relationship between it and the subject  
21 matter of the deposition? I'm not asking you to expound on  
22 every thought process you ever had about the matter, but in

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1 terms of getting into personal things and whatever, maybe you  
2 could give me some idea, and then I wouldn't have a problem.

3 (Discussion off the record.)

4 MR. RAICH: One reason we consider this matter  
5 relevant is because there was large turnover in Beakins, and  
6 we would like to know where people stood in relationship to  
7 the company at that time.

8 BY MR. RAICH:

9 Q Why did you leave Beakins?

10 A Well, it became apparent after Minstar acquired  
11 Beakins that Minstar really was doing -- was starting to do  
12 and then continued upwards to take over many of the  
13 responsibilities that a chief executive officer normally  
14 would do, and that the job really -- my job, that is, even  
15 though I had the title, was really being relegated down to a  
16 chief operating officer, and, you know, I've been that route  
17 before.

18 I sort of came up the ranks, and there was no real  
19 intellectual stimulation any more. There was no challenge to  
20 be a day-to-day operating officer. Mr. Jacobs called the  
21 shots. He put in \$96 million. I was thoroughly familiar  
22 with the statistic that said that after merger or

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1 acquisition, in less than a year, 90 percent of the chief  
2 executive officers had left. I could see; then, I could see  
3 why.

4 And Mr. Jacobs and I discussed Beakins' role, if  
5 you will, or his thinking process and my role in this  
6 thinking process, and what was discussed just wasn't  
7 occurring, and that's the reason I left.

8 Q You mentioned that many of your duties were being  
9 relegated to a chief operating officer. Who was that?

10 A No. I became more -- I said that many of my  
11 duties became as if I were a chief operating officer.

12 Q I understand. In late 1983 and early 1984, how  
13 confident did you feel in your job security at Beakins?

14 A In my job security?

15 Q Yes.

16 A I have to ask you a question. Are you asking me  
17 did I think I was going to be fired or that I was going to be  
18 leaving? I mean, job security is a big word. I don't know  
19 quite what you mean. Are you asking me did I think I was  
20 going to be fired?

21 Q I meant based on the takeover that Minstar had  
22 engaged in, did you feel that it would be expedient for you

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1 to leave potentially because of differences with the powers  
2 that were at Minstar?

3 MR. SCHWALB: What time period time period are you  
4 asking now?

5 BY MR. RAICH:

6 Q Again, this is late 1983 and early 1984.

7 A Yes. In that period of time, I felt, using your  
8 word, it was expedient for me to leave.

9 Q During that same time period, did you feel you  
10 might leave because of the takeover, or because of anything  
11 in particular that you might do which would cause disfavor in  
12 the eyes of the powers --

13 A No.

14 Q -- at Minstar?

15 A No. I felt that I would be -- my thinking process  
16 was as I explained to you earlier in this conversation or in  
17 this deposition.

18 Q Did anybody ever ask you to contribute to  
19 John Glenn's campaign?

20 A Yes.

21 Q Who asked you?

22 A Mr. Jacobs.

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1 Q Is that Irwin Jacobs?

2 A Correct.

3 Q When did he ask you?

4 A On the -- February -- excuse me, on December 5th,  
5 1983, we had a very short telephone conversation, and he,  
6 basically, I can't remember the exact words, but he wanted me  
7 to write a personal check for \$1,000 to the John Glenn  
8 campaign fund. That was the first contact, in answer to your  
9 question.

10 Q Did he explain to you that he had some position in  
11 the Glenn campaign?

12 A He explained that to me previously.

13 Q When did he first mention that to you?

14 A September-October of 1983.

15 Q Had he mentioned that fact to you at all between  
16 September-October and this December 5th conversation?

17 A I don't know what you're asking me. Did he  
18 continue conversations about this? Is that what you are  
19 asking me?

20 Q Did he at any time ever mention to you his  
21 involvement with the John Glenn committee between the time he  
22 first brought that issue up to you in September-October 1983

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1 and the time of this short telephone conversation --

2 A Yes.

3 Q -- on December 5th?

4 A The answer to your question is yes.

5 Q Do you recall when or approximately?

6 A It was, you know, it was in short conversations  
7 throughout the period.

8 Q Would it be accurate to say he constantly reminded  
9 you of his involvement in the Glenn campaign?

10 MR. SCHWALB: That's a tough characterization. If  
11 I were answering, I'm not sure how I would take your  
12 characterizations and translate them.

13 BY MR. RAICH:

14 Q Do you recall approximately how many times he  
15 mentioned that to you?

16 A After the initial mention to me, I imagine he  
17 spoke to me two or three times about it.

18 Q Was there any talk of reimbursing you for that  
19 \$1,000 contribution?

20 A No.

21 Q Did Jacobs ever mention to you, as of December  
22 1983, that he was asking other people at Beakins to make

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1 contributions?

2 A No.

3 Q Had he mentioned to you, by December 1983, the  
4 fact that he was asking anybody else to make contributions?

5 A No.

6 MR. SCHWALB: Excuse me. Are you referring to at  
7 the companies or what?

8 MR. RAICH: No. I'm referring to anybody else.  
9 Did Jacobs state that he was asking anybody else to make a  
10 contribution?

11 MR. SCHWALB: You mean anybody else in the world?

12 MR. RAICH: Correct.

13 MR. SCHWALB: Do you understand the question?

14 THE WITNESS: Yes.

15 The only thing that could border on that is he  
16 told me he was involved in fund-raising in the John Glenn  
17 campaign, no specific people; no specifics, just that general  
18 statement.

19 BY MR. RAICH:

20 Q After the December 5th, 1983 conversation with  
21 Jacobs, when he asked you to contribute, what did you think  
22 might happen if you didn't contribute?

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1           A       At that time, Mr. Jacobs and I, as I previously  
2 mentioned, were in discussions as to the role that Beakins  
3 would be playing in the overall scheme, really, so the role I  
4 would be playing, and I contributed because I just thought it  
5 was the prudent thing to do. He was the boss, and he seemed  
6 to be involved in -- it was just a prudent thing for me to  
7 do.

8           Q       By "the prudent thing to do", do you mean this  
9 would prevent you from falling into disfavor with him?

10           MR. SCHWALB: Can you use different language?  
11 Again, some of the characterizations we might all agree on.  
12 Others are kind of fudgy. Frankly, Mr. Raich, I'm not quite  
13 sure, obviously, what you folks are doing, what you are  
14 thinking, how all of these pieces fit together, and I'm a  
15 little bit concerned about general characterizations that  
16 might mean one thing to you and another thing to  
17 Mr. Labinger, not knowing where in the overall spectrum they  
18 might fit. And so his answer might be misinterpreted. So I  
19 don't want to interrupt and be rude or whatever, but some of  
20 the characterizations are a little tough to deal with. Maybe  
21 you could narrow them down a little bit more objectively.

22           BY MR. RAICH:

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1 Q Let me ask you, what do you mean by "the prudent  
2 thing to do"?

3 A The man was vitally interested in this. To be  
4 honest, \$1,000 was not going to break me or make me. I  
5 didn't feel intimidated by what he had to say to me. It was  
6 just a way of taking this and getting rid of it. In other  
7 words, he asked me to do something, and I did it, and that's  
8 the way I looked at it.

9 Q What was your relationship with Jacobs at the  
10 time? Was it limited strictly to business?

11 A Yes.

12 Q Do you think you would have contributed to the  
13 John Glenn campaign at all were it not for this request by  
14 Irwin Jacobs?

15 A No.

16 Q After this December 5th, 1983 conversation with  
17 Jacobs, did you ever speak with Jacobs again concerning  
18 contributions to the Glenn campaign?

19 A Yes.

20 Q When was that?

21 A On February 5th, 1984.

22 Q Why do you recall that date?

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1 A Which date?

2 Q February 5th, 1984.

3 A I really didn't recall it. When you asked me on  
4 the deposition to name all dates, to give all dates and so on.

5 MR. SCHWALB: Excuse me, you mean when the written  
6 questions --

7 THE WITNESS: Yes, the written interrogatory or  
8 whatever legal term you give to that.

9 What I did is I looked in my checkbook and saw the  
10 date that I wrote a check, so that's how I recall the date.

11 BY MR. RAICH:

12 Q I see. Could this conversation  
13 have occurred earlier than February 5th, yet it took you a  
14 couple of days to write the check?

15 A That's a possibility.

16 Q Do you recall the day of the week on which the  
17 conversation would have happened? For example, would it have  
18 been a weekday?

19 A Yes. it was a business day. But I don't recall  
20 the day of the week.

21 Q Was that conversation, that is, the February 5th  
22 conversation, a telephone conversation?

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1 A Yes, it was.

2 Q Approximately how long did that last?

3 A A couple of minutes, if that.

4 Q What did Jacobs say in that conversation?

5 A He called me; he told me that he would like his  
6 friends at Beakins to donate \$250 to the John Glenn campaign.  
7 I'm not quoting word-for-word. I don't remember the  
8 conversation word-for-word. It was -- our association at the  
9 time had come down to the point where he would tell me what  
10 to do on other things. I would say okay, and that was it.  
11 This conversation really followed suit that way.

12 Q Did he state whom he wanted contributions from?

13 A No.

14 MR. SCHWALB: I think that you might be thinking  
15 that Mr. Raich asked a different question. Can we go over  
16 that? I'm not coaching or whatever, but it's obvious from  
17 the answer what we have already answered and what he just  
18 said a moment ago. Your question might be did he name people  
19 or express a group of people.

20 THE WITNESS: I take it he asked me did I name  
21 people.

22 MR. SCHWALB: Right. I'm not sure that that would

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1 be fully responsive to Mr. Raich's question. I got the idea  
2 you were not on the same wavelength. Why don't you repeat  
3 the question?

4 MR. RAICH: Sure.

5 Q Did he name specific people?

6 A No, he did not name specific people.

7 Q Did he name a group of people?

8 A Yes, that he did.

9 Q What group of people?

10 A He said his friends, and I asked him what he  
11 meant, and basically, he said the people working around me  
12 that knew him.

13 Q Did he mention any other class of people?

14 A Not that I can recall.

15 Q Did he mention any reimbursements to the people  
16 who made contributions?

17 A You know, the tone of the conversation, when I  
18 hung up, I say it was a very brief conversation, but the tone  
19 of it left me to believe that reimbursements were possible.

20 Q Did he specifically mention reimbursements in the  
21 conversation?

22 A No. No. He did not.

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1 Q What was it about the tone of the conversation  
2 that led you to believe that reimbursements were possible?

3 A I can't answer that in specific words, but just  
4 the feeling that I had that, just that the intuition that I  
5 had about the way that conversation was held.

6 Q Did Jacobs indicate to you that the Beakins  
7 employees who would be solicited for contributions had any  
8 choice in making those contributions or not making those  
9 contributions without adverse repercussions?

10 A That didn't come up.

11 Q From the tone of the conversation, did you get an  
12 understanding about Jacobs' thoughts on this matter?

13 A I think basically, what I got from that was he  
14 would like to see these people donate. That's what I got out  
15 of it.

16 Q Did you understand from Jacobs that this was an  
17 order he was passing down to employees at Beakins?

18 A I understood from Jacobs it was an order to me to  
19 ask the employees or to pass onto the employees what he said  
20 to me, but that's as far as I saw it.

21 Q Did you see this as a requirement for Beakins  
22 employees to make contributions?

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1 A No, I did not.

2 Q But you felt that it was a requirement for you to  
3 pass on Jacobs' statement; is that correct?

4 A That's correct.

5 Q Would you have asked for contributions to the  
6 John Glenn campaign if it weren't for Jacobs' conversation  
7 with you?

8 A No.

9 (Discussion off the record.)

10 BY MR. RAICH:

11 Q Did Jacobs say or indicate to you why he was  
12 requesting the contributions?

13 A No.

14 MR. SCHWALB: Excuse me. Once again, Mr. Labinger  
15 already testified that he knew from Jacobs that Jacobs was  
16 somehow involved with Glenn or whatever. So if your question  
17 is broad enough to say did anything in the whole universe  
18 happen to lead Mr. Labinger to understand why Jacobs was  
19 interested, I think he has already told you that. If that  
20 was your last question, Mr. Labinger's answer is out of  
21 kilter.

22 If it was did he specifically, in the

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1 conversation, say, "I want him to give because --" blah,  
2 blah.

3 So sometimes it's the situation where the witness  
4 may be hearing one question and you may be thinking another.

5 So since I see an ambiguity in it, could you  
6 rephrase it and let Mr. Labinger answer? And you can phrase  
7 it any way you want and make it broad or whatever. I am not  
8 trying to be strict, but I have a feeling that there is a  
9 possible ambiguity here because you are not seeing the words  
10 the same way.

11 THE WITNESS: What I answered, Burt, the question  
12 as posed to me, was on February 5th on that telephone  
13 conversation, did he say anything else. In other words, I  
14 took your question to be solely on February 5th on the  
15 telephone conversation.

16 BY MR. RAICH:

17 Q In that February 5th telephone conversation, did  
18 Jacobs indicate any particular project or need that the Glenn  
19 campaign had for contributions?

20 A On that February 5th telephone conversation, the  
21 answer is no.

22 Q Did Jacobs ever indicate such a project or need of

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1 the Glenn campaign subsequently?

2 MR. SCHWALB: Could you rephrase that? That's a  
3 little confusing.

4 BY MR. RAICH:

5 Q After February 5th, 1984, did Jacobs state to you  
6 or to anyone else that you know of a particular need or  
7 project that the Glenn campaign for contributions at that  
8 time?

9 A After February 5th?

10 Q Yes.

11 A Let me answer it this way, because I am not sure  
12 of dates. So I don't want to be -- I can't be specific when  
13 I'm not sure of dates. Sometime in that era, he mentioned to  
14 me that John Glenn had signed a personal note for a lot of  
15 money. I don't remember if it was \$1 million or \$2 million.  
16 All I know is it was a lot of money to me, and he himself  
17 told me that he, Mr. Jacobs, and a couple of other people  
18 were going to see to it that Mr. Glenn did not financially  
19 suffer for doing this.

20 Now, I'm paraphrasing what was said to me, and I  
21 am not sure of the exact time frame. That's why I can't  
22 answer you if it was after February 5th. It could have been.

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1 If it was before February 5th, it could have been that, too.

2 I just am not sure.

3 Q But what you are sure of is that it was not at the  
4 February 5th telephone conversation?

5 A That I am sure of.

6 Q Was this something Jacobs mentioned to you  
7 personally or did you receive this information from others?

8 A No. It was something that Mr. Jacobs mentioned to  
9 me personally, personally being, I don't remember if it was  
10 in person or by phone, but it was a conversation with  
11 Mr. Jacobs.

12 Q Did you ever have any other conversations with  
13 Irwin Jacobs concerning contributions to John Glenn's  
14 campaign?

15 A Can you be more explicit in what you mean by  
16 contributions? My contributions, Beakins contributions,  
17 other contributions?

18 I don't know what you really want.

19 Q I meant any conversations at all with Irwin Jacobs  
20 about the subject of contributions or items related to  
21 solicitations or contributions.

22 MR. SCHWALB: Let me interrupt for a second and

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1 see if I can clarify, and if I mislead or something, you can  
2 stop me.

3 You've already testified, if my recollection is  
4 correct, that in September or October there was a  
5 conversation about Jacobs having some interest in the Glenn  
6 campaign. On December 5, a conversation relative to a  
7 contribution by you.

8 THE WITNESS: Right, right.

9 MR. SCHWALB: On February 5, or thereabouts, a  
10 conversation about a further --

11 THE WITNESS: Right.

12 MR. SCHWALB: -- contribution of others and et  
13 cetera.

14 Other discussions relating to a note that may have  
15 been signed with some obligation. This is the panoply of  
16 things, if I'm correct, you have testified about.

17 THE WITNESS: Yes.

18 MR. SCHWALB: What Mr. Raich is asking you is, in  
19 addition to what you have already testified to, without  
20 repeating those subjects, are there any other conversations  
21 with Jacobs that you can recall beyond what you have said?  
22 Let me append to that.

3 3 3 4 0 7 0 6 1 2

1           You had a collaboration in your last question  
2   where you said, in conversations relative to or related to  
3   something. I'm not quite sure what that meant. But your  
4   last question really had two parts to it. If we could break  
5   them down and then you tell us.

6           You could tell him what you mean or what he means  
7   by relative. So it would be easier if you said, were there  
8   any other conversations with Jacobs where contributions were  
9   discussed, and then you could make it more elaborate if you  
10   want. But am I correct that your question is paraphrasing in  
11   addition to what Mr. Labinger said? I think I just tried to  
12   recount. You want to know if there is any more?

13           MR. RAICH: That is correct.

14           MR. SCHWALB: Then could we break that down into  
15   conversations about somebody in particular contributing and  
16   then you can broaden it if you want. But I would like to do  
17   it in two because it might be hard to come to grips with as  
18   you combined the question.

19           MR. RAICH: Sure.

20           THE WITNESS: In addition to what I've already  
21   said, I can't recall any others.

22           MR. SCHWALB: Any other conversations with him

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1 about particular contributions?

2 THE WITNESS: Right. I think what I've already  
3 said pretty much covers it.

4 MR. SCHWALB: I think Mr. Raich had a broader  
5 aspect to the question, and I wanted to divide it.

6 (Discussion off the record.)

7 BY MR. RAICH:

8 Q Did Irwin Jacobs ever talk to you again after  
9 February 5th, 1984 to see if you did solicit the  
10 contributions from Beakins employees?

11 A No.

12 MR. SCHWALB: Before you go on to the next, could  
13 I interject with this? When you asked a couple of questions  
14 ago, I interpreted because I thought your question was dual.  
15 I think Mr. Labinger has answered the first half of your  
16 question.

17 I'm not sure his answer a moment ago answered the  
18 second half. You may or may not want to follow up with it,  
19 but I don't want there to be confusion that he was answering  
20 both parts of your question with a single answer. It may be  
21 that his answer to part two will be the same.

22 I don't know, but I think we answered the first

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1 part of your question. The second aspect I have was in your  
2 last question where you asked if Jacobs had followed up after  
3 February 5 to see if Mr. Labinger had solicited, I think you  
4 used the word solicited, Mr. Labinger indicated that he  
5 didn't have a follow-up conversation with Jacobs. I'm not  
6 sure he or we are going to characterize this as a  
7 solicitation.

8 So your question had kind of a loaded word in  
9 there. If you want to develop what is a solicitation or what  
10 is not, I don't know if you do, I would like to take it  
11 separately rather than having it implied in a question.

12 BY MR. RAICH:

13 Q When I use the word solicitation, I mean  
14 requesting contributions. Is that clear to you?

15 A Yes.

16 MR. SCHWALB: No. It's not clear to me.

17 MS. LERNER: I believe that is what a solicitation  
18 is.

19 MR. SCHWALB: It may very well be. I don't care  
20 what the dictionary says. Just so we are using words the  
21 same way. If we are defining them, fine. I could say to  
22 you, would you take me out to lunch, or would you consider

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1 taking me out to lunch, or you damn well better take me out  
2 to lunch. All of this can be in the form of a request. I  
3 want the record to be clear all this is in substance. How  
4 your characterize it could be a different story. In a  
5 question that could have various shades, and I don't know if  
6 it is important or not, I think it is important that we use a  
7 definition and the answer can be related to the definition so  
8 we know what we are talking about, that's all.

9 BY MR. RAICH:

10 Q You previously mentioned that you did not receive  
11 any communications from Irwin Jacobs himself in which he  
12 followed up on his earlier request concerning requesting  
13 contributions from people at Beakins. Did you receive any  
14 communications from any other person who, at Jacobs' request,  
15 was following up to see if you did, in fact, request  
16 contributions from Beakins employees?

17 A Well, let me answer it this way. I received a  
18 call from Mr. Gerald Schwabalch, who told me that Irwin was  
19 out of town, but asked him to call me, and by this time, they  
20 had received checks from Beakins employees, and one of those  
21 checks was \$250 from me.

22 Mr. Schwabalch informed me that I was over the

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1 limit in contributions because I had already given the  
2 \$1,000; what did I want him to do with that \$250 check, and I  
3 said, "Then if I'm over the limit, thank you for telling me.  
4 I had no knowledge of any of this. Why don't you just tear  
5 it up."

6 And that was really the extent of the  
7 conversation.

8 Q Other than that conversation you had with  
9 Schwabalch, did you have any other conversations with anybody  
10 else at Minstar concerning the contributions which you had  
11 been requested to procure from Beakins employees?

12 A I don't believe so.

13 Q Did you do as Jacobs asked you to do and request  
14 contributions from Beakins employees?

15 A Yes, I did.

16 Q Do you recall who you spoke to at Beakins?

17 A Yes.

18 Q Who were those people?

19 A I had a meeting with Messrs. Hartman, Morse, and  
20 Lee. And I recounted to them my conversation with  
21 Mr. Jacobs. I asked them if they would donate to the fund,  
22 that is, the John Glenn fund, and if they would be willing to

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1 go one step further and ask some of the people working for  
2 them if they would donate to the fund.

3 I also had one other conversation, exactly as I  
4 just recounted, to Shannon Sesmas, who worked directly for  
5 me, but she had nobody reporting to her, so I just asked her  
6 if she would be willing to make that contribution.

7 Q Taking, first, the conversation you had with  
8 Hartman, Morse and Lee, were all three of those people  
9 present in one room when you had a conversation?

10 A To the best of my recollection, the answer is yes.

11 Q Was anybody else present in the room?

12 A I don't believe so.

13 Q How long did that conversation last?

14 A Less than five minutes.

15 Q Do you recall when that conversation took place?

16 A It was the same day that Mr. Jacobs called me, so  
17 it was somewhere near February 5th. It could have been a day  
18 after, but it was no longer than a day after, I don't  
19 believe.

20 Q I presume it could also have been before February  
21 5th, too; is that correct?

22 A Yes. That's correct, based on the -- our previous

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1 conversation. You know, you have to understand what was  
2 going on at the time. There was a lot of turmoil. I think  
3 you brought that up, and there was an awful lot of things  
4 occupying my time. My role in the company; if I was -- by  
5 that time, I pretty much made up my decision to leave. I  
6 didn't want to leave the company hanging. I felt that the  
7 transition was very complete; that Minstar was in total  
8 control. This whole item to me was a fleeting thing. The  
9 conversations that we had on it just didn't last very long.  
10 It wasn't something that was occupying my time nor my  
11 thinking process.

12 Q Do you recall if, at the meeting with Hartman,  
13 Morse and Lee, any of those people made any statements?

14 A I think that Mr. Hartman said something -- said  
15 something to the effect of that he knew that Irwin was  
16 involved in the John Glenn campaign. That was it.

17 Q Did anybody protest or complain about being  
18 requested to make contributions?

19 A Nobody protested or complained.

20 Q You mentioned you had a conversation with  
21 Shannon Sesmas?

22 A Yes.

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1 Q Do you recall when that took place?

2 A I think it was about approximately the same time  
3 that the conversation took place with Morse, Hartman and Lee.

4 Q Do you recall where that took place?

5 A In her office.

6 Q Do you recall approximately how long it lasted?

7 A Less than a minute.

8 Q And what did you say in that conversation?

9 A I told her that Irwin had called; I recounted the  
10 conversation; and I said, you know, "Think about it." That  
11 was it. It was a very, very -- it was a very short  
12 conversation.

13 Q Did she respond during that conversation?

14 A I think she nodded her head in a way that led me  
15 to believe that she would donate.

16 Q Did you tell her that this was a personal favor  
17 for you?

18 A I may have used those terms. I don't recall.

19 Q Did you mention that she could receive  
20 reimbursement for making the contributions?

21 A Yes, I did.

22 Q Did you tell her how she could receive

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1 reimbursements?

2 A I mentioned, I just mentioned the fact that if --  
3 I mentioned the expense account.

4 Q Going back for a moment to your conversation with  
5 Hartman, Morse and Lee, did you mention reimbursement in that  
6 conversation?

7 A Yes. I told them that there was -- I felt in the  
8 tone of my conversation with Mr. Jacobs that if any of their  
9 people wanted reimbursement that it was possible. And again,  
10 I did mention the expense account.

11 Q Is that the extent of your instructions concerning  
12 reimbursement to them?

13 MR. SCHWALB: What instructions?

14 THE WITNESS: They weren't instructions. I just  
15 passed on my feeling about what I felt in that conversation,  
16 and that was really the extent of it.

17 BY MR. RAICH:

18 Q What did you mean when you said that you mentioned  
19 the expense account?

20 A I said that if any of your people feel they want  
21 to get reimbursed, I have a feeling that, the feeling that I  
22 had through my conversation with Mr. Jacobs was they can be

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1 reimbursed if they put it on their expense account.

2 Q What did you mean by putting it on their expense  
3 account?

4 A That's what I meant, that they had \$250 donation,  
5 they put it on their expense account.

6 Q They would put a \$250 contribution?

7 A I really didn't get into it. Things like that in  
8 the company were normally handled by somebody other than me.  
9 I really didn't get involved in expense accounts or their  
10 auditing or anything of that nature, and there were two  
11 people in the room that did get involved in that, and they  
12 have been on my staff for a long time, and they would  
13 normally pick up on it and handle it that way.

14 Q Who were those people?

15 A Mr. Morse, particularly, and Mr. Lee.

16 Q Did you personally speak with anyone else at  
17 Beakins about contributing to the Glenn campaign?

18 A Not that I can recall. At that time, you are  
19 talking about, in the February era?

20 Q That's correct, in February of 1984.

21 A Yes, not that I can recall.

22 Q Have you spoken to people at Beakins about

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1 contributions to the Glenn campaign at other times?

2 A I have spoken to people who were at Beakins during  
3 that time about this situation after, long after this had  
4 occurred.

5 Q Do you recall speaking with George Smith about  
6 contributing to the John Glenn campaign?

7 A No. I don't recall that conversation.

8 Q Do you recall speaking with Lou Friedman about  
9 contributing to the Glenn campaign?

10 A I never spoke to Lou Friedman about that.

11 Q Do you recall requesting a contribution from Phil  
12 Scott?

13 A I did not request a contribution from Phil Scott.

14 Q Do you recall discussing contributions to the  
15 Glenn campaign with Joe Noga?

16 MR. SCHWALB: With who?

17 MR. RAICH: Joe Noga.

18 MR. SCHWALB: Spell that for me.

19 MR. RAICH: N-o-g-a.

20 MR. SCHWALB: Excuse me. Just so I can put all  
21 this in context myself, and not to limit you, are we talking  
22 now about this February time frame?

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1 MR. RAICH: That is correct, we are talking about  
2 February 1984.

3 THE WITNESS: If I spoke with Joe Noga about it,  
4 it was, it was so cursory that I don't recall. And the  
5 reason I'm not ruling it out is because Joe's office was  
6 right down the hall from mine, and he had a habit a lot of  
7 times of just -- of throwing something out as he passed me in  
8 the hallway. He may have done that, and I may have shaken my  
9 head, but I did not recall having a conversation with him  
10 about this.

11 BY MR. RAICH:

12 Q Other than the meeting you had with Hartman, Lee  
13 and Morse, did you, in February 1984, discuss on any other  
14 occasions contributions to the Glenn campaign with any of  
15 those three people?

16 MR. SCHWALB: Excuse me. I think you used two  
17 things. You said on that date and any other time. I'm not  
18 sure what your question was.

19 MR. RAICH: I'm sorry.

20 BY MR. RAICH:

21 Q In February 1984, did you have any other  
22 conversations with those three people other than the meeting

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1 you previously talked about?

2 A I may have, but I don't believe that they would be  
3 substantive. I think that -- I think I did relate to them  
4 individually or at a group the fact that Mr. Schwabach  
5 called me. I think I did relate that.

6 Q Was it your understanding, after passing along the  
7 substance of Jacobs' conversation with you, that Beakins  
8 employees would have a choice of whether to contribute or not  
9 without serious repercussions for not contributing?

10 A I think you're going to have to be more explicit.  
11 Was it my understanding from me, how I felt? Was it my  
12 understanding from what Mr. Jacobs told me on how he felt?  
13 Were the repercussions going to come from me? Were the  
14 repercussions going to come from their supervisors? Were  
15 they going to come from Mr. Jacobs? I don't know what you  
16 want me to talk about.

17 Q When a person is an employee, he has many bosses;  
18 repercussions can come from many levels.

19 A For sure.

20 Q As an employee, it may not matter much where the  
21 repercussions would come from if they were to come. I would  
22 like you to discuss what your understanding was of the

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1 pressures Beakins employees may have felt from all of the  
2 levels you just mentioned.

3 A I can't discuss with you what somebody else feels.  
4 I don't know what they felt.

5 Q I'm not asking you to tell me what somebody else  
6 felt; merely what your feeling was after passing along  
7 Jacobs' conversation.

8 A I didn't feel there would be any -- I didn't feel  
9 the word repercussion or have any feeling of that in my  
10 psyche at the time.

11 Q What was the practical effect, within the Beakins  
12 executive branch, of knowing that Irwin Jacobs wanted these  
13 contributions?

14 MR. SCHWALB: Excuse me. Are you asking for his  
15 view or what he thinks others felt?

16 BY MR. RAICH:

17 Q Both, actually.

18 MR. SCHWALB: I think he has already answered  
19 that, Mr. Raich, in this respect. Earlier, you asked him  
20 what was in his mind on that \$1,000 item. We went through  
21 that. You asked him recently about what others' state of  
22 minds might be, and he said he couldn't testify about others.

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1           Aren't you asking him the same things you have  
2           asked him on two other occasions before?

3           MR. RAICH: Not really.

4           MR. SCHWALB: Could you ask it again, and I will  
5           see if I see an overlap that really doesn't exist.

6           MR. RAICH: I am specifically asking here whether  
7           the effect of having the Jacobs factor, if you will, involved  
8           with the request for contributions.

9           MS. LERNER: I believe the last discussion that  
10          you were having before was about the December 5th  
11          contribution, not about this February conversation whereby  
12          Mr. Jacobs suggested that other people be asked. So while he  
13          did answer on the one hand about the December conversation, I  
14          don't believe that he has answered the same thing about the  
15          February conversations.

16          MR. SCHWALB: Then I just simply request, since  
17          I'm having some trouble with how the question is formulated,  
18          could you reformulate it so we know, first of all, the time  
19          period; whose state of mind you are asking about; as well as  
20          what the causal factor is, rather than meld them?

21          MR. RAICH: Sure. I would be happy to.

22          BY MR. RAICH:

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1           Q       In February 1984, after you had passed along the  
2 substance of Jacobs' conversation with you concerning  
3 contributions to the Glenn campaign, based upon your  
4 understanding of the Beakins corporate organization, what was  
5 the effect on Beakins executives of knowing that Irwin Jacobs  
6 requested contributions from executives?

7           MR. SCHWALB: I am going to object to that  
8 question, because first of all, you are asking whether there  
9 was an effect on Beakins executives. I don't know who is in  
10 that. There could be 42 other people in there that we  
11 haven't even talked about today. So I don't know what group  
12 of people you are talking about who might feel an effect.

13               Next, when you say was the effect on someone,  
14 Jacobs and his interest in the Glenn campaign, I may have  
15 been an employee of Beakins at the time, and I may have been  
16 in favor of some other candidate and say, Jacobs likes Glenn,  
17 that's another reason. So whatever. So what are you talking  
18 about in terms of effect, this amorphous group, what their  
19 feeling is, if any at all, that the chief executive happens  
20 to be politically interested rather than politically passive.

21               Are you limiting it to the people that Mr.  
22 Labinger talked to? Are you asking for the effect of the

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1 request or the effect of the more overall relationship of  
2 Jacobs to Glenn? I am merely pointing out to you that while  
3 I'm sure in your mind you understand exactly where you are  
4 going, hearing it, I'm having difficulty knowing exactly what  
5 you are pointing to, and I could see Mr. Labinger in terms of  
6 you are asking him to read the mind of people he was talking  
7 to, but maybe your question is broader. He might think it is  
8 broader and we are limiting it to the people he talked to.

9 I don't mean to make a big speech, and I apologize  
10 for that, but I am merely telling you I have problems with  
11 the question. Because it is multi-part and somewhat  
12 ambiguous. Maybe make it a little clearer. I have no  
13 problem with the inquiry, only how it is formulated.

14 To the extent that you are asking Mr. Labinger  
15 about states of mind, would you ask him if he can testify to  
16 somebody's state of mind, who it was as to what. As we know,  
17 it is a pretty gray area, and what did the group think?  
18 Maybe the Harris Pollsters know how to answer those  
19 questions, but ordinary mortals have a problem.

20 MS. LERNER: I believe Mr. Raich indicated to  
21 Mr. Labinger when he started that if he didn't understand a  
22 question, to please ask him to rephrase it.

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1 MR. SCHWALB: I heard that.

2 MS. LERNER: If that is the case, please do so.  
3 Otherwise we can assume he understands the question.

4 MR. SCHWALB: I'm sorry, Ms. Lerner, I 100 percent  
5 disagree with this. We have all been through this many, many  
6 times.

7 MS. LERNER: You could state your objection, if  
8 you wish.

9 MR. SCHWALB: Could I finish, please? That very  
10 often a witness thinks, he or she thinks he understands.  
11 It could be a very legitimate disagreement between what  
12 counsel thinks is meant. Since this is an inquiry as to what  
13 substance is true, not to engage in semantic word games and  
14 so on, that there is absolutely nothing wrong in clarifying a  
15 point. And if I see a situation as a lawyer, not having to  
16 answer, realize the words being used could be misused and  
17 misunderstood, there is no reason I have to be quiet.

18 I hear what you say; I do disagree with you, but I  
19 will tell you that no way will I sit passively when I see  
20 this kind of a problem. So I don't mean to have an argument  
21 among counsel. We want to get this over with quickly. I am  
22 suggesting that the question that you did ask, whether or not

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1 this witness thinks he understands, I, observing and hearing,  
2 see how you could be on different wavelengths. In fact, that  
3 the witness thinks he understands doesn't mean that we are  
4 not going to get ourselves into an ambiguous tangle.

5 MS. LERNER: I think you have an opportunity, as  
6 soon as the witness has answered the question, to clarify, if  
7 you feel he did not understand it. If the witness feels he  
8 understands the question, we would like to have the answer.

9 MR. SCHWALB: I disagree and will not agree to  
10 that ground rule. I think we can go on and complete this,  
11 even though we have a disagreement as to the extent there is  
12 a way to rephrase a question, rephrase it, make it more  
13 complete and concise and objective.

14 Why don't we do it rather than argue the more  
15 abstract argument of what counsel's role should be?

16 THE WITNESS: I clean forgot the question.

17 BY MR. RAICH:

18 Q Did Irwin Jacobs have a reputation at Beakins?

19 MR. SCHWALB: For what?

20 THE WITNESS: Did he have a reputation? Everybody  
21 has a reputation. I don't know. Again, was he character --  
22 are you characterizing, are you asking me to characterize

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1     what people thought of him? I don't know what you want.

2                   BY MR. RAICH:

3           Q     For a style of management, did he have a  
4     reputation?

5           A     I would say yes.

6           Q     What was that reputation?

7           A     His repu -- well, he was looked upon, let me  
8     answer it that way, he was looked upon as based on previous  
9     history and press and media as a hard-driving type of  
10    individual. I think that that sums it up.

11          Q     By a hard-driving individual, what do you mean by  
12    that? Do you mean that Jacobs requests were followed?

13                  MR. SCHWALB: I object to that. What do you mean  
14    requests? If Mr. Jacobs came along and requested someone to  
15    do something absolutely absurd or whatever it may be. I'm  
16    not sure. You haven't identified what people have this state  
17    of mind and what kind of request, and it's getting pretty  
18    general.

19                  Will you read back the witness's previous answer?

20                  BY MR. RAICH:

21          Q     What did you mean by hard-driving individual?

22          A     A man with a great deal of intensity and an

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1 individual who was successful at what he did and knew what he  
2 wanted.

3 Q Would it also be accurate to add that Jacobs knew  
4 how to get what he wanted?

5 MR. SCHWALB: Objection to that. That is so broad  
6 that I don't know how it can be answered.

7 MS. LERNER: It is only asking for the witness's  
8 impression of Jacobs as the leader of the organization, not  
9 asking for anything specific.

10 MR. SCHWALB: I think you have got to define it in  
11 terms of getting anything he wanted. In what area? At home?  
12 In his country club, in his business, and what kinds of  
13 things?

14 MS. LERNER: He just indicated that he was a hard  
15 driving individual with a great deal of intensity who knew  
16 what he wanted, and the follow-up question is, did he also  
17 have the reputation of knowing how to get what he wanted.

18 MR. SCHWALB: That wasn't the question.

19 MS. LERNER: I believe it was.

20 (The reporter read the pending question.)

21 MS. LERNER: Since it was in response to the last  
22 question, I believe that was pretty clear, but if it was not

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1 clear, have we now made it clear for you?

2 MR. SCHWALB: Do you mean within his own business  
3 organization?

4 MR. RAICH: That is correct.

5 MR. SCHWALB: Whose state of mind are you asking  
6 about now, Mr. Labinger's state of mind or what Mr. Labinger  
7 thinks other people thought?

8 MR. RAICH: What Mr. Labinger understood.

9 MS. LERNER: I think the question was his  
10 reputation, which would include Mr. Labinger's thoughts and  
11 other people's thoughts. It originally started out with an  
12 inquiry as to whether Mr. Jacobs had a reputation.

13 MR. SCHWALB: Do you understand you are being  
14 asked not only for your own thinking, but what another group  
15 of --

16 THE WITNESS: What other group?

17 MS. LERNER: A general reputation. Whatever you  
18 include in a general reputation, whether it be your own  
19 thoughts, information that you received from others,  
20 information that you read, however you would characterize  
21 someone's reputation in the way that you did that he was a  
22 hard-driving man.

8 9 0 4 0 7 0 6 3 4

1 MR. SCHWALB: Typically, if you are asking for  
2 reputation, you would lay a foundation as to what group holds  
3 the opinion and what source of information you have about it  
4 and then it would become. I realize in a deposition,  
5 sometimes you try to shortcut it.

6 MS. LERNER: I think he laid that foundation.

7 MR. SCHWALB: No, he hasn't.

8 MS. LERNER: He indicated from newspapers and  
9 other information that this is what he thought of Mr. Jacobs'  
10 reputation. We are only try to amplify on that. We are not  
11 trying to begin a new inquiry.

12 MR. SCHWALB: Yes. You asked a specific category  
13 that he didn't allude to. He said hard-driving and then you  
14 went beyond that and said, knowing how to get what he wants.

15 MS. LERNER: This is is his characterization. If  
16 he doesn't feel he can characterize him as hard-driving, he  
17 can say so.

18 MR. SCHWALB: I thinks that was yours.

19 MS. LERNER: The hard-driving was his  
20 characterization. The question is, can we include it. If  
21 the answer is no, the answer is no. If the answer is yes,  
22 then he can answer yes.

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1 I don't think getting into a sidetrack of whether  
2 this is admissible in court because we haven't laid a  
3 foundation is the way to get the information, or this is the  
4 way to get the information we need.

5 MR. SCHWALB: I don't know why you are so  
6 argumentative about this. This is really an inquiry in your  
7 court, discovery, et cetera, and all of a sudden, we are  
8 having this big battle.

9 MS. LERNER: Counsel --

10 MR. SCHWALB: I beg your pardon. May I finish?

11 MS. LERNER: Certainly. I thought you were.

12 MR. SCHWALB: You ask a question. It doesn't mean  
13 because it is a deposition under no circumstances must a  
14 foundation ever be laid. It doesn't mean there can't be  
15 ambiguities that can't be cleared up.

16 I am suggesting when you put to him a question  
17 such as does this witness think that Mr. Jacobs' reputation  
18 was such that he knew how to get what he wanted, it is not so  
19 terrible to lay the foundation and say, acknowledge what  
20 group in what context and the basis for his opinion, and that  
21 can be done a lot quicker than it would be us arguing about  
22 it.

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1 I get the impression that you are here to have  
2 this witness make a bunch of subjective characterizations  
3 about Mr. Jacobs, and I don't view that as our role, to sit  
4 back and characterize people. I assumed you want the facts  
5 of what happened. When you get into this matter of his  
6 subjective judgment about what others may feel, then I think  
7 it ought to be clear what he bases it on, what group he is  
8 talking about and what his terms mean. That is all I am  
9 suggesting.

10 MS. LERNER: I believe we have made that clear. I  
11 believe that we are talking about his reputation in terms of  
12 business, not personal life, which is what Mr. Labinger made  
13 his comment concerning Mr. Jacobs being the hard-driving  
14 person was based on.

15 All we are asking now is in addition to that,  
16 would you also characterize him as being a person who knew  
17 how to get what he wanted? I just don't understand what your  
18 objection is. We have laid a foundation.

19 MR. SCHWALB: I'm sorry. You yourself just  
20 pointed out. You just said a moment ago how Mr. Labinger  
21 would characterize it. Earlier, we started out with what was  
22 his reputation, namely, how would other people characterize

3 9 0 4 0 7 0 6 3 7

1     Jacobs, which shows, I think, we have got a fluid situation,  
2     and it is very hard for us to come to grips with.

3             MS. LERNER: I don't think that is true. I think  
4     we explained earlier that reputation included both Mr.  
5     Labinger's opinion from dealing with the gentleman and his  
6     feelings from discussing it with others or reading other  
7     things. A person's reputation is based on many, many things,  
8     and I think that we have explained what we are talking about.

9             If you would like us to start over again, we can  
10    do that. But I think that we have made it pretty clear what  
11    we are looking for.

12            MR. SCHWALB: It doesn't require starting over  
13    again, and I'm not asking for us to start over again. If you  
14    are asking Mr. Labinger whether he has an opinion as to what  
15    Mr. Jacobs' reputation was among others relative to a certain  
16    point in a certain context, that is what it is.

17            Why don't we take it step-by-step and ask him, not  
18    the way you bound it all up in the question. It was  
19    confusing. A moment ago, you asked him for his  
20    characterization, not the reputation, which would be other  
21    people's characterizations. So even in your explanation of  
22    the question, you have got two different questions. Why

8 9 0 4 0 7 0 6 3 8

1 don't we break it down?

2 If you want to ask him if he knows what other  
3 people thought, ask him that. If you want to ask him what he  
4 personally thought, ask him that, but why meld the two? It  
5 is a very different question.

6 MS. LERNER: I think reputation includes what you  
7 think and what you have heard. We will ask the question that  
8 way simply to get along with this.

9 Go ahead.

10 BY MR. RAICH:

11 Q Did your personal opinion of Jacobs differ from  
12 the way you perceived other employees of Beakins perceiving  
13 Jacobs?

14 A I think it differed slightly.

15 Q In what ways did they differ?

16 A My personal opinion of Mr. Jacobs was that he was  
17 a hard-driving businessman who had his share of successes and  
18 share of failures. I feel that some people at Beakins may  
19 have looked upon him as an individual who only had successes.

20 Q You mentioned earlier that you sent the checks you  
21 received from Beakins employees to Jacobs; is that correct?

22 A I don't know if I mentioned that earlier, but yes,

9 9 0 4 0 7 0 6 3 9



1 it is correct.

2 Q Do you recall how many checks you received?

3 A I don't recall the exact number, approximately  
4 between ten and thirteen, somewhere in that area.

5 Q Do you recall the total amount of money?

6 A I believe it amounted to a little under \$3,000.

7 Q Did you make a list of the people who contributed?

8 A I did not make a list.

9 Q Did somebody make a list?

10 A I don't know.

11 Q Do you recall approximately when you received your  
12 last check of this group of approximately ten to thirteen?

13 A No, I don't recall. It may have been -- I sent  
14 the checks to Minneapolis as a group, and I don't really  
15 recall when I received the last check in that group.

16 Q Do you recall when you sent the checks to  
17 Minneapolis as a group?

18 A No, I don't.

19 Q Was it during February 1984?

20 A Yes, it was.

21 Q Do you recall if it was during the first half of  
22 February of 1984?

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1           A       If I had a bet -- let's put it this way: if I had  
2 a bet on it, I would say it was in the first half.

3           Q       Did you file as a conduit with the Federal  
4 Election Commission?

5           A       I don't even know what you are even talking about.

6           Q       Did you previously state that when you had your  
7 single conversation with Schwabach concerning the  
8 contributions that conversation took place a few days after  
9 you sent the checks in?

10          A       That's right.

11          Q       Focusing now on the February 1984 time frame, were  
12 there any other conversations you had with anybody concerning  
13 contributions to the Glenn campaign that you have not already  
14 discussed this morning?

15          A       If there were, I can't recall.

16          Q       You mentioned earlier that you spoke with people  
17 who had worked at Beakins long after February 1984. Can you  
18 tell me to whom you spoke?

19          A       I spoke to Mr. Phil Berlin and to Mr. Jack Foti.

20          Q       Anyone else?

21          A       I had a conversation with Mr. Joel Yachzel, but  
22 whether or not this point came up, I don't recall.

8 3 0 4 0 7 0 6 4 1

1 Q Anyone else?

2 A No. I think that they really are the two, and  
3 possibly the three about this issue.

4 Q When did you speak with Phil Berlin?

5 A I'm going to have to be very general about it:  
6 maybe a month or so after I answered your questions.

7 Q What was the substance of that conversation?

8 A Well, Mr. Berlin called me to let me know that he  
9 was establishing a private law practice and wanted to know --  
10 wanted to ensure the fact that he can use my name as a  
11 reference, and this issue came up. I asked him if he was  
12 reimbursed. His answer to me was he was not reimbursed, and  
13 then I asked him if he was intimidated when this situation  
14 was presented to him, and he answered no.

15 Q When you were discussing intimidation, were you  
16 referring to the FEC investigation or the request to make a  
17 contribution?

18 A No, the request of making a contribution.

19 Q You were refering to the request to make a  
20 contribution; is that right?

21 A Yes.

22 Q Was there anything else that you discussed with

8 9 0 4 0 7 0 6 4 2

1 Berlin at this conversation?

2 A Yes. He mentioned to me that he had legal  
3 representation of a firm in Washington and that possibly that  
4 firm would be representing two or three other people at  
5 Beakins who may become involved or were already involved,  
6 because he didn't know.

7 Q Was that the extent of the conversation?

8 A That was the extent of the conversation,  
9 pertaining to this issue.

10 Q When did you speak with Foti?

11 A Approximately in the same time frame.

12 Q Would that have been about one month after  
13 answering the FEC's interrogatories?

14 A Yes. I'm being general now, and please give me  
15 that leeway, because I can't pinpoint it. But it was  
16 somewhere in that period of time.

17 Q What was the substance of that conversation?

18 A Well, Jack Foti -- let me back up for a moment. A  
19 friend of mine asked me if Mr. Foti would be the right type  
20 of person to accomplish a business project for him, and I was  
21 talking with Jack about that particular project, and then  
22 this came up.

8 9 0 4 0 7 0 6 4 3

1 I asked -- I recall that Jack Foti was one of the  
2 checks that I did receive, and I asked him who asked him for  
3 the contribution. He told me Roger Lee. I said to him, "Did  
4 you feel intimidated when Roger asked you," and he says, "Not  
5 in the least," something to that effect. I'm not quoting.  
6 I'm giving you the general conversation. That was the extent  
7 of the conversation.

8 Q You mentioned that you were less sure concerning  
9 whether you discussed contributions of the Glenn campaign  
10 with Joel Yachzel?

11 A Yes, that's right.

12 Q Did you have a subsequent conversation with  
13 Joel Yachzel?

14 A Subsequent to what?

15 Q Subsequent to February 1984?

16 A Yes, I did.

17 Q When was that? Excuse me. You were referring to  
18 a conversation you may have had with Joel Yachzel. When was  
19 this conversation to which you were referring?

20 A In the first quarter of '85. No, excuse me.  
21 Excuse me. Excuse me. Later in '84, later in '84.

22 Q Would that be the last quarter of '84?

8 2 0 4 0 7 0 6 4 4

1           A       It could be. I can tell you that it was after his  
2 dismissal from the company, so whenever that occurred, it was  
3 approximately at that time.

4           Q       Approximately the time that Yachzel was dismissed  
5 from the company?

6           A       That's correct. That's correct.

7           Q       Do you recall the substance of that conversation?

8           A       Basically, he told me he was dismissed from the  
9 company; that he called me to ask me specifically if I -- if  
10 he could use my name as a reference in applying for a new  
11 position, and he mentioned his feelings about what happened  
12 at the company and so on.

13                   As I said earlier, I don't know if we discussed  
14 this issue or not. I was receiving, you know, a number of  
15 calls at that time from a number of people who were being  
16 dismissed from the company, all of them approximately asking  
17 for the same thing; you know, mainly, could they use me as a  
18 reference, those that had worked right with me.

19                   So it's not as if Yachzel's conversation stood on  
20 itself alone or was alone.

21           Q       Do you know if any Beakins' employee was  
22 reimbursed for making a contribution?

8 9 0 4 0 7 0 6 4 5

1 A You know, I really don't know.

2 Q Was it your expectation when you left Beakins that  
3 some employees were going to be reimbursed?

4 A I didn't know. I didn't know if they were going --  
5 if certain people would ask for their reimbursement or not.  
6 I really didn't know.

7 Q Was it your expectation when you left Beakins that  
8 any Beakins employee who made a contribution who also  
9 requested reimbursement would receive reimbursement?

10 A Well, you see, when I left Beakins, I was no  
11 longer in charge of that. I had no way of knowing what the  
12 new CEO would then do.

13 Q When you left Beakins?

14 A Yes. In other words, when that transition  
15 started, I was no longer -- I no longer had any authority.  
16 So I didn't know what the new regime would do.

17 Q I'm trying to focus on your feelings at the time  
18 you left Beakins. That would be while you were still  
19 president of the company, while you were still there. Was it  
20 your feeling that those people who requested reimbursement  
21 would receive reimbursements?

22 A When I was still there?

8 9 0 4 0 7 0 6 4 6

1 Q Yes.

2 A In an active role? Is that what you are asking?

3 Q That's right, still in February 1984.

4 A Up until that last part of February 1984. Yes, up  
5 until that time, I would say yes, if they asked for it, they  
6 would have received it.

7 Q Do you know if anybody requested a reimbursement?

8 A I really don't know. The way the chain of command  
9 was set up, I really didn't know.

10 Q Had you considered the manner in which Beakins  
11 employees would be reimbursed?

12 MR. SCHWALB: I think you asked him that before.

13 MR. RAICH: I have asked that before.

14 THE WITNESS: I did not consider the matter. I  
15 just used the word expense account in its general term. I  
16 did not consider the matter.

17 BY MR. RAICH:

18 Q Could you also consider reimbursement through  
19 grossed-up bonuses?

20 A You know, I have heard that since I left, and I  
21 don't know where that has come from, but it sure didn't come  
22 from me.

8 9 0 4 0 7 0 6 4 7



1 Q Where did you hear that reimbursements would be  
2 through grossed-up bonuses?

3 A When I was talking with Phil Berlin, we talked.  
4 As I said to you, we talked about reimbursement, and he  
5 brought up the point that he had heard that there was talk of  
6 grossing up bonuses. He wasn't specific about it, and that's  
7 the first and probably the only time I've heard of it.

8 Q Was this at the conversation you previously spoke  
9 about this morning?

10 A Yes.

11 Q About one month after answering interrogatories?

12 A Yes. Again, please don't hold me specifically to  
13 one month. It's somewhere in there.

14 Q Would it be accurate to say that until the time  
15 you left Beakins you expected that employees wanting  
16 reimbursement for their contributions would receive it, but  
17 only through their expense accounts?

18 A I can't use the term only. Mr. Morse would be the  
19 individual normally who would make recommendations and  
20 normally, they would be followed on how they would have been  
21 taken care of.

22 But the answer to the first part of your question

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1 about employees who wished it, I would have to say yes.

2 Q Do you recall Mr. Morse bringing the subject to  
3 your attention before you left Beakins?

4 A No. By the time those checks were sent out to  
5 Mr. Jacobs and the call came back from Mr. Schwabach, there  
6 wasn't really that much time between that time and me really  
7 sort of effectively not being the guy any more.

8 Q If Beakins employees were reimbursed, do you know  
9 who would have authorized the reimbursement payment?

10 A It would have differed in each case, in each  
11 group. It would have differed. I spoke to Mr. Morse,  
12 Mr. Hartman and Mr. Lee. People working for each one of  
13 those people would submit any type of voucher to them, and  
14 they would have okayed it.

15 Mr. Morse, Mr. Lee and Mr. Hartman would have  
16 submitted their vouchers to me, and I would have okayed it.

17 Q Do I understand you to say that you would have  
18 approved the vouchers of only three people, Morse, Lee and  
19 Hartman?

20 A That's correct.

21 Q But those three people would have approved the  
22 vouchers of their subordinates?

8 9 0 4 0 7 0 6 4 9

1           A       That's correct.

2           Q       Did you, in fact, okay vouchers for Morse, Lee and  
3 Hartman in which they requested reimbursement?

4           A       To the best of my knowledge, the answer is no. I  
5 don't think I did. I was going over that in my mind, and I --  
6 see, I will amplify a bit. Each one of those people  
7 basically had different habits on how they submitted their  
8 vouchers. Mr. Lee would save it up, so would Mr. Morse.  
9 Mr. Hartman would submit when he had a couple of items  
10 occurring. I only think from that time to the time I left, I  
11 think the only voucher I saw that I okayed was Mr. Hartman's  
12 voucher, and that was from some minor expenses. I don't  
13 think I saw Mr. Lee's or Mr. Morse's.

14          Q       Did you feel that this procedure of requesting  
15 contributions from Beakins employees and then allowing them  
16 to be reimbursed was a way for Beakins Company to indirectly  
17 contribute to the Glenn campaign?

18          A       Well, the way I felt about that was Mr. Jacobs and  
19 his people were the owners of the company, and if they wanted  
20 to use their company to reimburse the people for paying,  
21 they're the shareholders. It was okay with me. I did not  
22 give it another thought. And I'll tell you straight. If I

8 9 0 4 0 7 0 6 5 0

1 knew or even began to know that what would have come of a  
2 \$250 donation, less than \$300, you couldn't have gotten me  
3 to do this with a gun at my head. It was such a fleeting  
4 thing in what I was doing.

5 So I didn't even give thought to the way you are  
6 phrasing it.

7 Q Did anyone ever tell you that it was illegal for  
8 corporations to make contributions to Federal election  
9 campaigns?

10 A No.

11 Q Did you know it was illegal for corporations to  
12 make contributions to Federal election campaigns?

13 A You know, I really didn't know it was illegal.

14 Q Did you ever suspect that it might be improper for  
15 corporations to make contributions to Federal election  
16 campaigns?

17 A I felt that corporations had a limit that they  
18 could contribute. That was the extent of the way I felt.

19 Q Do you know about any other involvement by Beakins  
20 Company in politics, that is, other than these Glenn  
21 contributions that you have been discussing this morning?

22 A No.

8 9 0 4 0 7 0 6 5 1

1 Q I may have already asked you this, but I just want  
2 to be sure. Did, back in late 1983 when Irwin Jacobs  
3 requested you to make a contribution, do you know why he  
4 requested the figure of \$1,000?

5 A Haven't the faintest idea.

6 Q In February of 1984, when he requested  
7 contributions of \$250, do you know why he chose that figure?

8 A I haven't the faintest idea.

9 Q Those are the questions I have right now.  
10 Mr. Schwalb, do you have any questions?

11 MR. SCHWALB: I don't know. If you have finished,  
12 let's take a five minute break for a cup of coffee and other  
13 facilities that anybody wants to use. I can go back over my  
14 notes.

15 (A short recess was taken.)

16 EXAMINATION BY COUNSEL FOR THE DEFENDANT

17 BY MR. SCHWALB:

18 Q In response to the telephone conversation that you  
19 had with Mr. Jacobs sometime on or about February 5, 1984,  
20 you said you had a conversation with four different people,  
21 Mr. Morse, Mr. Lee, Mr. Hartman on one occasion and with a  
22 Miss Sesmas on another.

1 In that regard, how did you determine whom you  
2 would talk to as a result of the Jacobs conversation?

3 A What I understood from Mr. Jacobs was that he was  
4 referring to a group of people at Beakins corporate  
5 headquarters that he had worked with or works with, and the  
6 three people, Mr. Morse, Mr. Hartman, Mr. Lee, those three  
7 people had in their departments just about, well, they had in  
8 their departments all of the people that Mr. Jacobs worked  
9 with at corporate, and so I really left it up to them as to  
10 whom to approach. And he did work with Miss Sesmas on a  
11 number of occasions, so I included her.

12 MR. SCHWALB: That is all I have.

13 MS. LERNER: I just have one question.

14 FURTHER EXAMINATION BY COUNSEL FOR THE FEC

15 BY MS. LERNER:

16 Q Did you ever hear from any of the people that you  
17 discussed the contributions with that the people they had  
18 spoken to were adverse to making the contributions?

19 A No.

20 Q Did any of the people that you spoke with  
21 personally about making contributions ever indicate to you  
22 that they were adverse to making a contribution?

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1           A       I spoke with the four people I named, and nobody  
2 indicated to me they were adverse.

3           MS. LERNER: Do you have anything?

4           MR. RAICH: I have no further questions.

5           Do you, Mr. Schwalb?

6           MR. SCHWALB: No.

7           MR. RAICH: You are entitled to a witness fee. I  
8 am presenting that to you right now.

9           You are also entitled to review and sign your  
10 deposition when the transcript is prepared. You are not  
11 required to do that, however. Do you wish to review and sign  
12 the deposition?

13          THE WITNESS: Oh, yes.

14          MR. SCHWALB: I think what we would like to do is,  
15 by the way, two things. I don't want to be cavalier with the  
16 money. We will return the check to you. We did have an  
17 agreement that we would be here today. It was done by  
18 agreement. There was never any agreement that this witness  
19 was to be paid anything.

20          MS. LERNER: You have to understand that is  
21 impossible. I appreciate it.

22          MR. SCHWALB: We are perfectly willing to return

8 9 0 4 0 7 0 6 5 4

1 it, because we had an arrangement to do this voluntarily  
2 without payment, and this is unnecessary. If your procedures  
3 and requirements are such that you force Mr. Labinger to take  
4 the \$35 check, he will do so. I will tell you that there is  
5 no need for that from our standpoint.

6 MS. LERNER: I understand. We have had other  
7 people request that we take the check back, and it is  
8 impossible to deal with it in terms of Treasury once they  
9 have cut the check.

10 MR. SCHWALB: The next point is, as we all know,  
11 Mr. Labinger is living on the West Coast. Here is what I  
12 would like to do. If the reporter could send to me with the  
13 copy of the deposition that is coming to us, with your  
14 approval, the original for me to send directly out to Mr.  
15 Labinger, then he would have the original to sign or if there  
16 is any correction, whatever, to write it. That is one way of  
17 doing it.

18 I don't know whether you have a problem with that.

19 MS. LERNER: No.

20 MR. SCHWALB: The only alternative would be -- but  
21 I probably shouldn't say this in front of the reporter, but  
22 it is probably a fact of life -- then I probably would have

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1 to make a copy of your copy and send it out. That is not  
2 fair to you. You could have a zerox. I am saying it might  
3 be easier and cheaper to send me the original and the copy.  
4 The government will have its copy, so that it will be out,  
5 and then Mr. Labinger will have it so that he can sign it  
6 without any change or make whatever change right on it. Send  
7 it back to me and I will return it to counsel.

8 MS. LERNER: I don't have any problem with that.  
9 We would ordinarily have her send the original to us and we  
10 would send the original to you. This is a cut in steps.

11 MR. SCHWALB: Either one.

12 MS. LERNER: We can send it directly to you and  
13 you can get it out to him.

14 MR. SCHWALB: Is there anything else we have to  
15 do?

16 MR. RAICH: This concludes the deposition.

17 (Whereupon, at 11:30 a.m., the taking of the  
18 deposition was concluded.)

19 (I have read the foregoing  
20 pages 4 through 68, inclusive,  
21 which contain a correct transcript  
22 of the answers given by me to the  
questions therein recorded.)

---

Albert Labinger

8 9 0 4 0 7 0 6 5 6

1  
2 CERTIFICATE OF NOTARY PUBLIC

3 I, Lu Anne Dawson, the officer before whom the  
4 foregoing deposition was taken, do hereby certify that the  
5 witness whose testimony appears in the foregoing deposition  
6 was duly sworn by me; that the testimony of said witness  
7 was taken by me in shorthand and thereafter reduced to  
8 typewriting by me; that said deposition is a true record of  
9 the testimony given by said witness; that I am neither  
10 counsel for, related to, nor employed by any of the parties  
11 to the action in which this deposition was taken; and further  
12 that I am not a relative or employee of any attorney or  
13 counsel employed by the parties thereto, nor financially  
14 or otherwise interested in the outcome of the action.

15  
16 *Lu Anne Dawson*

17 Notary Public in and for  
18 the District of Columbia

19 My Commission Expires:  
20 October 14, 1989  
21  
22

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IN RE: )

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16 JAN 10 A10:20

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GENERAL COUNCIL

DEPOSITION OF SHANNON DRAKE SESMAS

Taken on behalf of the Federal Election Commission, at 312 North Spring Street, 11th Floor, Los Angeles, California, on Monday, December 2, 1985, commencing at 2:10 P.M., before Vicky Scott, CSR No. 6055, RPR, a Notary Public for the State of California, pursuant to Subpoena.

ORIGINAL

RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES

CERTIFIED SHORTHAND REPORTERS  
3400 WEST SIXTH STREET - SUITE 200A  
LOS ANGELES, CALIFORNIA 90020  
TELEPHONE (213) 382-0829

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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.

-and-

LOIS G. LERNER, ATTORNEY AT LAW  
999 E Street, N.W.  
Washington, D.C. 20436

FOR SHANNON DRAKE SESMAS:

LATHAM & WATKINS

BY: KENNETH W. ODER, ESQ.  
555 South Flower Street  
Los Angeles, California 90071

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I N D E X

WITNESS

EXAMINATION

SHANNON DRAKE SESMAS	(By Mr. Raich)	3
	(By Mr. Oder)	19
	(By Ms. Lerner)	21

1 SHANNON DRAKE SESMAS,  
2 having been first duly sworn, was deposed and testified as  
3 follows:  
4

5 EXAMINATION

6 BY MR. RAICH:

7 Q Please state your name.

8 A My name is Shannon Sesmas.

9 Q And your address?

10 A 660 North Stephora, Covina, California 91724.

11 Q Is that your home or your work address?

12 A Home. Both currently at the moment.

13 Q What is your phone number?

14 A 332-8982. Area Code 818.

15 Q I am going to ask you a series of questions,  
16 and if at any time you do not understand a question, just say  
17 so. I will try to state it in a way that you will understand.  
18 If you do not tell me that you do not understand a question,  
19 I will assume that you do understand the question.

20 Is that clear?

21 A Uh-huh.

22 Q It is necessary for you to speak in words such  
23 as "Yes" or "No" rather than in gestures or mere syllables  
24 because the court reporter can only take down words. So I  
25 would ask that you answer questions verbally.

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1 Are you represented by counsel today?

2 A Yes.

3 Q Who is he?

4 A Ken Oder.

5 Q Is he representing you personally?

6 A Representing, yes, me personally.

7 Q Have you ever had your deposition taken before?

8 A No.

9 Q Have you spoken to anyone about this deposition  
10 or the answers that you will give today?

11 A I have spoken about the deposition, but not  
12 the answers.

13 Q To whom have you spoken?

14 A Other people who were taking the deposition  
15 as well as Ken Oder or giving. What does one do with a  
16 deposition? Being deposed.

17 Q Who were the other people who will be deposed  
18 to whom you have spoken?

19 A Recently or throughout when we discussed that --  
20 when we got our induction notice into the --

21 Q Since the time you received your Subpoena.

22 A I have talked with George Smith. I believe I  
23 have talked with Phil Berlin. I have talked with Joel Yachzel  
24 just briefly. And I might have mentioned it with Jack Foti,  
25 although I can't recall.

3 9 0 4 0 7 0 6 6 2

1 Q Can you spell Yachzel?

2 MR. ODER: Y-a-c-h-z-e-l, I think.

3 THE WITNESS: I think there is a t in it.

4 MR. ODER: That is the best we can do.

5 MR. RAICH: Q Were those names mentioned the only  
6 people to whom you have spoken about this deposition?

7 A As I recall, yes.

8 Q What was said during those conversations with  
9 those people?

10 A I don't remember. We just discussed who was  
11 going when and that kind of thing.

12 Q Have you read anything in preparation for your  
13 deposition today?

14 A No.

15 Q Where are you employed?

16 A I am self-employed.

17 Q What is your occupation?

18 A I have a marketing firm, public relations and  
19 advertising.

20 Q What is the name of that firm?

21 A It is now Stratford-Drake & Company.

22 Q When did you start working for Bekins Company?

23 A In July of 1980.

24 Q In February 1984 what was your job title with  
25 Bekins?

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1 A Director of Public Communication.

2 Q Who was your immediate supervisor?

3 A Al Labinger.

4 Q When did you leave Bekins Company?

5 A The last of March, the last day of March, 1985.

6 Q Why did you leave Bekins?

7 A I was fired.

8 Q While you were working for Bekins Company, did  
9 anyone ever ask you to make a contribution to the John Glenn  
10 for President campaign?

11 A Yes.

12 Q Who asked you?

13 A Al Labinger.

14 Q Was he the only person who asked you?

15 A Yes.

16 Q When did he ask you?

17 A I can't recall. It was late into the campaign.

18 Q Would that have been in 1984?

19 A This is '85. Yes. February.

20 Q February of '84?

21 A I think.

22 Q Do you recall if it was early February or late  
23 February 1984?

24 A No, I don't recall.

25 Q How many conversations were there with

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1 Mr. Labinger?

2 A One.

3 Q How long did that conversation last?

4 A Probably a minute.

5 Q What was said at that conversation?

6 A He asked me to do him a personal favor, asked  
7 me to write a check to the John Glenn campaign.

8 And I said, "Why? I don't even like John Glenn."

9 And he said, "Because Irwin supports Glenn."

10 And I asked you to do me a personal favor."

11 I said fine.

12 Q Was that the extent of the conversation?

13 A No.

14 He said that it was illegal for a corporation  
15 to contribute, but it was not illegal for an individual. Oh,  
16 and added that I would get it back on my expense report. And  
17 that was it.

18 Q Was there any other conversation at this time  
19 in which you spoke to Mr. Labinger?

20 Where did that conversation take place?

21 MR. ODER: That was a no?

22 MR. RAICH: I am sorry.

23 THE WITNESS: I am sorry?

24 MR. ODER: You have to say no.

25 THE WITNESS: No, there was no other conversation.

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1 MR. RAICH: Q Where did that conversation take place?

2 A In my office at Bekins.

3 Q When Al Labinger said Irwin wanted a  
4 contribution, who was Mr. Labinger referring to?

5 A Al didn't say Irwin wanted a contribution; he  
6 said Irwin supports John Glenn.

7 Q Who did he mean by Irwin?

8 A Jacobs, Irwin Jacobs.

9 Q When Mr. Labinger said this was a personal favor,  
10 what did you think he meant?

11 A Actually it didn't occur to me. I was rather  
12 appalled by it.

13 Q Why were you appalled?

14 A Because in my opinion you don't ask people to  
15 contribute to a campaign for someone else's support.

16 Q Was it common for Mr. Labinger to request such  
17 personal favors from employees at Bekins?

18 A No.

19 Q Had he ever requested a contribution from you --

20 A No.

21 Q -- for any other purpose?

22 A No.

23 Q Who was present at the conversation?

24 A Just Mr. Labinger and myself.

25 Q When he said that you could be reimbursed for

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1 the contribution, how did he expect you to get reimbursed?

2 A He said I would be reimbursed and to put the  
3 contribution on my expense report, which I did.

4 Q Which you did?

5 How did you put the contribution on your  
6 expense report?

7 A I believe I put down contribution and the date  
8 and the amount.

9 Q Did you contribute to the Glenn campaign?

10 A Yes, I did.

11 Q What was the amount of that contribution?

12 A \$250.

13 Q Why did you choose \$250 as the amount of the  
14 contribution?

15 A He asked me to contribute \$250.

16 Q Mr. Labinger asked you?

17 A Yes.

18 Q Did you consider \$250 to be a substantial amount?

19 A Very.

20 Q Do you recall the date on which you contributed?

21 A No, I don't.

22 Q Do you know how soon after the conversation  
23 with Mr. Labinger you contributed?

24 A Yes.

25 Q About how soon after?

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1 A Almost immediately. I would say within the  
2 hour.

3 Q Did you contribute by writing a personal check?

4 A Yes, I did.

5 Q What did you do with that check?

6 A What did he do with it?

7 Q What did you do with the check?

8 A I put it on his desk in his office.

9 Q On Mr. Labinger's desk in his office.  
10 Was he at his desk when you placed it on his  
11 desk?

12 A No, he was not present.

13 Q Why did you give it to Mr. Labinger?

14 A I didn't know what else to do with it.

15 Q Had he asked you to give it to him?

16 A No.

17 Q What did you think might happen if you did not  
18 contribute?

19 A Well, I figured he would make my life miserable.

20 Q In what ways did you think he would do that?

21 A You have to know Labinger.

22 MR. ODER: Give him an answer. Give him the flavor  
23 of the job relationship you had with Labinger and your  
24 reporting relationship with him, and I think that is what  
25 he is asking for.

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1 Like did you report directly to him?

2 THE WITNESS: Yes, I did.

3 He would either yell and scream a lot for at  
4 least six months or he would totally ignore me.

5 MR. RAICH: Q Did you feel that your job security  
6 would be affected by whether or not you gave the contribution?

7 A No.

8 Q You didn't feel as if your job was riding on  
9 your contribution to John Glenn?

10 A No, I didn't.

11 Q If it had not been for this request by  
12 Mr. Labinger, do you think you would have contributed to  
13 John Glenn's campaign?

14 A No.

15 Q Did you get reimbursed --

16 A Yes, I did.

17 Q -- for --

18 How long after submitting the contribution to  
19 Mr. Labinger did you receive the reimbursement?

20 A Probably within three weeks. I can't be certain.

21 Q How long after placing the contribution check  
22 on Mr. Labinger's desk did you submit your expense report  
23 listing the \$250 as an expense?

24 A About a week I would say.

25 Q Who approved your expense report?

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1 A Al Labinger.

2 Q Did you suspect that the activity Mr. Labinger  
3 suggested by making a contribution and receiving reimbursement  
4 from the company would be improper?

5 A Did I suspect it would be improper? Is that  
6 what you said?

7 Q That is correct.

8 A I don't know how I felt at the time. I don't  
9 think I gave it that much thought. I found it offensive, the  
10 request offensive.

11 Q Did you suspect it was a violation of any law?

12 A I don't know that I thought about it.

13 Q When Mr. Labinger said that making a contribution  
14 would be illegal when he had his conversation with you, to what  
15 was he referring?

16 A I didn't ask him.

17 Q Was he --

18 MR. ODER: I think that question mischaracterizes her  
19 testimony.

20 MS. LERNER: I think that is right.

21 MR. RAICH: Q Do you recall Mr. Labinger's words  
22 when he said in his conversation with you that contributions  
23 by the corporation would be illegal?

24 A Not his exact words.

25 Q Do you recall approximately what his words were?

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1 A Yes.

2 Q Can you paraphrase them to the best of your  
3 ability?

4 A He said it is illegal for a corporation to make  
5 contributions, but it is not illegal for an individual. That  
6 is it.

7 Q Did you get the impression that Mr. Labinger  
8 was trying to skirt that law by asking you to make a  
9 contribution and then have you reimbursed by the corporation?

10 MR. ODER: I couldn't hear the key word in that  
11 question. Trying to do what to the law?

12 MS. LERNER: Skirt.

13 MR. RAICH: Skirt.

14 MR. ODER: Oh, skirt. Skirt the law.

15 THE WITNESS: At the moment I didn't.

16 MR. RAICH: Q When did you get that impression?

17 A Oh, later when I started thinking about it and  
18 found that he had asked other people. I began to think about  
19 it. But at the moment, no, it didn't occur to me.

20 Q How much later did you get that impression?

21 A Oh, I would say within a couple of weeks.

22 Excuse me. I don't think he was directly trying  
23 to do something illegal. I think what he -- you know, my  
24 opinion of what was going on is only my opinion. But I did  
25 think about it. I don't think he was trying to get around

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1 that. I think that was not his immediate objective. His  
2 immediate objective was to garnish support for John Glenn.

3 Q When did you first learn that people other  
4 than yourself were asked to make contributions to John Glenn's  
5 campaign?

6 A It was within that week.

7 Q Was it within that day?

8 A Boy. I just can't remember.

9 Q How did you learn that other people were asked  
10 to make contributions?

11 A I spoke with George Smith and I asked him or  
12 I told him that Labinger had asked me to make this contribution  
13 and he said that he had asked others as well.

14 Q George Smith said that Labinger had asked others  
15 as well; is that correct?

16 You will need to answer verbally.

17 A Yes. That is correct. I am sorry.

18 Q Do you know who else was asked?

19 A I didn't at the time, but I did within a couple  
20 weeks.

21 Q Who else was asked?

22 A Well, let's see. Jack Foti, George Smith,  
23 Phil Scott, Roert Lee, Dick Morse, and I believe all the  
24 attorneys, Joel Yachzel, Phil Berlin, Ernie Gallego.

25 I think that is all that was left at that time.

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1 Q How did you find out that all of these people  
2 had been asked to make contributions to the Glenn campaign?

3 A I don't know. We all just discussed it.

4 Q Did you discuss it with all of those people  
5 that you just named?

6 A No.

7 Q Did you discuss it with people other than  
8 Mr. Smith?

9 A Yes.

10 Q Do you recall precisely with whom you discussed  
11 this matter?

12 A You asked me that.

13 Q I believe I asked you who had to make  
14 contributions, and I asked you if you had discussed it with  
15 people other than Mr. Smith.

16 A I am stretching my memory.

17 Q I understand.

18 A Okay. Jack Foti, I believe. Phil Berlin,  
19 Joel Yachzel, maybe Dick Morse. I can't remember. It was  
20 never all of them together. We didn't huddle over this.  
21 It was --

22 MR. ODER: You did ask her this question earlier,  
23 and she did give those same names. That was the earlier part  
24 of the deposition.

25 He understands you are going back a year here.

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1 He is just asking you to give him your best efforts.

2 THE WITNESS: Okay.

3 MR. RAICH: That is correct.

4 THE WITNESS: I can't be precise.

5 MR. RAICH: To the best of your recollection. That  
6 is all I am after.

7 Q Do you know if on any other occasions Bekins  
8 ever reimbursed its employees by means of expense reports  
9 for items which were not related to business expenses?

10 A No.

11 Q You don't know if Bekins ever did that?

12 A No, in my opinion, it was never done.

13 Q Do you know if on any other occasions Bekins  
14 ever reimbursed employees of Bekins by bonuses for nonwork-  
15 related expenditures of employees?

16 A No, I wouldn't know that.

17 Q In your Interrogatory Question 6C, you were  
18 asked whether you had any other communication with a more  
19 senior employee regarding the \$250 payment. You seemed to  
20 have answered the question first yes, and then later no in  
21 the Interrogatory answers.

22 A I didn't know what your -- how senior your  
23 question -- what senior referred to.

24 Are you talking senior management as in the  
25 corporate staff? Are you talking operating officers senior

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1 management in the subsidiary companies?

2 Q Individuals more senior than yourself.

3 A More senior than myself.

4 MR. ODER: More senior meaning length of time there  
5 or --

6 MS. LERNER: I think he means in the hierarchy. I  
7 don't know how it is laid out, but the top echelons and then  
8 below that.

9 MR. ODER: Okay. You reported directly to Labinger?

10 THE WITNESS: Yes.

11 MR. ODER: Then you are asking was there anyone senior  
12 to you, under that definition of the term senior, in the  
13 corporation other than Labinger?

14 THE WITNESS: Well, Roger Lee would be senior. I  
15 guess he was senior financial officer, chief financial officer.  
16 More senior. Dick Morse would be more senior as the Senior  
17 Vice President of Human Resources. Jack Foti and I were at  
18 the same level, I believe, at that time. I can't recall.  
19 So, no.

20 You see, the operating officers of the  
21 subsidiaries are usually considered more senior than staff  
22 officers. So that was my hesitancy in answering the question.

23 MR. RAICH: Q Did you have any communication with  
24 an individual at Minstar, Inc.?

25 A No.

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1 Q Do you know if anyone at Bekins was solicited  
2 for a contribution for any other political campaign?

3 A No.

4 Q Do you know if any employee at Bekins was ever  
5 reimbursed for a contribution that employee made to any other  
6 political campaign?

7 A No.

8 Q Do you know of any other activity which you  
9 considered improper in which Bekins engaged involving Federal  
10 election campaigns?

11 A No.

12 Q Have you been threatened by anyone concerning  
13 this matter or your testimony today?

14 A No.

15 Q In your opinion why was Mr. Labinger asking  
16 Bekins' employees to make contributions to the Glenn campaign?

17 MR. ODER: I am going to object on the basis of no  
18 personal knowledge and direct the witness to go ahead and  
19 answer the question.

20 You should go ahead and answer the question.

21 THE WITNESS: Oh, I am sorry.

22 MR. ODER: It is an objection on the basis of the  
23 form of the question. But go ahead.

24 In your opinion, why did Labinger do this?

25 THE WITNESS: I think he probably wanted Irwin Jacobs

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1 to be aware of the contribution.

2 MR. RAICH: Q Do you know if Irwin Jacobs asked  
3 Al Labinger to request contributions from Bekins employees?

4 A No, I don't know.

5 MR. RAICH: That is the extent of the questions I  
6 have for you.

7 MR. ODER: I want to ask just a couple.

8

9

EXAMINATION

10 BY MR. ODER:

11 Q Just to make this clear now, you had no  
12 conversation with anyone other than Labinger where they  
13 requested you to make a contribution? That is the only  
14 conversation; is that correct?

15 A That is correct.

16 Q When you talked with some of the other  
17 employees -- for example, when you talked with Mr. Foti --  
18 did he tell you who asked him for the contribution?

19 A I can't recall. I -- I don't even -- I can't  
20 even recall a conversation with Jack Foti, which makes me  
21 wonder if I really talked to him about it, or if we talked  
22 on the phone or if we just kidded about it or what.

23 Q Okay.

24 Counsel earlier asked you if you suspected  
25 that the form of contribution that you were making might

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1 violate any Federal laws or State laws.

2 Did you know at the time that what you were  
3 doing, what the company was doing, might violate State or  
4 Federal laws?

5 A No, I didn't -- I really didn't think about  
6 it at that time. Later, after I made the contribution, it all  
7 came to me and --

8 Q You testified earlier that Mr. Labinger had  
9 never asked you for contributions to political campaigns before.

10 Are there similar types of orders that he had  
11 come in and barked to you in the past that you felt you had  
12 to respond to?

13 A He barked many orders and I always responded,  
14 none of which was unethical or illegal. Just demands.

15 Q But it was not your normal approach to question  
16 his orders?

17 A Oh, I questioned his orders many times, but  
18 it was only in a business situation, a particular project  
19 that related to my responsibility.

20 Q Was the tone of his request towards you in  
21 this particular instance more along the lines of a demand?

22 A Yes. It would be perceived as a demand, but  
23 only because you have to know the personality of Al Labinger.  
24 If there had been another person present, no one would think  
25 that that was a demand at all the way he asked the question.

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1 Q But was the nature of your relationship with  
2 Labinger over the time that you worked with him that that  
3 you believed that you should respond to this?

4 A Yes.

5 MR. ODER: I don't have any other questions.

6 MS. LERNER: Let me just ask one follow-up.

7

8

EXAMINATION

9 BY MS. LERNER:

10 Q You indicated that when he talked to you  
11 originally about the contribution that he told you that it  
12 was illegal for corporations to make contributions.

13 A Yes.

14 Q And that he also told you that you were going  
15 to be reimbursed for the contribution at that same time,  
16 correct?

17 A Yes, it is.

18 Q Did he give you any indication other than those  
19 statements that his was a method for the corporation to make  
20 contributions to the campaign?

21 A No, he didn't.

22 MS. LERNER: That is all.

23 MR. ODER: I have no further questions.

24 MR. RAICH: I have no further questions.

25 I would like to give you your witness fee,

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1 which I am handing you right now.

2 MR. ODER: Pretty good.

3 MS. LERNER: The Government is a big spender.

4 MR. RAICH: You have an opportunity to see your  
5 deposition and sign it if you wish afterwards. I wonder if  
6 you wish to waive the signiture requirement or if you want  
7 to be able to see it and sign it. The choice is up to you.

8 THE WITNESS: You mean at this moment see it and sign  
9 it?

10 MR. ODER: No. No. I think we would like to review  
11 it.

12 MR. RAICH: That concludes the deposition.

13

14

\* \* \*

15

16

I declare under penalty of perjury  
17 that the foregoing is true and correct.

18

19

Executed at \_\_\_\_\_,  
California this \_\_\_\_\_ day of \_\_\_\_\_,  
20 198\_\_\_\_.

21

22

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25

\_\_\_\_\_  
SHANNON DRAKE SESMAS

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1 STATE OF CALIFORNIA )  
 2 ) ss.  
 3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, C.S.R., a  
 5 Notary Public of the State of California, certify:

6 That the foregoing deposition of SHANNON DRAKE SESMAS  
 7                      was taken before me pursuant to SUBPOENA  
 8                     , at the time and place therein set forth, at which  
 9 time the witness was put on oath by me;

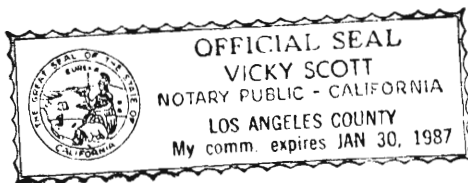
10 That the testimony of the witness and all objections  
 11 made at the time of the examination were recorded stenographi-  
 12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
 14 testimony of the witness and of all objections made at the time  
 15 of the examination.

16 I further certify that I am neither counsel for nor  
 17 related to any party to said action, nor in anywise interested  
 18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
 20 affixed my seal this 27th day of December, 1985.

21 Vicky Scott  
 22 Notary Public of the State of California,  
 23 VICKY SCOTT, CSR No. 6055, RPR  
 24



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86 JAN 10 AIO: 30

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OFFICE OF THE  
GENERAL COUNSEL

IN RE:

MUR 2036

CONFIDENTIAL

DEPOSITION OF PHILLIP SHERRILL SCOTT

Taken on behalf of Federal Election Commission  
at 312 North Spring Street, 11th Floor, Los  
Angeles, California, commencing at 2:00 P.M.,  
on Wednesday, December 4, 1985, before Vicky  
Scott, CSR NO. 6055, RPR, a Notary Public of  
the State of California, pursuant to Subpoena.

RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES

*Certified Shorthand Reporters*

5400 WEST SIXTH STREET - SUITE 200A

LOS ANGELES, CALIFORNIA 90020

TELEPHONE (213) 382-0829

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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.

-and-

LOIS G. LERNER,

Attorney at Law

999 E Street, N.W.

Washington, D.C. 20435

FOR WITNESS:

PHILLIP SHERRILL SCOTT

IN PROPRIA PERSONA

3025 Patricia Avenue

Los Angeles, California 90064

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I N D E X

WITNESS

EXAMINATION

PHILLIP SHERRILL SCOTT

(By Mr. Raich)

3

(No Exhibits offered)

1 PHILLIP SHERRILL SCOTT,  
2 having been first duly sworn, was examined and testified as  
3 follows:  
4

5 EXAMINATION

6 BY MR. RAICH:

7 Q Please state your name.

8 A Phillip Sherrill Scott.

9 Q And your address?

10 A 3025 Patricia Avenue, Los Angeles, California  
11 90064.

12 Q Is that your home address?

13 A That is -- that is where my home is located.

14 At the present time I have leased it and I am about to be  
15 traveling for a year or so. So -- and I will be living out of  
16 a trailer during that time. So that is not my mailing address.

17 I am not sure if that is what you need or --  
18 I will be coming back to that address as soon as we finish  
19 traveling, my wife and I.

20 Q Do you know what your mailing address will be  
21 while you are traveling?

22 A Yes. We are using a mail forwarding service  
23 through the Good Sam Club, and the address is Post Office Box  
24 404, Agoura, California. I have the Zip on that. 91301.

25 Q What is your telephone number presently?

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1 A At the present time I don't have a telephone.

2 Q I am going to ask you a series of questions.  
3 If you do not understand the question that I ask, just say so  
4 and I will be happy to rephrase it in a way so that you do  
5 understand. If you don't tell me that you don't understand  
6 the question, I will assume that you do understand the  
7 question and that your answer is responsive.

8 Is that clear?

9 A Yes.

10 Q Have you ever had your deposition taken before?

11 A Not that I recall.

12 Q Then the court reporter is taking down every-  
13 thing that we say, but she can't record gestures easily. So  
14 it is necessary that you always answer questions verbally.

15 Since receiving the subpoena, have you spoken  
16 with anyone about this deposition or about the answers you  
17 will give today?

18 A Yes, I have.

19 You mean anybody concerning -- that is  
20 involved with this particular case?

21 Q That is right; anybody concerning any of your  
22 answers.

23 A My wife, of course, I talked to about it, but  
24 I am not sure if you want me to include her.

25 Q Anybody else other than your wife?

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1           A       Well, anybody -- okay. Yes, I have talked to  
2 Philip Berlin, who was formerly on the legal staff at Bekins.  
3 In fact, Phil, Joel Yachzel and I are using the same attorney  
4 to represent us, Richard Sauber.

5           Q       Have you talked --

6           A       I have not talked to Joel. I have talked to  
7 Philip on a number of occasions about it.

8           Q       What was the substance of that conversation  
9 or those conversations?

10          A       As I recall, it was to determine if we were  
11 asked the same types of questions, to just get a feel for what  
12 was going on and basically just to compare notes as to what  
13 we knew was happening as far as what we had received in the  
14 mail.

15          Q       I see.

16          A       And also to discuss the qualifications of this  
17 particular attorney that we hired and whether or not we felt  
18 it was necessary to hire an attorney.

19                   And that was pretty much it I believe.

20          Q       When you said you were comparing notes about  
21 the questions you were asked, are you referring to the  
22 Interrogatories --

23          A       Yes.

24          Q       -- that were sent to you by the Commission?

25          A       Yes.

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1 Q Have you read anything in preparation for your  
2 deposition today?

3 A I read all the letters that I had received and  
4 had sent to my attorney in connection with this.

5 Q Was that --

6 A And also the letter -- the information that  
7 came in from the Federal Election Commission.

8 Q Anything else?

9 A No. That is -- that is all.

10 Q Where are you currently employed?

11 A I am currently unemployed.

12 Q When did you leave Bekins?

13 A June 1st, 1985.

14 Q Why did you leave Bekins?

15 A I was terminated. My job was eliminated.

16 Q When did you start working for Bekins?

17 A August 30th, 1973.

18 Q In early February 1984 what was your job title?

19 A Treasurer.

20 Q Who was your immediate superior?

21 A Roger Lee.

22 Q Did anybody ever ask you to contribute to John  
23 Glenn's Presidential campaign?

24 A Yes.

25 Q Who asked you?

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1 A Al Labinger, the president of Bekins Company.

2 Q When did he ask you?

3 A He asked me on the morning of February the 6th,  
4 1984.

5 Q Did he ask you in only one conversation?

6 A Yes.

7 Q About how long did that conversation last?

8 A About a minute.

9 Q Was anybody else present?

10 A There was -- there was nobody else that was  
11 present that could hear the conversation. There were other  
12 people in the area, but nobody else overheard the conversation.

13 Q Where did this conversation take place?

14 A It took place in the parking lot at one of the  
15 Bekins buildings located at 910 Grand Central Avenue in  
16 Glendale, California.

17 Q If you could, I would like you to tell me  
18 exactly what Al Labinger said to you and how you responded in  
19 that one-minute conversation.

20 A He stopped me as he was leaving a group meeting  
21 that had been called to kick off a company, United Way Campaign.  
22 And Al had made a pitch for people to contribute to that  
23 campaign, which was a normal procedure every year they go  
24 through that where they hold the group meeting in the parking  
25 lot.

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1                   And I was late to the meeting, and as I was  
2 walking up to the meeting, Al was walking away. And he stopped  
3 me and he said, to the best of my recollection, he said, "I  
4 need a check from you for \$250 made payable to the John Glenn  
5 Campaign. And Roger will explain what it is about," meaning  
6 Roger Lee.

7                   And that -- and he walked away and I said fine.

8           Q           That was the extent --

9           A           That was the extent of the conversation.

10          Q           You didn't say anything to him other than one  
11 word, fine; is that correct?

12          A           I don't recall saying anything else to him. I  
13 just responded that I would do it. Okay or fine, something  
14 like that.

15          Q           Did you make a \$250 contribution to the John  
16 Glenn campaign?

17          A           Yes, I did. Sometime later that day I made  
18 out a check for \$250 to the John Glenn Campaign, and I sent it  
19 to Al's attention through the inter-company mail. Just put it  
20 in an envelope and sent it over to his attention. He was in a  
21 different building than I was in, across the street.

22          Q           That was the same check which you sent a copy  
23 of to the Federal Election Commission through your Interrogatory  
24 Answers; is that right?

25          A           That is correct.

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1 Q Did you ever ask Roger to explain as Al  
2 Labinger had suggested you could?

3 A I did not talk to Roger about it that I recall.  
4 I meant to. It wasn't that I was trying to avoid it or  
5 anything like that; it was just that I never thought to do it  
6 when I was around him. And as a result, I don't recall ever  
7 talking to Roger about the contribution.

8 Q Did you make the contribution within a matter  
9 of hours after Al Labinger asked you to?

10 A Yes, I did.

11 Q Would it have been two hours or something like  
12 that?

13 A It would have been within five hours. It would  
14 have been before the end of the day.

15 Q I see.

16 Then you put it in the inter-company mail that  
17 same day; is that correct?

18 A That is right.

19 Q Was \$250 a substantial amount to you?

20 A Well, I don't -- I don't make a lot of \$250  
21 contributions to charities and so forth. But no, it was not --  
22 I didn't -- it didn't seem to be a big amount to me.

23 Q What did you think might happen if you didn't  
24 contribute?

25 A I felt that Al would probably call me in his

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1 office and repeat the request, but did not feel that he would  
2 try to fire me or reprimand me in any way if I didn't do it.

3 Q How secure did you feel in your job with  
4 Bekins in February of 1984?

5 A I -- let's see. February 1984.

6 I felt secure, fairly secure. I was a little  
7 uneasy about the take-over that had taken place in 1983, and  
8 I felt that within two years my department and my job would  
9 be eliminated. And so there was some uneasiness, I guess, at  
10 that time in connection with the take-over. But not in  
11 connection with the request to make a donation to the John  
12 Glenn campaign.

13 Q If it had not been for this incident with  
14 Mr. Hartman asking you to make the contribution --

15 A Mr. Labinger?

16 Q Mr. Labinger, excuse me.

17 If it had not been for that incident, do you  
18 think you would have contributed to Glenn's campaign?

19 A Yes. I followed his career and I think that  
20 I probably would have. But I don't know for sure.

21 Q Did you make any other contribution to the  
22 John Glenn campaign?

23 A No. No.

24 Q Do you know where the request originated to  
25 contribute? That is, whether it originated with Al Labinger

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1 or elsewhere?

2 A I did not know where it originated. I assumed  
3 that it was with Al, that it originated there. But I didn't  
4 ask him about that.

5 In other words, I didn't ask him why he -- why  
6 he wanted me to contribute to John Glenn rather than Walter  
7 Mondale or somebody else.

8 Q Did you ask anybody where the request  
9 originated?

10 A No. I intended to ask Roger, but I did not.

11 Q Did you get reimbursed in any way for making  
12 your contribution?

13 A Not to my knowledge.

14 Q Were you ever told by anybody that you could  
15 be reimbursed for your contribution?

16 A No.

17 Q How much was the bonus you received in 1984?

18 A It was approximately \$10,000.

19 Q Do you recall when you received it?

20 A I believe that it was between March 15th and  
21 March 30th. That was the normal time in which we received  
22 bonuses.

23 Q That is 1984?

24 A Correct. Yes. That would have been the bonus  
25 for the year 1983 paid -- it would have been paid in March of

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1 '84.

2 Q Do you know how the bonus was computed?

3 A I knew vaguely how it was computed. I knew  
4 that partially depended on how the financial results of the  
5 company, a certain portion of it was up to the discretion of  
6 my boss, Roger Lee. And I knew that you couldn't just take  
7 the number off the financial report and figure out what your  
8 bonus was because there were adjustments that were made. There  
9 were special adjustments that were made that were generally  
10 only known by the top two or three people in the company.

11 There were, you know, sometimes we weren't  
12 penalized for certain expenses that were incurred when it came  
13 to calculating the bonus. So there were adjustments that were  
14 made. They didn't just take the raw number off the financial  
15 report and calculate the bonus based on that.

16 Q Do you know who actually made the decisions  
17 regarding bonuses?

18 A I believe that -- I believe that Roger Lee  
19 made the decision regarding my bonus and that it was approved  
20 by Al Labinger and probably the compensation committee on the  
21 board of directors.

22 Q Do you know who sat on the compensation  
23 committee of the board of directors?

24 A I don't recall.

25 Q Do you recall how many members there were on the

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1 board of directors?

2 A I believe there were 12.

3 Q When you said there were 12 members, do you  
4 mean on the board of directors or on the compensation committee?

5 A On the board of directors I believe. And there  
6 were probably four or five of those board members that were on  
7 the compensation committee.

8 In fact, I believe if you have a copy of the  
9 annual report there may be an indication on there as to which  
10 board member served on which committees.

11 Q If your bonus had been increased by the amount  
12 necessary to compensate you for making your \$250 contribution,  
13 would you have known about it?

14 A I would not have known about it because I  
15 didn't know precisely how much my bonus was going to be. I  
16 knew generally within a couple thousand dollars one way or the  
17 other as to what it would be, but I never knew exactly.

18 And I went back and looked at my checkstub for  
19 the bonus check that I received, and there was no indication  
20 on there that there was anything other than just the normal  
21 annual bonus. Sometimes if there is something additional on  
22 a check, they will make a notation on the checkstub. In this  
23 particular case, they didn't. I was looking to see if it had  
24 been added on there after the investigation started.

25 Q I see.

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1 In other words, you looked on the checkstub to  
2 see if there was any notation concerning the contribution  
3 after you received your notification from the Federal Election  
4 Commission; is that right?

5 A That is correct. That is correct.

6 I went back to look specifically for that, and  
7 not necessarily to see if I was reimbursed for the contribution,  
8 but to see if there was any reimbursement for expense on there  
9 because I never thought that it would be spelled out if it  
10 was -- if it was on there in those clear terms.

11 Q I see.

12 You hadn't looked until you received your  
13 notification from the FEC; is that correct?

14 A I must have looked at it when I received the  
15 check, but I didn't recall -- I didn't recall seeing anything  
16 out of the ordinary on the checkstub. And I wasn't looking  
17 for reimbursement at the time I received the check.

18 Q The bonus that we have been talking about so  
19 far is a bonus that came out every year to compensate people  
20 for their performance during the calendar year 1983; is that  
21 correct?

22 A That is correct.

23 Q Was there another bonus which Bekins gave its  
24 employees?

25 A There was a real estate bonus, I believe. And

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1 I believe that it was based on the sharing of the gains on the  
2 sale of certain pieces of real estate during the year 1983.  
3 And not all the corporate officers shared in that. I did not  
4 share in it, but I know that there were some who did share in  
5 that.

6 And I don't know if that was made in a separate  
7 calculation or paid by separate check. I am not sure it was  
8 made in a separate calculation, but whether or not it was in  
9 a separate check from the normal bonus check, I just don't  
10 know.

11 Q Did you ever submit items on your expense  
12 account for reimbursement by Bekins Company?

13 A You mean -- what type of items? Just expenses  
14 that I incurred on behalf of the company?

15 Q Yes.

16 A Yes.

17 Q Did the amount of money you received from the  
18 company always equal the amount you submitted on your expense  
19 reports?

20 A Yes, it did. I don't recall it ever being  
21 different.

22 Q Did anybody ever mention to you that it was  
23 illegal for corporations to make contributions to political  
24 campaigns?

25 A Nobody within Bekins ever mentioned it to me,

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1 but I was aware that it was illegal for a corporation to make  
2 the contribution.

3 Q Were you aware of this in February of 1984?

4 A Yes.

5 Q Did you ever suspect that the activity  
6 Mr. Labinger suggested might be improper?

7 A Would you repeat that, please?

8 Q When Mr. Labinger suggested that you make a  
9 contribution to the John Glenn Committee, did you ever suspect  
10 that that activity might be improper?

11 A I did not suspect that it was improper because  
12 he never said anything to me about being reimbursed. And I  
13 have been with -- I had been with Bekins for, at that time,  
14 over ten years. And the president of Benkins prior to that,  
15 Mr. Labinger, asked -- was politically active. And at times  
16 as officers of the company we were asked to do things that  
17 involved us getting in or caused us to get involved in things  
18 of a political nature.

19 Let me give you an example. There was a  
20 proposition -- I think it was 1974 -- that we were -- that  
21 Pete de Wetter, who was the president of Bekins at that time,  
22 was interested in. And we were given lists of residences in  
23 our voting precinct, in our neighborhoods in effect. And we  
24 were given copies of blank petitions and asked to circulate  
25 these petitions in our neighborhoods. In other words, go out

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1 and knock on doors and get some signatures to try to qualify  
2 this proposition for the ballot.

3 And on another occasion there was activity in  
4 the company to determine whether or not a political action  
5 committee should be set up. It was not, but it was looked  
6 into. And I was, at that time, was involved with some of the  
7 people in the legal department taking a look at whether or not  
8 it made any sense for Bekins to have a PAC.

9 So the company was doing things to further  
10 itself and get favorable treatment in legislation changes and  
11 so forth. And I assumed the day that Al asked me for the  
12 contribution that John Glenn had come out in favor of some  
13 proposal that was favorable to the trucking industry. That  
14 was my -- that was the thing that flashed through my mind at  
15 the time that he asked me. And I really never thought through  
16 whether or not he was -- Al was trying to do something that  
17 might be illegal.

18 Q You mentioned the previous president of Bekins  
19 was politically active. You said his name was Pete --

20 A Pete de Wetter.

21 Q How do you spell that?

22 A Small d-e W-e-t-t-er.

23 Q At this time that you mentioned he asked  
24 executives to circulate petitions, was that for a state or  
25 local issue?

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1           A           That was a state issue. As I recall, that was  
2 a state issue.

3           Q           When you said that you had been involved with  
4 the possibility of setting up a political action committee at  
5 Bekins, is that when you learned that it is illegal for  
6 corporations to make contributions to political campaigns?

7           A           It could have been. I don't recall  
8 specifically, but it could have been.

9           Q           You mentioned that when you were considering  
10 setting up a PAC at Bekins, you looked into this with people  
11 from Bekins' legal department.

12                   Do you recall who those individuals were in  
13 the legal department?

14           A           I believe that there were three individuals;  
15 Eldon Clausen, who was the chief counsel at that time, Norman  
16 Marshall, who was an attorney on the staff, and possibly  
17 Marvin Maltzman, who was also an attorney on the staff.

18           Q           Was Ronald Hartman employed by Bekins at that  
19 time?

20           A           No. No. This was long before -- there was  
21 almost a complete turnover in the legal department between the  
22 time that the PAC was looked at and the time that Al Labinger  
23 requested the contribution to the John Glenn campaign.

24           Q           When you were looking at the possibility of  
25 setting up a Pac, was Al Labinger involved in Bekins?

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1           A           I believe that Al Labinger at that time was  
2 a president of a subsidiary of Bekins and was not involved in  
3 the study of the PAC.

4           Q           Was Roger Lee involved?

5           A           I believe it was before Roger Lee started with  
6 Bekins.

7           Q           Do you know what the bonus amounts were in  
8 1984 for other Bekins employees?

9           A           No, I don't.

10          Q           Have you been threatened by anybody concerning  
11 this matter or your testimony?

12          A           Not at all.

13          Q           Do you know if any other Bekins employees were  
14 reimbursed for contributions they made to the John Glenn  
15 campaign?

16          A           Do I know of any other Bekins employees who --

17          Q           Yes.

18          A           No, I don't.

19                    The person that I talked to, Phil Berlin,  
20 told me that he was not reimbursed. That is the only other  
21 person I have talked to about this matter.

22           MR. RAICH:   Those are all the questions that I have.

23                    You are entitled to a witness fee and mileage  
24 for coming here today. The check we previously had prepared  
25 for you included the expense of round trip transportation to

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1 and from Oklahoma. Because we do not have a check presently  
2 available that includes only the witness and local mileage,  
3 we will send you that check in the mail. I will send this to  
4 the post office box that you mentioned.

5 THE WITNESS: That is fine.

6 MR. RAICH: Would you prefer having it sent to your  
7 home address?

8 THE WITNESS: No; send it to the post office box.  
9 That is fine.

10 MR. RAICH: I will have it sent there.

11 That again was in Agoura, California?

12 THE WITNESS: Agoura, A-g-o-u-r-a.

13 MR. RAICH: A-g-u-o-r-a?

14 THE WITNESS: A-g-o-u-r-a.

15 MR. RAICH: A-g-o-u-r-a.

16 THE WITNESS: Right.

17 MR. RAICH: 91301?

18 THE WITNESS: Correct.

19 MR. RAICH: You are entitled to review your  
20 deposition and sign it if you wish after it is typed. You  
21 don't have to do that. However, the choice is up to you.

22 Would you like to review it and sign it or  
23 would you prefer not to?

24 THE WITNESS: It may have some difficulty catching  
25 up with me. So I -- it is not necessary for me to sign it.

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1 I would prefer not to sign it.

2 MR. RAICH: Fine.

3 That concludes the deposition.

4 MS. LERNER: Before we go off the record, we will  
5 send a copy of it to your attorney anyway so you will have  
6 it --

7 THE WITNESS: Oh, good.

8 MS. LERNER: -- in his records.

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10 --oo0oo--

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1 STATE OF CALIFORNIA )  
 2 ) ss.  
 3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, No. 6055, C.S.R., a  
 5 Notary Public of the State of California, certify:

6 That the foregoing deposition of PHILLIP SHERRILL  
 7 SCOTT was taken before me pursuant to Subpoena  
 8 \_\_\_\_\_, at the time and place therein set forth, at which  
 9 time the witness was put on oath by me;

10 That the testimony of the witness and all objections  
 11 made at the time of the examination were recorded stenographi-  
 12 cally by me, and were thereafter transcribed;

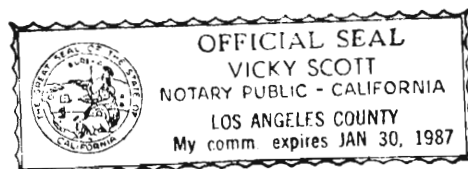
13 That the foregoing deposition is a true record of the  
 14 testimony of the witness and of all objections made at the time  
 15 of the examination.

16 I further certify that I am neither counsel for nor  
 17 related to any party to said action, nor in anywise interested  
 18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
 20 affixed my seal this 30th day of December, 1985.

21 Vicky Scott  
 22 Notary Public of the State of California.

23 VICKY SCOTT, CSR No. 6055, RPR  
 24  
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IN RE:

MUR 2036

CONFIDENTIAL

DEPOSITION OF JOSEPH P. NOGA

Taken on behalf of Federal Election Commission  
at 312 North Spring Street, 11th Floor, Los  
Angeles, California, commencing at 4:00 P.M.,  
on Wednesday, December 4, 1985, before Vicky  
Scott, CSR NO. 6055, RPR, a Notary Public of  
the State of California, pursuant to Subpoena.

RECEIVED  
OFFICE OF THE  
GENERAL COUNSEL  
36 JAN 10 AM: 25

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RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES  
Certified Shorthand Reporters  
3400 WEST SIXTH STREET - SUITE 200A  
LOS ANGELES, CALIFORNIA 90020  
TELEPHONE (213) 382-0829

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1  
2  
3 APPEARANCES OF COUNSEL:

4 FOR FEDERAL ELECTION COMMISSION:

5 ROBERT RAICH, ESQ.

6 -and-

7 LOIS G. LERNER,

8 Attorney at Law

9 999 F Street, N.W.

10 Washington, D.C. 20435

11 FOR WITNESS:

12 LATHAM & WATKINS

13 BY: DAVID J. McLEAN, ESQ.

14 555 South Flower Street

15 Los Angeles, California 90071  
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I N D E X

WITNESS

EXAMINATION

JOSEPH P. NOGA

(By Mr. Raich)

3, 44

(By Mr. McLean)

26, 42

(By Ms. Lerner)

41, 43

EXHIBITS

NUMBER

FOR IDENTIFICATION

1

Handwritten document

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1 JOSEPH P. NOGA,  
2 having been first duly sworn, was examined and testified as  
3 follows:  
4

5 EXAMINATION

6 BY MR. RAICH:

7 Q Please state your name.

8 A My name is Jsoeph P. Noga, N-o-g-a.

9 Q And your address?

10 A 29175 West Quail Run -- that is Q-u-a-i-l  
11 R-u-n -- Drive, Agoura -- that is A-g-o-u-r-a -- Hills,  
12 California 91301.

13 Q Is that your home or business address?

14 A That is my home address.

15 Q What is your phone number?

16 A My phone number is Area Code 818 706-8066.

17 And that is also my home phone number.

18 Q I am going to ask you a series of questions.  
19 If at any time you don't understand a question, just tell me  
20 and I will try to reword it so that you do understand. If I  
21 ask a question and you don't tell me that you don't understand  
22 it, I am going to assume that you do understand the question  
23 and that your answer is responsive.

24 Is that clear?

25 A Yes.

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1 Q Are you represented by counsel today?

2 A Yes, I am.

3 Q Who is that?

4 A Mr. David McLean.

5 Q Is he representing you personally?

6 A Yes.

7 Q Have you ever had your deposition taken before?

8 A Yes.

9 Q Then you know that the court reporter is taking  
10 down everything that we say. But it is difficult for her to  
11 record gestures. So it is necessary that you always answer  
12 verbally.

13 A Okay.

14 Q Since receiving your subpoena, have you spoken  
15 with anyone about this deposition or the answers you will  
16 give today?

17 A Yes, I have.

18 Q To whom have you spoken?

19 A I have spoken to my counsel, who is Latham &  
20 Watkins. The particular persons were Mr. McLean and Mr. Ken  
21 Oder.

22 Q Anyone else?

23 A I have spoken with no one else about the  
24 deposition or about my answers.

25 Q Have you read anything in preparation for this

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1 deposition?

2 A I just reviewed the June 27th letter from the  
3 Federal Election Commission to me, my responses to the  
4 inquiries, the letter sent to me by Latham & Watkins who are  
5 my counsel, of October 15th in which they sent to me my  
6 subpoena.

7 MR. McLEAN: Don't divulge the contents of the letter.

8 THE WITNESS: Right.

9 In which they sent to me my notice of subpoena,  
10 the letter from the Federal Election Commission of October 10th,  
11 1985, to Mr. John Light of Latham & Watkins re this matter and  
12 the attached subpoena. And this is just a matter between my  
13 attorneys and myself in connection with their representation --  
14 their representing me.

15 That is what I have read.

16 MR. RAICH: Q Where are you employed?

17 A I am employed at the Bekins Company.

18 Q What is your position there?

19 A I am a vice president.

20 Q Are you also controller?

21 A No.

22 Q When did you start working for Bekins?

23 A Approximately October 11th, I believe, 1983 --  
24 2. 1982.

25 Q On or in early February 1984, what was your job

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1 title?

2 A My job title then was vice president and  
3 corporate controller.

4 Q Who was your immediate superior?

5 A My immediate superior was Roger Lee.

6 Q Did anybody ever ask you to make a contribution  
7 to John Glenn's Presidential campaign?

8 A Yes.

9 Q Who was that?

10 A Roger Lee.

11 Q When did he ask you to make that contribution?

12 A He asked me to make that contribution on  
13 February 3rd, 1984.

14 Q How do you know that February 3rd, 1984, is the  
15 date?

16 A I am referring to my Answers to the inquiries  
17 by the Federal Election Commission and also my personal check,  
18 which I gave to him on that day.

19 Q Is this a copy of your personal check which  
20 you sent to the Federal Election Commission in response to our  
21 questions to you?

22 A Yes, it is.

23 Q Did you just have one conversation with Roger  
24 Lee that day concerning the contributions to the Glenn  
25 campaign?

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1 A Yes.

2 Q How long did that conversation last?

3 A I don't recall. My answer would be speculative.  
4 But it didn't last longer than an hour.

5 Q Did it last any less than a minute?

6 A No.

7 Q Do you recall how long the portion of your  
8 conversation lasted in which you discussed the contributions  
9 to the Glenn campaign?

10 A No, I don't. I couldn't be specific.

11 Q Who was present at that conversation?

12 A Roger Lee and I were involved in that  
13 conversation, and at the end of the conversation, Al Labinger  
14 walked into my office unannounced, and he was there for a  
15 couple of moments. I would say not more than two minutes,  
16 three minutes or so.

17 And then Al left, and soon after Al left, Roger  
18 left.

19 Q Do you recall whether Al Labinger was present  
20 as you and Roger Lee were discussing the contributions to the  
21 Glenn campaign?

22 A I am -- could you be more specific with that  
23 question?

24 Q Yes.

25 While you and Roger Lee were actually

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1 discussing the contribution you might make to the Glenn  
2 campaign, was Al Labinger present?

3 A No.

4 Q Did this conversation take place in your  
5 office?

6 A Which conversation?

7 Q The conversation which you and Roger Lee  
8 discussed the contribution you would make to the John Glenn  
9 campaign.

10 A It happened in my office.

11 Q To the best of your recollection, I would like  
12 you to tell me what Roger said and what you said during that  
13 conversation as it related to your contribution to the Glenn  
14 campaign.

15 A To the best of my recollection, Roger came  
16 into my office and suggested to me that or mentioned to me  
17 that Irwin Jacobs was getting into the political arena and was  
18 interested in sponsoring in some way the John Glenn Election  
19 Committee financially. He mentioned to me in that regard  
20 there was some financing that Irwin Jacobs was involved in  
21 with respect to the election committee and that basically he  
22 was looking for contributions to back up that financing  
23 commitment.

24 He asked if I would contribute to the John  
25 Glenn Election Committee in an amount of \$250. He said

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1 that it would not affect me personally because I would not be  
2 out of pocket. I seem to recall in my relationship with Roger,  
3 which was fairly close, that I mentioned that I was not of  
4 the -- that particular party's persuasion and I would have to  
5 think about it.

6 I then queried Roger about what means he had  
7 in mind for assuring that I would not be out of pocket.  
8 Roger suggested turning in an expense report for perhaps a  
9 trip that was not taken or dinners or lunches that were not  
10 eaten. In my role as the controller of the company, I knew  
11 that this particular device that he was suggesting flew in the  
12 face of the Internal Revenue Code with respect to ordinary  
13 and necessary business expenses and the substantiation rules.  
14 And I mentioned that to him. I said that I didn't think that  
15 it was proper to do that.

16 He asked me what alternative I might suggest,  
17 and I said that, "Well, at least if you perhaps gross up the  
18 incentive compensation arrangement, that the Government will  
19 have received the taxes that are due on this particular piece  
20 of compensation and it will have been recorded as compensation."

21 And I also mentioned to him at this point that  
22 I thought that that particular device flew in the face of the  
23 Foreign Corrupt Practices Act, I guess the accounting  
24 provisions of the Foreign Corrupt Practices Act, that, as I  
25 recall, suggests that you have to name an expense, what it is.

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1 I believe I queried him on whether it was  
2 necessary for me to make this contribution, and he more or  
3 less said, "Well, we want to sort of do it for the Gipper."

4 That is about all that happened with respect  
5 to the actual asking for the contribution and my response to  
6 that.

7 Q This all happened on February 3rd, 1984?

8 A Yes.

9 Q You said that he had mentioned that Irwin Jacobs  
10 was getting into the political arena and was financing or was  
11 helping to finance the Glenn campaign and was looking for  
12 contributions to back up that financing commitment.

13 Did you know what that financing commitment  
14 involved or what entities were involved with that financing  
15 commitment?

16 A No.

17 Q In your Interrogatory Answer to Question No. 3,  
18 you mentioned that it was a contribution to back up some bank  
19 financing the Glenn committee was arranging.

20 Do you have any idea what that meant more  
21 specifically?

22 A No. All I understood is that it was bank  
23 financing, I guess if we want to put the adjective bank in  
24 front of financing to add to my previous answer, that is what  
25 I understood it to be. Bank financing.

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1 Q Did you have any idea of the location of those  
2 banks or what kind of financing was involved?

3 A No.

4 Q You said that you were asked to contribute  
5 \$250.

6 Do you know where that dollar figure  
7 originated?

8 A No.

9 Q Do you know why you were asked to contribute  
10 \$250 rather than some other amount?

11 A No.

12 Q Were you the person who originally suggested  
13 grossing up the incentive compensation? Or was that an  
14 alternative that he suggested when you told him the expense  
15 report reimbursement might violate the Internal Revenue Code?

16 A That is unclear in my mind. It is unclear  
17 whether I suggested it to him or he suggested to me or the  
18 idea came out of a longer conversation. And that may be a  
19 little bit different from my previous answer. I am unclear.  
20 I am unclear on that.

21 Q When you asked Lee if it was necessary to make  
22 this contribution, was that about the strongest objection you  
23 made to the plan which he suggested?

24 A Yes. I -- yes. I didn't, for instance,  
25 state "No, I am not going to make the contribution."

8 9 0 4 0 7 0 7 1 6

1 Q When he suggested that you should make the  
2 contribution in a let's-do-it-for-the-Gipper attitude, who did  
3 you understand the Gipper to be?

4 A Irwin Jacobs.

5 Q Did you understand that Al Labinger was asking  
6 Lee to make this request of you? Or did you understand it  
7 came more directly from Irwin Jacobs?

8 A I understood it came directly from Irwin  
9 Jacobs.

10 Q Was it your understanding that Lee had spoken  
11 directly with Irwin Jacobs?

12 A I don't know who Lee spoke to.

13 Q What gave you the impression that it came  
14 from Jacobs rather than elsewhere?

15 A Roger saying that Irwin Jacobs is getting  
16 involved in the political arena and is involved in or is  
17 involved in apparently some financing of the Glenn election  
18 campaign and that the contributions were required to back up  
19 this financing.

20 So I understood that it came from on high,  
21 from Irwin Jacobs.

22 Q When Lee requested this of you, did you  
23 understand it to be an order or something more along the lines  
24 of a request?

25 A Well, I never felt that the answer no was

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1 appropriate.

2 Q Did Mr. Lee mention to you that other Bekins  
3 executives were also being asked to contribute?

4 A Yes, he did.

5 Q Who did he say was also being asked to  
6 contribute?

7 A He said it was basically the officers of Bekins  
8 Company, of certain Bekins subsidiaries and the legal staff.

9 Q Did you know specifically the names of the  
10 persons who he was referring to?

11 A No.

12 Q Do you know which Bekins subsidiaries he was  
13 referring to?

14 A No.

15 Q Do you know approximately how many people he  
16 was referring to?

17 A No.

18 Q Did you contribute to the John --

19 A Yes. Yes, I did.

20 Q Was \$250 a substantial amount to you?

21 A No.

22 Q To whom did you give your check?

23 A I gave it to Roger Lee.

24 Q Did you hand it to him?

25 A Yes.

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1 Q Was that on the same day he made the request  
2 of you?

3 A Yes.

4 Q About how long afterwards?

5 A I think he made the request somewhere just  
6 before lunch, and I gave him the check sometime after lunch.  
7 It was in the afternoon after I had thought long and hard  
8 about whether I should even make the contribution.

9 Q Why did you think long and hard about it?

10 A Well, principally because I am not of the  
11 persuasion of that particular party or that particular  
12 Presidential candidate. And I felt deeply that I didn't want  
13 to help that party or that Presidential candidate.

14 Q Is that the only reason that you needed to  
15 think long and hard about it?

16 A Well, I had certainly the concerns about the  
17 Foreign Corrupt Practices Act, and I knew that at some point  
18 I was going to have to bring the accounting for this particular  
19 expense to light.

20 At the time that we would be reporting --  
21 for instance, to the Securities and Exchange Commission where  
22 I would be reporting these numbers to Minstar with respect to  
23 any filings that they might make to the Securities and Exchange  
24 Commission, I knew I was going to have to say it. So it was  
25 just a matter of -- it was just a matter of when.

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1 Q What did you think might happen if you did not  
2 make the contribution?

3 A Well, I felt that it would be going -- that it  
4 would not, quote, "look good," because, as an officer of  
5 Bekins Company, one would hope that one would back up the  
6 desires of the chairman of the board of the parent company, and  
7 I felt that one would at least look askance at my refusing to  
8 do it.

9 Q You felt it wouldn't look good, that it would  
10 look askance.

11 Did you feel that would affect your career in  
12 any respect?

13 A Not that far. But I felt that they would  
14 wonder if I was on the team or not.

15 Q Did you feel if you did not contribute that  
16 they would make life more difficult for you?

17 A I don't think I would characterize it that  
18 way.

19 Q How would you characterize it?

20 A They would look askance.

21 Q Did you feel that it might put your job in  
22 jeopardy?

23 A No.

24 Q How secure did you feel in your job at that  
25 time?

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1 A Well, I didn't feel secure for anyone at the  
2 Bekins Company once Irwin Jacobs bought the company.

3 Q I am sorry.  
4 Did you say you did not feel insecure?

5 A I did not feel secure, nor did I feel secure  
6 for anyone in the Bekins Company once Irwin Jacobs bought the  
7 company. It was only a matter of time before his reputation  
8 caught up with the Bekins Company.

9 Q If it had not been for this incident, do you  
10 think you would have contributed to John Glenn's campaign at  
11 all?

12 A No. Exclamation.

13 Q Did you in fact get reimbursed for making  
14 the contribution?

15 A Yes, I did.

16 Q How were you reimbursed?

17 A I was reimbursed by the company grossing up  
18 by the \$250 plus the tax effects by incentive compensation  
19 payment that was paid in March of 1984.

20 Q Is that the same as an annual bonus?

21 A Yes, it is.

22 Q How do you know that you were reimbursed that  
23 way?

24 A As part of my responsibilities at the Bekins  
25 Company and as the controller at the Bekins Company I prepared

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1 or at least within my group prepared the calculation for the  
2 incentive compensation payments that would have been made to  
3 the various groups, which included my own, the calculation of  
4 my own incentive bonus payment. So I knew what my payment  
5 would have been and I know that the amount was raised by the  
6 \$250 plus the tax effects. And the tax effects are  
7 approximately 23 percent.

8 Q Did anyone else receive reimbursement through  
9 these incentive bonuses?

10 A I believe so.

11 Q Do you recall who?

12 A They would have been those officers on the  
13 incentive compensation program who were not either part of the  
14 real estate incentive compensation program or were not part of  
15 the group who had a contractual arrangement with Minstar with  
16 respect to the 1983 incentive compensation arrangement.

17 Q Why was it those people?

18 A Which people?

19 Q The people who were not part of the real estate  
20 compensation program and the people who did not have a  
21 contractual arrangement with Minstar to get reimbursed  
22 through their bonuses?

23 A Because those bonuses had been -- the two  
24 bonuses that I spoke of earlier -- that is, the contractual  
25 arrangement and the real estate bonuses -- had been paid in

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1 January of 1984. So those bonuses were already behind us at  
2 this point in time.

3 Q Do you recall the specific names of those  
4 persons who did receive compensation through the bonus program?

5 A Did receive a gross up?

6 Q That is correct.

7 A Okay. I will recall to the best of my ability  
8 now. I may be off.

9 There would have been --

10 MR. McLEAN: Before you do, is your recollection  
11 based on who you recall fed into those two bonus groups, or is  
12 it a recollection based on some certainty that these people in  
13 fact did get the grossed up bonuses?

14 THE WITNESS: Can we repeat just off the record for  
15 a second?

16 MS. LERNER: Okay. Go ahead. Off the record.

17 MR. RAICH: Off the record.

18 (Discussion had off the record.)

19 MS. LERNER: We are back on.

20 THE WITNESS: Back on the record.

21 MR. RAICH: Will you please mark this as Exhibit  
22 No. 1.

23 (Whereupon the document referred to was  
24 marked by the Notary Public as Exhibit 1 for  
25 identification and is hereto annexed.)

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1 MR. RAICH: Q I will show you what has been  
2 marked as Exhibit 1.

3 Is this a document which you referred to  
4 which you had seen before this deposition?

5 A Yes.

6 Q Which indicated who received the bonuses?

7 A Yes.

8 Q Where did --

9 A Can I clarify that?

10 Q Yes.

11 A What this document indicates are the names  
12 of apparently several people who contributed to the election  
13 campaign. And it also points out five -- the names of five  
14 individuals whose incentive compensation was grossed up to  
15 reimburse them for that contribution.

16 Q When did you see this document before the  
17 deposition?

18 A I saw it --

19 MR. McLEAN: I can't help you. If you don't  
20 remember, tell him approximately.

21 THE WITNESS: It was the Wednesday before  
22 Thanksgiving, whatever date that was.

23 MR. RAICH: Q Where did you see it?

24 A I saw it in the offices of Latham & Watkins.

25 Q Do you know who prepared that document?

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1 A No.

2 Q Do you recognize the handwriting?

3 A No, I don't. No, I don't.

4 Q Would you please describe what the checks  
5 beside some of the names mean?

6 A Which ones specifically?

7 Q There are some names that have checks to the  
8 left of them and other names that have a line drawn through  
9 them. I am asking you to describe, if you will, what the  
10 significance of the checks and the lines are.

11 MR. McLEAN: Before you do, let me state an objection  
12 for the record.

13 The problem I have got, Rob, is that -- it is  
14 the attorney-client privilege. I think that -- and I don't  
15 mean to be hiding things from you -- the witness has testified  
16 already he didn't see this until he came to our office. And  
17 I explained to him what I thought it was.

18 If he has got any knowledge other than what  
19 I thought it was, I have got no problem of you finding out.  
20 But I don't want this to be a vehicle of what I think the  
21 document is about. And I think you have got on the record  
22 that he saw it at our office. He didn't write it. He doesn't  
23 know whose writing it is.

24 And that is the only problem I have with that  
25 kind of a line of questions. You know what I think it is

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1 because I wrote you a letter to that effect. If he can add  
2 anything independent of it, by all means. But if it is merely  
3 restating what I have got, and that is the source, I don't know  
4 that it gets anywhere.

5 MS. LERNER: Let me interrupt and just ask a couple  
6 of questions that might clear up what you are looking for.

7 You indicated before that you were the  
8 controller at that time and that you would have known how the  
9 bonuses were calculated or what the amount should have been  
10 without any additional reimbursement.

11 THE WITNESS: I would have known them by group and  
12 I knew that -- I knew the amounts that would have been paid  
13 specifically to each one of the senior officers of the Bekins  
14 Company.

15 MS. LERNER: If any bonuses had been beefed up  
16 according to the calculation you have been talking about with  
17 the taxes and the additional \$250, would that have had to have  
18 gone through you?

19 THE WITNESS: No.

20 MS. LERNER: Who is the person that would know what  
21 bonuses were being received by everybody in the company?

22 THE WITNESS: Dick Morse.

23 MS. LERNER: Were you aware of any bonuses other  
24 than your own that were beefed up to cover the \$250  
25 contribution plus the taxes?

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1 THE WITNESS: In what period of time?

2 MS. LERNER: During this, I guess it would be, the  
3 1983 bonus that you received in 1984.

4 THE WITNESS: So that is a period of about March of  
5 1984?

6 MS. LERNER: Correct.

7 THE WITNESS: When the bonus would have been paid?  
8 I did not know other than my own bonus payment that anyone  
9 else had had theirs -- had had their bonus payment raised by  
10 the \$250 plus the tax effect.

11 MS. LERNER: Since that time have you learned that  
12 anyone else has?

13 THE WITNESS: I have learned that other people have  
14 had their bonus payment raised by reviewing Exhibit 1 that  
15 was just handed to me, and I reviewed that exhibit in the  
16 offices of Latham & Watkins on I believe it is November 21 --

17 MS. LERNER: Other than the document --

18 THE WITNESS: -- 1985.

19 MS. LERNER: Other than the document, have you  
20 learned from any source that other individuals had their  
21 bonus checks increased to cover the cost of the contribution  
22 and the taxes?

23 THE WITNESS: No.

24 MS. LERNER: I am sorry. Go ahead.

25 MR. RAICH: Q Would it be accurate to say that

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1 you have no knowledge of what Exhibit No. 1 represents other  
2 than what was told to you by your attorneys?

3 A I would be surmising what it represents.

4 Q How were incentive bonuses calculated?

5 A Do you want to know the specific calculation  
6 that was made?

7 Q This time I just wonder about what the general  
8 procedure was for determining who received what bonus.

9 A At the executive level the -- of the Bekins  
10 Company -- that is the parent company -- the incentive  
11 compensation was based upon the company achieving certain  
12 both income and return on assets, specifically return on net  
13 invested capital. We call it RONCE, R-O-N-C-E. And that is  
14 capital I guess.

15 Threshold that were set forth in the planning  
16 process at the beginning of the year, and based upon achieving  
17 certain thresholds a percent is put into a pool. That pool  
18 is divided on the basis of a person or an individual's grade  
19 level, and he participates at a percent based upon his grade  
20 level. It is a very complex calculation to make arithmetically,  
21 but it is not intellectually that complex.

22 Q Was making these calculations something that  
23 you did?

24 A They were done by my department, yes.

25 Q Who actually approved the size of the bonuses?

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1 A What do you mean by approved?

2 Q I presume after the numbers were prepared by  
3 your department some other officer of Bekins or Minstar or  
4 some other body needed to make the final decision approving  
5 those amounts or some other amounts before the bonus checks  
6 were prepared.

7 Is that correct?

8 A Yes.

9 Q Who did that?

10 A Before we were acquired by Minstar, was the  
11 compensation committee of the board of directors. After we  
12 were acquired by Minstar, I believe Roger or Al, depending on  
13 who was there at the time, gave to Irwin Jacobs the gross  
14 amount of the bonuses that were going to be paid and not  
15 necessarily the specific amounts to any one individual.

16 And may I clarify an answer that I gave before?  
17 The preparation of the amounts that would be paid to any one  
18 individual was a process that involved at least Dick Morse,  
19 the senior vice president of human resources, and myself.  
20 Dick would supply me with the compensation levels of the  
21 various executives. This is in the senior plan. He would  
22 also supply me with the IC rates, and IC rates are incentive  
23 compensation rates, at which they would participate.

24 My job was to calculate the threshold levels  
25 that I mentioned earlier and to determine the percentages that

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1 would go into the pool based upon the percentage through those  
2 various threshold levels. So Dick was supplying me with the  
3 personnel information with respect to specific individuals, and  
4 I was supplying Dick, as it were, with the threshold levels or  
5 the performance indicators. We would then in our department  
6 make the calculations for each of the individuals which I would  
7 review, and then I would give it to Dick. And he was basically  
8 the approver of the bonus, at least of the calculations, that  
9 I am sure went up the -- up the approval ladder from there.  
10 I am sure that Al, the president, whoever it was at the time,  
11 approved the compensation to the various individuals and then  
12 sought the approval of either the compensation committee or  
13 Irwin Jacobs, depending upon where we were in history.

14 Q When the bonus amounts were grossed up to  
15 compensate for the contributions, did that happen after the  
16 numbers had left your department or did that happen while your  
17 department was still figuring the amount of the bonuses?

18 A That happened after it left my department.

19 Q Do you know where that happened after it left  
20 your department?

21 A No. I know that by the time it got to the  
22 payroll department it had to have been done because my check  
23 had the gross up in it. And the payroll department was one of  
24 the departments that reported through one of the people that  
25 reported to me up to me so that although I don't get involved

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1 in their day-to-day work, it is just something that I don't do.  
2 They would have had to have it in order to be able to have the  
3 authorization to issue a check in that amount.

4 Q Let me see if I may make sure I understand what  
5 you have just told me.

6 A Okay.

7 Q After the numbers in calculating the bonus  
8 amounts left your office, they went back to Dick Morse; is  
9 that correct?

10 A Correct.

11 Q And from him they would go to Al Labinger or  
12 Roger Lee.

13 From there they would also go to Jacobs for  
14 approval of the final amounts --

15 A Not with the individuals. I did not say that.

16 The gross amount of the bonus payment that  
17 would be paid throughout the corporation would be approved by  
18 Jacobs, not the specific amounts paid to an individual.

19 Q I see.

20 In other words, Jacobs was determining the  
21 size of the pie; Labinger and Lee were determining who got  
22 what size slice of the pie; is that accurate?

23 A No, that doesn't quite characterize it.

24 Jacobs was approving the size of the pie.

25 Lee and Labinger were determining the size of the bonuses for

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1 any one individual.

2 Q All right.

3 MR. McLEAN: Robert, I can just interject two  
4 clarifications here.

5 MR. RAICH: Sure.

6 MR. McLEAN: When you say Lee or Labinger, you are  
7 not talking about one or the other; you are talking about two  
8 different points in time; is that correct?

9 THE WITNESS: Yes.

10 MR. McLEAN: So for the period that counsel has  
11 been questioning you about in March of '84, would it be Lee  
12 or Labinger who would be making that approval or decision?

13 THE WITNESS: Well, here is where we get into a  
14 little bit of a problem.

15 Labinger had announced his resignation from  
16 the company about the end of February and before the bonus  
17 payments were made. So the approvals would have been made by  
18 whomever was the chief executive at the time.

19 MR. McLEAN: And you don't know whether that was  
20 Lee or Labinger?

21 THE WITNESS: And I can't recall. The dates are a  
22 little fuzzy. I think Roger officially took the job about  
23 the 7th of March, but Al was leaving around the 20th or so of  
24 February. And there was a, sort of a carry-over period. And  
25 who actually made the approval, I don't know.

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1 MR. McLEAN: Thank you.

2 Thanks, Rob.

3 MR. RAICH: Q After either Mr. Labinger or  
4 Mr. Lee approved the bonus checks, then did they go back  
5 directly to the payroll department to have those check cut  
6 for distribution --

7 A Yes.

8 Q -- to the employees?

9 A Yes.

10 Q You mentioned earlier that the people who  
11 were reimbursed by means of their bonuses being grossed up  
12 were the people who were not part of the real estate  
13 compensation program and people without contracts with Minstar  
14 to get reimbursed through bonuses that way.

15 Is that knowledge that you have personally  
16 or is that knowledge which you acquired only through counsel?

17 A Well, I would have known during this period  
18 of February, March of 1984 who would have had received the  
19 real estate incentive bonus because I was regularly given a  
20 listing of all the bonuses paid. And I would have known who  
21 had received their bonuses with respect to the contractual  
22 arrangements with Minstar.

23 So I would have know then by deductions who  
24 would not have received an incentive compensation payment at  
25 the time, at least that I was solicited for a contribution to

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1 the Glenn committee.

2 Q Did you know that people other than yourself  
3 were receiving reimbursements for their contributions through  
4 means of grossed up bonuses?

5 A No.

6 Q We are talking here about the period of  
7 February or March 1984; is that correct?

8 A Yes.

9 Q When did you first learn that other people  
10 received reimbursements through grossed up bonuses?

11 A The specific individuals who received the  
12 gross up I did not learn of that until my meeting with counsel  
13 on November 21, 1985.

14 Q When did you learn that any people other than  
15 yourself received reimbursements through grossed up bonuses?

16 A I think I just answered that question, but I  
17 will answer it again.

18 I learned that on November 21, 1985.

19 Q Let me see if I understand you correctly.

20 You both learned individuals who had received  
21 reimbursements through that manner and the fact that any  
22 individuals other than yourself received reimbursement through  
23 that manner on the same date?

24 A That is correct.

25 Q That was in counsel's office?

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1 A That is correct.

2 Q Was it your understanding that Irwin Jacobs  
3 knew the corporation had reimbursed any employees through or  
4 for their contributions to the Glenn campaign?

5 A I don't know if I had an understanding of what  
6 Irwin knew.

7 Q At any time period?

8 A I don't know what Irwin knew.

9 Q Did you know that it was illegal for  
10 corporations to make contributions to political campaigns?

11 MR. McLEAN: At the time he made the contribution?

12 MR. RAICH: That is correct.

13 Q At the time you made the contribution in  
14 February of 1984.

15 A For a corporation to make a political  
16 contribution.

17 Are you saying for a company that is a  
18 corporation to make a political contribution to an election  
19 campaign?

20 Q To a Federal election campaign or a political --

21 A I did not know that.

22 Q Did anyone ever tell you that?

23 A No.

24 Q Other than the conversation which you mentioned  
25 having with Roger Lee on February 3rd, 1984, did you ever

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1 discuss with anybody your concern that a contribution and  
2 reimbursement scheme proposed by Lee would be illegal or  
3 improper?

4 A Illegal or improper?

5 Q Yes.

6 You mentioned that you felt the plan suggested  
7 by Lee might violate the Internal Revenue Code or the Foreign  
8 Corrupt Practices Act.

9 Other than the conversation with Mr. Lee on  
10 February 3rd, 1984, did you have any other conversations where  
11 you expressed your reservations?

12 A Yes.

13 Q Can you tell me how many such conversations  
14 you had?

15 A I only had one, and that was as I referred to  
16 earlier at the end of this conversation with Mr. Lee wherein  
17 Mr. Labinger walked into my office unannounced and Roger and I  
18 were completing our conversation.

19 And Roger mentioned to Al my concern about  
20 the way in which the reimbursement was suggested to me; that  
21 is, with the expense report method.

22 Q This was still on February 3rd, 1984; is that  
23 correct?

24 A That is correct.

25 Q So would it be accurate to say that both Lee

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1 and Labinger knew of your reservations about the plan?

2 A Yes.

3 Q We have just discussed conversations you may  
4 have had concerning the reimbursement.

5 Did you have any other conversations with  
6 anybody concerning the contributions to the Glenn campaign?

7 A I am now referring to my Answers to the  
8 inquiry that was sent to me on June 27, 1985. I had no other  
9 direct conversations with anyone about this matter. I recall  
10 an incidental question that was asked me once by -- or -- that  
11 was asked to me by Joel Yachzel, who was in this period of  
12 February and March of 1984 one of the legal counsels at Bekins,  
13 as to how I was -- if I had been solicited -- if I had been  
14 asked by the Federal Election Commission to respond to certain  
15 inquiries.

16 I mentioned to him that I had been asked to  
17 respond to certain inquiries and that I was engaging Latham &  
18 Watkins as my counsel. I think I asked him if he was seeking  
19 counsel since he was an attorney, and he mentioned to me that  
20 he was seeking some other outside counsel.

21 I also had an incidental conversation with  
22 Mr. Steve Whitlock of the Bekins Company, who at that time  
23 was not a vice president of the company, but at this point he  
24 is. And that conversation was more in line with did I  
25 contribute and was I being subpoenaed or asked to respond to

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1 inquiries.

2 I basically felt that -- I mentioned yes to  
3 him, but I basically felt it was none of his business or  
4 anyone's business. And so as far as I was concerned, the  
5 conversation was over at that point.

6 Q Approximately when did you have this  
7 conversation with Steve Whitlock?

8 A It was about the time of the inquiry letter  
9 by the Federal Election Commission. That would be June 27th,  
10 sometime after that.

11 If you will, the place was buzzing with  
12 Federal Election Commission quote quote.

13 Q Was this also the same time frame when you had  
14 the conversation you just spoke of with Joel Yachzel?

15 A Yes.

16 Q Did you have any other conversation?

17 A If it was an offhand conversation with somebody  
18 with Dick Morse that I had been -- I think he and I both  
19 mentioned that we had been asked to respond to certain  
20 inquiries. But that was about it.

21 Oh, one other one with Ernie Gallego. That  
22 is G-a-l-l-e-g-o, who is also one of the -- who was also one  
23 of the counsels during the period February '84, March '84.

24 Q What did that conversation --

25 A Just indicated that -- he indicated that he

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1 had been asked to respond to certain inquiries. I indicated  
2 that I had been asked to respond to certain inquiries, and it  
3 was left there.

4 Oh, I probably mentioned to him that I was  
5 having Latham & Watkins represent me.

6 Q Do you recall a conversation you had with  
7 Louis Freidman in February or March of 1984 involving this  
8 subject?

9 A No.

10 Q Was it your understanding in that time period  
11 that other people who worked for Roger Lee were getting  
12 reimbursed for contributions to the John Glenn campaign?

13 A It was my understanding that other executives  
14 were contributing to the John Glenn campaign and that if  
15 Roger was going to treat them as he was treating me, apparently,  
16 they were going to be reimbursed.

17 Q Did you believe that some people had to make  
18 contributions to the John Glenn campaign and would not be  
19 reimbursed?

20 A I -- all I could believe was what I thought  
21 was being done for or with everyone and presume that what was  
22 being done to me was being done with everyone.

23 Q Do you know Teri Laurey?

24 A Yes.

25 Q Who was she?

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1           A           Teri Laurey was the director of corporate  
2 accounting, I believe, was her title. She worked directly for  
3 me.

4           Q           Do you know Jovita Ignacio?

5           A           Yes, I know Jovita Ignacio.

6           Q           Who was she?

7           A           She was the accounts payable clerk at the  
8 Bekins Company who worked in Teri's organization.

9           Q           Did you know in February or March 1984 that  
10 certain other Bekins employees were submitting falsified  
11 expense account reports in order to receive reimbursement for  
12 their contributions to the John Glenn campaign?

13          A           No.

14          Q           Did you know that they were submitting reports  
15 which included items which were not normally reimbursable in  
16 order to receive compensation for their contributions?

17          A           No.

18          Q           Did you ever say to anybody that Roger Lee  
19 took care of his people?

20          A           No.

21          Q           Do you know about any other involvement by  
22 Bekins Company in political campaigns?

23          A           No.

24          Q           Have you been threatened by anyone concerning  
25 this matter or your testimony?

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1 A No.

2 MR. RAICH: Those are all the questions that I have.

3 Do you have any questions?

4 MR. McLEAN: Just one or two.

5

6

EXAMINATION

7 BY MR. McLEAN:

8 Q When counsel was asking you before, Mr. Noga,  
9 about your discussion on February 3rd of '84 with Mr. Lee and  
10 you mentioned something to the effect that you asked Lee words  
11 to the effect that it was necessary to make the contribution  
12 and he said, "Well, we want to do it for the Gipper" -- do you  
13 recall that testimony?

14 A Yes.

15 Q -- did you mean that as a direct quote or as a  
16 paraphrase?

17 A A paraphrase.

18 Q Do you recall Lee's words specifically?

19 A No.

20 Q Do you have any recollection of his actually  
21 referring to the Gipper?

22 A Could you restate that?

23 Q Yes. Let me start again.

24 As you recall that conversation and what Lee  
25 said in response to your question, is it necessary to make this

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1 contribution, do you specifically recall Lee using the words,  
2 "the Gipper" in his response?

3 A No.

4 Q So those are your words, not Lee's?

5 A That is correct.

6 Q Can you recall now specifically what it was  
7 that Lee said when you said to him, "Is it necessary to make  
8 this contribution"?

9 A No.

10 Q Can you recall whether Lee used Mr. Jacobs'  
11 name in response to that question?

12 A He didn't use -- I do not recall whether he  
13 used Mr. Jacobs' name specifically.

14 May I restate that by saying that I do not  
15 recall specifically whether he used Mr. Jacobs' name. Get the  
16 adverb in the right spot.

17 Q So would it be more accurate to say that you  
18 were left with an impression that it was necessary to make  
19 the contribution and necessary because Mr. Jacobs was involved  
20 in political fundraising?

21 A That is exactly right. I felt that it was  
22 necessary because Mr. Jacobs was involved in political  
23 fundraising.

24 Q And your knowledge about Mr. Jacobs' involvement  
25 in political fundraising was based on what he had told you in

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1 that same conversation?

2 A Yes.

3 Q Was it based on anything else?

4 A No.

5 Q Now, you also mentioned to Mr. Lee in that  
6 conversation that you were concerned about the reporting  
7 requirements of the Foreign Corrupt Practices Act.

8 A Correct.

9 Q Can you recall what Lee said in response to  
10 that statement by you?

11 A No, I don't.

12 Q When Labinger came in at the end of the  
13 conversation, at that point Mr. Lee said to Mr. Labinger words  
14 to the effect that Joe Noga is concerned about the Foreign  
15 Practices or something to that effect; is that right?

16 A It was both the Internal Revenue Code and  
17 the Foreign Corrupt Practices Act.

18 Q You can specifically recall Lee mentioning  
19 both of those concerns that you had to Mr. Labinger?

20 A Specifically, no.

21 Q Do you recall what he said, what he said to  
22 Labinger about your concerns?

23 A The specific words, no.

24 Q Do you have any recollection of what he said?

25 A Well, in general terms, yes.

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1 Q What was that?

2 A That Joe is concerned about the -- about  
3 turning in expense reports that are improper and that they may  
4 violate the Internal Revenue Code and secondly that he is  
5 concerned about the Foreign Corrupt Practices Act. But I am  
6 paraphrasing that in that those were the admonitions that I  
7 made to Roger.

8 Q How did Mr. Labinger respond to what Mr. Lee  
9 said?

10 A I don't recall his specific response. It was  
11 more in a shrug.

12 Q How did that conversation end?

13 A Mr. Labinger sort of shrugged and left the  
14 office, left my office, and probably within a minute or so  
15 Mr. Lee then left my office and the conversation ended.

16 Q So the only response that Labinger had to his  
17 being notified of your concerns about the IRS and about the  
18 Foreign Corrupt Practices Act was a shrug of the shoulders  
19 and they walked out; is that right?

20 A Basically that is it.

21 Q How, if at all, did Mr. Lee respond to the  
22 concerns that you voiced in that opinion?

23 A He didn't show the same concern. As a matter  
24 of fact, from what I could discern, he showed no concern.

25 Q He didn't say anything one way or the other?

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1 A He didn't respond to it one way or the other.

2 Q Now, before in your testimony I believe you  
3 said that you had the impression from Roger Lee that the  
4 request for a contribution to the Glenn campaign came from  
5 Mr. Jacobs.

6 Did I understand that right?

7 A That is correct.

8 Q What is the basis of that impression?

9 A Well, the basis of that impression is that  
10 Roger originally mentioned the contribution in connection with  
11 Irwin Jacobs' name and in connection with the bank financing  
12 that apparently Irwin Jacobs was arranging for the Glenn  
13 campaign so I could only presume that the request came from  
14 Irwin Jacobs.

15 Q But you have got no other basis for knowing  
16 that?

17 A No.

18 The first awareness that I had of any other  
19 intermediaries being involved in it was when I read the  
20 document that accompanied the Federal Election Commission's  
21 inquiry of June 27th, wherein there is an attachment called  
22 General Counsel's Factual and Legal Analysis, which set forth  
23 certain situations.

24 Q Would it be fair to say, then, as of February  
25 of '84 when you had this conversation with Mr. Lee you made a

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1 connection between Mr. Jacobs being involved in political  
2 fundraising and the request that you contribute \$250 for the  
3 Glenn campaign but that there was no specific instruction or  
4 specific mention of Mr. Jacobs wanting you to do so? Is that  
5 fair?

6 A There was no specific instruction by  
7 Mr. Jacobs -- no specific instruction by Mr. Jacobs.

8 MR. McLEAN: I have no further questions.

9  
10 EXAMINATION

11 BY MS. LERNER:

12 Q Although there was no specific instruction  
13 from Mr. Jacobs to you, did you have the definite impression  
14 that the instruction to make the contribution was coming from  
15 Mr. Jacobs?

16 A Yes. I had that impression.

17 Q What was that based on?

18 A That was based on the fact that Mr. Lee had  
19 mentioned that Mr. Jacobs was getting involved in the political  
20 arena and was arranging apparently some bank financing for the  
21 Glenn Election Committee and/or election campaign and that  
22 contributions were needed to back up that financing.

23 Q Was it also your impression that Mr. Jacobs  
24 was aware of the reimbursing of such contributions at the  
25 time when Mr. Lee spoke with you?

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1 A I don't know what Mr. Jacobs was aware of with  
2 respect to the reimbursing of the contributions. I can only  
3 surmise that he would have been aware of it, but that is only  
4 my surmising. I do not know what Mr. Jacobs was aware of.

5 MR. RAICH: I don't have any further questions.

6 Do you have any further questions?

7 MR. McLEAN: I have got one more.

8  
9 EXAMINATION

10 BY MR. McLEAN:

11 Q On what basis do you make that last statement  
12 that he would only be aware, Mr. Jacobs would only be aware,  
13 of the reimbursement?

14 A Well, I would presume that if Mr. Jacobs would  
15 have asked Mr. Lee to ask certain people for a contribution  
16 and that Mr. Lee would make that request on one hand and  
17 suggest that there will be no financial, actual financial  
18 burden to the individual on the other hand, that Mr. Jacobs  
19 would have authorized him to make that statement.

20 Q On what do you base that?

21 A I don't believe Roger would say it himself  
22 without knowing that there was something to back it up.

23 Q Does the something to back it up have to be  
24 Mr. Jacobs?

25 A I can only surmise that.

??

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1 Q And that is your surmising?

2 A That is my surmising.

3 Q All right.

4 Everything you have said now based on your  
5 surmising or your speculation, if you will, is based only on  
6 the thoughts that you have just articulated; is that right?

7 A I -- right. I don't have knowledge of the  
8 conversations that Mr. Lee may have had with whomever he had  
9 them, and I don't have knowledge of what Mr. Jacobs knew.

10 Q Did you ever talk to Mr. Jacobs about this  
11 at any time?

12 A No.

13 MR. MCLEAN: Okay. I have no further questions.

14

15 EXAMINATION

16 BY MS. LERNER:

17 Q Would you say that your surmising was based  
18 on your past experience with Bekins management that Mr. Jacobs  
19 would have had to have known?

20 A Yes.

21 Q Would it be accurate to say that Mr. Jacobs  
22 would be involved in any high level decisions at Bekins?

23 A Yes. For instance, the appropriation of  
24 capital funds of Mr. Jacobs would have been involved in. At  
25 least he would have been aware of, you know, major, major kinds

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1 of appropriations.

2 MS. LERNER: That is all. I don't have anything  
3 else.

4 MR. McLEAN: I have nothing.

5 MR. RAICH: I have one question.

6

7 EXAMINATION

8 BY MR. RAICH:

9 Q Did you ever have any direct conversations with  
10 Irwin Jacobs about any subject?

11 A About any subject?

12 Q Yes.

13 Did you ever talk to him?

14 A Yes.

15 Q Did you often do so?

16 A Did I -- please?

17 Q Did you often do so?

18 A No.

19 Q About how many times have you talked with  
20 Irwin Jacobs?

21 A Directly?

22 Q Yes.

23 A Oh, God. I can't count that. I would be  
24 speculating. It is not -- I didn't talk to him daily. I  
25 didn't talk to him weekly. I didn't talk to him even monthly.

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1 I would see him when I was in Minneapolis, for instance, for  
2 audit committee meetings. I would see him at the annual  
3 meetings of Minstar. There were three of those that I had  
4 attended. There were several audit committee meetings, several  
5 being fewer than ten but more than three.

6 There were -- when we sat with ties loosened  
7 up and negotiating hard for bank financing when he bought the  
8 Bekins Company, we spent a considerable portion of one full  
9 day sitting right next to him when we were negotiating with  
10 bank financing. So Mr. Jacobs knows who I am. I know who he  
11 is. We are not strangers.

12 MR. RAICH: Do you have any further questions?

13 MR. McLEAN: No.

14 MS. LERNER: I am fine.

15 MR. RAICH: I don't have any other questions.

16 I do want to present you with your witness fee  
17 check, which I am giving you right now.

18 MS. LERNER: Wrong one, huh?

19 MR. RAICH: Excuse me.

20 You have an opportunity to review and sign the  
21 deposition transcript when it is prepared. You do not have to  
22 do so. You can waive that procedure if you wish. The choice  
23 is up to you.

24 MR. McLEAN: Don't waive it.

25 THE WITNESS: I will not waive it.

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1 STATE OF CALIFORNIA )  
 2 ) ss.  
 3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, No. 6055, C.S.R., a  
 5 Notary Public of the State of California, certify:

6 That the foregoing deposition of JOSEPH P. NOGA  
 7                      was taken before me pursuant to Subpoena  
 8                     , at the time and place therein set forth, at which  
 9 time the witness was put on oath by me;

10 That the testimony of the witness and all objections  
 11 made at the time of the examination were recorded stenographi-  
 12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
 14 testimony of the witness and of all objections made at the time  
 15 of the examination.

16 I further certify that I am neither counsel for nor  
 17 related to any party to said action, nor in anywise interested  
 18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
 20 affixed my seal this 30th day of December, 19 85.

21 Vicky Scott  
 22 Notary Public of the State of California.  
 23 VICKY SCOTT, CSR No. 6055, RPR  
 24  
 25



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1 I presume that I also have the ability to  
2 correct any statement that I may have in there if it is  
3 misinterpreted?

4 MR. RAICH: That is correct.

5 THE WITNESS: Okay.

6 MR. RAICH: And that concludes the deposition.

7  
8 --oo0oo--

9  
10 I declare under penalty of perjury that the  
11 foregoing is true and correct.

12 Executed at \_\_\_\_\_, California,  
13 on this \_\_\_\_ day of \_\_\_\_\_, 198\_\_.

14  
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17 \_\_\_\_\_  
18 Signature of the Witness  
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# Gross up

Tr. V

✓ Phil Scott	250 net	360.25	✓
<del>Geo. Smith</del>	<del>250</del>		
✓ Joe Kaya	250 net	360.25	
<del>Roger Lee</del>	<del>250</del>		
<del>Jack Tate</del>	<del>250</del>		
<del>Dick Morse</del>	<del>250</del>		
✓ Shannon Seamus	250 net	360.25	
<del>Ron Blustman</del>	<del>250</del>		
✓ Ernie Gallagher	250 net	360.25	
✓ Phil Berlin	250		
✓ Norm Kent	250		
✓ Joel Gachygl	250		
✓ Gary Klein	250		
<del>at Loring</del>	<del>250</del>		
✓ Lew Friedman	250 net	360.25	

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66 JAN 10 AIO: 29

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GENERAL INVEST.

DEPOSITION OF GEORGE ALLEN SMITH

Taken on behalf of the Federal Election Commission, at 312 North Spring Street, 11th Floor, Los Angeles, California, on Monday, December 2, 1985, commencing at 4:00 P.M., before Vicky Scott, CSR No. 6055, RPR, a Notary Public for the State of California, pursuant to Subpoena.

ORIGINAL

RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES  
CERTIFIED SHORTHAND REPORTERS  
3400 WEST SIXTH STREET - SUITE 200A  
LOS ANGELES, CALIFORNIA 90020  
TELEPHONE (213) 382-0829

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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.

-and-

LOIS G. LERNER, ATTORNEY AT LAW

999 E Street, N.W.

Washington, D.C. 20436

FOR GEORGE ALLEN SMITH:

LATHAM & WATKINS

BY: KENNETH W. ODER, ESQ.

-and-

DAVID J. McLEAN, ESQ.

555 South Flower Street

Los Angeles, California 90071

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I N D E X

WITNESS

EXAMINATION

GEORGE ALLEN SMITH

(By Mr. Raich)

3, 21

(By Mr. Oder)

18

(By Ms. Lerner)

22

1                               GEORGE ALLEN SMITH,  
2   having been first duly sworn, was deposed and testified as  
3   follows:  
4

5                               EXAMINATION

6   BY MR. RAICH:

7               Q       Please state your name.

8               A       George Smith.

9               Q       And what is your address?

10              A       660 North Stephora in Covina.

11              Q       Is that your business or residence address?

12              A       That is my residence address.

13              Q       On the check you had listed an address as  
14   Glendale.

15                      Is that an address that you have?

16              A       I have a Post Office box. We have Post Office  
17   boxes for Bekins Moving and Storage, and I also have a  
18   Post Office box at 929 South Brand, No. 341, Glendale,  
19   California.

20              Q       What is your telephone number?

21              A       332-8982.

22              Q       The Area Code?

23              A       818.

24              Q       I am going to ask you a series of questions.  
25   If at any time you do not understand a question, just say

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1 so, and I will try to rephrase the question in a way so that  
2 you do understand it. If you don't tell me that you do not  
3 understand the question, I will assume that you do understand  
4 the question and that your answer is responsive.

5 Is that clear?

6 A That is clear.

7 Q Are you represented by counsel today?

8 A Yes, I am.

9 Q Who is that?

10 A Ken Oder.

11 Q Is he representing you personally?

12 A Yes. Yes.

13 Q Have you ever had your deposition taken before?

14 A Yes, I have.

15 Q Then you know that the court reporter is taking  
16 down everything that we say; therefore, she cannot record  
17 gestures. So it is necessary that you answer every question  
18 verbally.

19 A Yes.

20 Q Since receiving your Subpoena, have you spoken  
21 with anyone about this deposition or about your testimony.

22 A I haven't spoken to anyone other than my attorney  
23 about my testimony, but about the deposition, several of the  
24 people who are involved in the situation I talked to, yes.

25 Q Can you recall who those people are?

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1           A       Shannon Sesmas, Jack Foti, Phil Berlin and  
2       Ernie Gallego.

3           Q       What was the --

4           A       I think that is all I recall. There may have  
5       been another one in there, but that is all I recall.

6           Q       What was the substance of those conversations?

7           A       The substance was what do you think about this  
8       and what do you think is doing to transpire and what is the  
9       exposure and that kind of thing.

10          Q       Have you read anything in preparation for your  
11       deposition today?

12          A       Read? No.

13          Q       Where are you employed?

14          A       Bekins Moving and Storage.

15          Q       What is the relationship between Bekins Moving  
16       and Storage and Bekins Company?

17          A       Bekins Moving and Storage is a subsidiary.

18          Q       Is it a wholly-owned subsidiary?

19          A       Yes, it is wholly-owned.

20          Q       When did you start working for Bekins Company  
21       and Bekins Moving and Storage?

22          A       17 years in April. April -- I can't give you  
23       the exact date -- 25th, something like that. But it will  
24       be 17 years in April.

25          Q       That will be in April 1986?

99040700759



1 A 1986, yes.

2 Q In early February 1984 what was your job title?

3 A I was President of Bekins Moving and Storage.

4 Q Who was your immediate supervisor?

5 A Al Labinger.

6 Q Did anybody ever ask you to contribute to the  
7 John Glenn Presidential campaign?

8 A Yes.

9 Q Who?

10 A Al Labinger did.

11 Q Is he the only person?

12 A Yes. Yes.

13 Q When did Al Labinger ask you to contribute?

14 A The specific day, I couldn't give you, but  
15 he called me on the telephone and asked me.

16 Q Do you know the approximate time to the best  
17 of your recollection when he called you on the telephone and  
18 asked you?

19 A I -- just around the first of February is all  
20 I can say.

21 Q 1984?

22 A 1984, yes.

23 Q Was that just one conversation?

24 A That particular conversation was one  
25 conversation, yes.

89040700760

1 Q Did you have other conversations with  
2 Al Labinger about the Glenn contribution?

3 A The only conversation I had with Al about that  
4 was he called me to ask me if I had included it on my expense  
5 list.

6 Q How long after the first conversation was the  
7 second conversation?

8 A I would just be guessing. I really can't tell.  
9 But it -- and I can't really tell how long afterward that I  
10 wrote the check. But let's say it was a couple of days. I  
11 wrote the check and I had that conversation probably ten days  
12 after that.

13 Q About how long after your first conversation  
14 did you write the check?

15 A Just a few days afterwards.

16 Q How long did your first conversation with  
17 Al Labinger last, the one on the telephone?

18 A I tried to talk to him as little as I could,  
19 so it was probably a minute or two.

20 Q Was there anybody else in your office at the  
21 time?

22 A Not that I recall.

23 Q Do you know if anybody else was listening into  
24 the telephone conversation?

25 A No, I don't think so. No.

89040700761

1 Q Can you reconstruct to the best of your ability  
2 what transpired during that conversation on the telephone?

3 A Al asked me to do him a personal favor. And  
4 he said that John Glenn or that the Irwin Jacobs group was  
5 supporting John Glenn in the Presidential -- or Presidential  
6 nomination and that we, as an executive group, could show  
7 our support for Irwin Jacobs by contributing to the John Glenn  
8 campaign as well and suggested the amount of \$250.

9 Q How did you respond?

10 A I told him okay. I thought about it for a  
11 moment and said, "Okay. Fine."

12 Q Was that the full extent of the conversation?

13 A No. He told me to -- I -- I can't recall.  
14 I don't believe he told -- was the one that told me how to  
15 make out the check. I believe someone else called me to tell  
16 me how to make out the check.

17 Q Do you know who that other person was?

18 A It would have to be Dick Morse. And I am  
19 real fuzzy on these details trying to recall exactly what  
20 happened.

21 Q How did Morse tell you to make out the check?

22 A John Glenn Election Campaign or something  
23 similar to that. I can't even recall now exactly how the  
24 check was made out. But something similar to that.

25 Q When did you have the conversation with Morse

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1 on the telephone?

2 A Well, I -- as I say, I am not sure that that --  
3 that was either that day or the next day. It was in a short  
4 period of time.

5 Q I understand that these events happened nearly  
6 two years ago, and all I am asking for is the best of your  
7 recollection.

8 A Al just wouldn't, I don't think, take the time  
9 to tell me how to make out the check. That is why I can't  
10 quite recall whether he told me to make the check out or  
11 somebody else told me how to make the check out or somebody  
12 else told me how to make the check out.

13 Q At any time did either Mr. Morse or Mr. Labinger  
14 or anyone else suggest that you ask your subordinates to make  
15 a contribution to the John Glenn campaign?

16 A No. No, not at all.

17 Q Did you make a contribution to the John Glenn  
18 campaign?

19 A Did I make a contribution?

20 Q Yes.

21 A Yes, I did.

22 Q How much was the amount of that contribution?

23 A \$250.

24 Q Did you consider \$250 to be a substantial amount?

25 A No, I didn't consider it to be substantial.

89040700763

1 I didn't like making any contribution to John Glenn, but other  
2 than that, I didn't think it was a substantial contribution.

3 Q Had Al Labinger asked you on other occasions  
4 to make contributions as a personal favor to him?

5 A No. I don't believe he ever did, no. No  
6 political contributions or -- no.

7 Q So will you characterize it as unusual for  
8 Labinger to call you up and ask you for a personal favor like  
9 this?

10 A Not a personal favor, no. To call up and ask  
11 me for a contribution I considered a little unusual.

12 Q Do you recall the date on which you made the  
13 contribution to the Glenn campaign?

14 A I have a copy of the check because I had to  
15 make a copy of the check to send it in, but I didn't look  
16 at the date on the check. I would have to say it is  
17 mid-February 1984.

18 Q Whom did you give that check to?

19 A That one I have a difficult time recalling  
20 as well. I have to assume I sent it across the street to  
21 Al Labinger's office.

22 The reason I say that is because if I sent  
23 it to the John Glenn campaign direct, they would have no way  
24 of determining whether I made the contribution or not. So I  
25 just assumed -- I asked my secretary, and she didn't remember.

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1 So I can't remember whether I had sent it across the street  
2 or whether I mailed it. But I have to assume that I sent  
3 it across the street to Al Labinger's office.

4 Q What did you mean when you said that you  
5 thought you sent it across the street so they would know you  
6 made the contribution?

7 A I didn't say that. I said I assumed -- he  
8 asked me to make the contribution and then to put it on my  
9 expenses. I would think that they would want to have some  
10 way to verify that I made a contribution. That is all.

11 Q What did you think might happen if you did  
12 not make the contribution?

13 A I figured that Al would probably make my life  
14 miserable for me.

15 Q What do you mean by he might make your life  
16 miserable?

17 A He has ways of harassing an individual. Just  
18 his own personal way of harassing you on a day-to-day basis.  
19 He just -- I just figured I would make the contribution and  
20 that way I am not going to have to put up with the personal  
21 intimidation.

22 Q Had he harassed you in such respects before?

23 A Had he personally harassed me before? Not  
24 in any kind of a contribution case, but yes, he has harassed  
25 me before. Many times.

3904070765



1 Q Did you feel that your job might be in  
2 jeopardy --

3 A No.

4 Q -- if you didn't make the contribution?

5 A No. I didn't feel --

6 MR. ODER: Make sure you let him ask the question  
7 all the way before you start the answer.

8 THE WITNESS: Okay.

9 MR. ODER: You are doing fine, but you are just cutting  
10 him off a little bit, and she has got the problem of trying  
11 to type what both of you are saying at the same time.

12 THE WITNESS: Okay. Fine.

13 MR. RAICH: Q If it had not been for this incident  
14 in which Mr. Labinger asked you for the contribution, do you  
15 think you would have contributed to the Glenn campaign?

16 A No.

17 Q Did you get reimbursed in any way from making  
18 the contribution?

19 A No, I didn't.

20 Q In your first conversation with Mr. Labinger,  
21 had he stated to you that you could be reimbursed for your  
22 contribution?

23 A Yes, he did.

24 Q And you mentioned that you had a second  
25 conversation with him later on in which you discussed the

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1 subject of reimbursement; is that correct?

2 A I believe he called me and asked me if I had  
3 included it on my expenses, yes.

4 Q How did you respond to him when he asked you  
5 that question in the second conversation?

6 A I said that I hadn't yet and he told me that  
7 he wanted me to.

8 Q Did you in fact submit this as an expense?

9 A No, I didn't. But I told him that I did.

10 Q Why didn't you submit this contribution as  
11 an expense?

12 A Well, first of all, I had made the contribution  
13 and therefore, I had decided that if I had paid the money  
14 myself, that it wasn't a reimbursable item. And secondly,  
15 I don't -- because he had indicated that I was to have some  
16 kind of an expense, and there was an indication that you would  
17 put it in as something else other than what it was. And it  
18 bothered me doing that, and so I didn't do it. Calling it  
19 something other than what it was.

20 Q Who approved your expense reports?

21 A Al Labinger approved my expense reports.

22 Q Did Al Labinger or Mr. Morse ever mention to  
23 you that would be illegal for a corporation to make  
24 contributions to a political campaign?

25 A No.

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1 Q Did Mr. Labinger tell you why he was asking  
2 you to make the contribution to the Glenn campaign?

3 A Yes.

4 Q What was that reason?

5 A He told me that John -- or that Irwin Jacobs  
6 and his group was supporting the John Glenn campaign and --

7 Q What --

8 A -- and that he was, as an executive team --  
9 and he didn't name who -- but I was included in that -- could  
10 show our support by making that contribution. And that was it.

11 Q What did he mean by Irwin Jacobs and his group?

12 A I have no idea. I didn't query him about it.

13 Q Do you know if other people at Bekins were  
14 being asked to make contributions to the Glenn campaign?

15 A Do I know -- yes, I know at that time  
16 specifically when I was talking to him on the telephone --  
17 I didn't know -- other than what he said that the executive  
18 group was going to be asked.

19 Q When did you first learn who the other people  
20 were who were being asked?

21 A I really didn't discuss it at that time too  
22 much. But I discussed it with Shannon Sesmas and possibly  
23 discussed it with Phil Scott because he was in the same building  
24 I was, and we were pretty close.

25 Q How soon after the first telephone conversation

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1 you had with Al Labinger when he first asked you for the  
2 contribution were these discussions with Shannon Sesmas and  
3 Phil Scott and perhaps others?

4 A I would imagine with -- I couldn't tell you  
5 with Phil, but I would imagine with Shannon it was pretty quick.

6 Q In what time frame --

7 A Probably the next day or the day after.

8 Q Do you know if Bekins Company on any other  
9 occasions ever reimbursed employees through their expense  
10 reports for nonwork-related expenses?

11 A No.

12 Q Do you know --

13 A Not that I recall, no.

14 Q Do you know if Bekins Company on any other  
15 occasions ever reimbursed employees through their bonuses  
16 for nonwork-related expenditures?

17 A No. Didn't at my company and I don't know of  
18 it in the Bekins Company either.

19 Q Do you know how bonuses were approved at Bekins?

20 A I know how bonuses for my company were approved,  
21 yes.

22 Q How is that? How were bonuses approved?

23 A Well, there is a compensation committee for  
24 the company that develops a bonus program, and it is calculated  
25 based upon a plan. And at the end of the year the results

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1 the key results and a number of other things in the capital,  
2 employees and such are evaluated and the bonuses are then  
3 recommended in relationship to the attainment of the plan.  
4 And they are then sent to Bekins group management who approves  
5 them.

6 Q Who specifically approved these within Bekins  
7 top management?

8 A Well, at that time it was the Chief Executive  
9 Officer, who was Al Labinger, and I -- the compensation  
10 committee probably had to have approval. I am not sure of that.

11 I think at certain grade levels of the  
12 compensation were approved as well.

13 Q Do you know who sat on the compensation  
14 committee?

15 A At that time, I can't recall, but it was  
16 primarily members of the board. Al Labinger and members of  
17 the board. I don't know that Al Labinger sat on the  
18 compensation committee, but it was members of the board.

19 Q Did Minstar become involved with the bonuses  
20 at all?

21 A Well, I --

22 MR. ODER: What year are we in now?

23 MR. RAICH: 1984.

24 THE WITNESS: 1984.

25 MR. ODER: This would be the 1983 year-end bonuses

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1 you are asking about, then, right?

2 MR. RAICH: I presume. Let me ask it this way:

3 Q Were bonuses, were they computed every year?

4 A Yes.

5 Q At what time of year did the bonus checks  
6 actually get distributed to employees?

7 A Had to be distributed by the end of March.

8 Q Was this for the calendar year preceding it?

9 A Right.

10 MR. ODER: Okay.

11 MR. RAICH: Q You previously stated that you had no  
12 knowledge of involvement by Minstar, Inc. in approving those  
13 bonuses that year?

14 A That year, no.

15 Q Do you know of any other involvement by  
16 Bekins Company in any other Federal election campaigns?

17 A No. None at all.

18 Q Have you been threatened by anyone concerning  
19 this matter or your testimony?

20 A No.

21 MR. RAICH: That is the extent of my questions right  
22 now. You may ask any questions you have.

23 MR. ODER: I just want to ask a few, George.

24 THE WITNESS: Yes.

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## EXAMINATION

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BY MR. ODER:

Q Was it in the first conversation with Labinger that he told you to file an expense reimbursement form to recover this \$250? Was that in that conversation?

A Yes. He said that I could put it on the -- get reimbursed on the expense report.

Q Did you discuss that with him at all? Did you resist or say anything?

A No. No.

Q Did you talk to any other people who were asked to make contributions about how they were asked or what was said to them?

A No. But, again, with Shannon Sesmas I probably went into it very deeply.

Q Did you talk to Foti at all about what they said to him and what was said?

A I asked him after we got the first notice from the Federal Election Committee -- Commission.

Q Do you recall what he said about how he was asked and what he said?

A Yes. He said that he had put it on his expense report as a contribution to the John Glenn campaign and that he was then called in by his boss and told him that he couldn't do that.

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1 Q Who was his boss?

2 A Roger Lee.

3 Q Do you recall what he said the substance of  
4 that conversation was?

5 A He said he had to find another way to do it,  
6 that he couldn't disclose it in that manner, that he had to  
7 find another manner to get the reimbursement other than saying  
8 to the John Glenn campaign.

9 Q Did you talk to Phil Berlin at all about how  
10 he was asked and what was said to him?

11 A I had a talk to Berlin because -- I really  
12 didn't get into real detail with Berlin, but I talked to  
13 Berlin about it. And it was Ernie Gallego that I talked to  
14 more than I did Phil Berlin. But that was, again, after we  
15 got the notice and I was asking how -- or how is this going  
16 to be treated from a legal standpoint and that kind of thing.  
17 And he indicated that he was pressured --

18 Q Phil you are talking about?

19 A Ernie Gallego.

20 Q Ernie.

21 A That he was pressured by his boss, who was  
22 Ron Hartman, into making a contribution.

23 He wasn't really specific about it, but said  
24 there was a heck of a lot of pressure put on in the  
25 relationship, jobs and that kind of thing. But I did not

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1 discuss it in what I would really call detail.

2 Q You didn't file an expense reimbursement form  
3 for this matter?

4 A No.

5 Q So you were not reimbursed?

6 A No, I wasn't reimbursed. I turned in what  
7 were my normal expenses.

8 Q Prior to being President of the Bekins Moving  
9 and Storage Company, what kind of background with Bekins did  
10 you have? What was your area of expertise?

11 A I was Controller.

12 Q You were the Controller?

13 A Right; through a number of regional  
14 controllerships, subsidiary controllerships.

15 Q Did that fact or that background have anything  
16 to do with your decision not to reimburse yourself?

17 A Right.

18 Q Did Labinger specifically tell you in that  
19 conversation to file an expense reimbursement that called it  
20 something other than a political contribution?

21 A He said work it in.

22 MR. ODER: Okay. I don't have any other questions.

23 // //

24 // //

25 // //

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## FURTHER EXAMINATION

BY MR. RAICH:

Q You mentioned that Ernie Gallego said he felt pressured by Ron Hartman.

Did you have this conversation with Ernie Gallego before or after the notices were sent by the Federal Election Commission?

A That was after.

Q Do you know of anyone else at Bekins who has spoken to you at any time stating that they felt pressured to make a contribution to the Glenn campaign?

A Phil Berlin may have indicated that he was under pressure to do it.

Q And again --

A I can't recall specifically, but I know that Ernie did. Jack Foti didn't indicate that there was any pressure other than the fact that they didn't like the way he turned it in.

Q Again, your conversation with Berlin was after the first notices were sent by the Federal Election Commission?

A Yes. Yes. Right.

MS. LERNER: I have got a couple things.

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## EXAMINATION

1  
2 BY MS. LERNER:

3 Q I believe this was with regard to Mr. Foti --  
4 and correct me if I am wrong -- he was the one that Mr. Lee  
5 called in and said you can't get a reimbursement by --

6 A By putting it -- excuse me. I will let you  
7 finish the question. I am sorry.

8 Q Did Mr. Foti tell you that Mr. Lee told him  
9 he couldn't get a reimbursment for his contribution by putting  
10 it in as an expense, directly as an expense, on his account?

11 A That is right.

12 Q Did Mr. Foti indicate to you that Mr. Lee had  
13 said it was okay to get reimbursement, but only if you did  
14 it in an indirect manner?

15 MR. ODER: I think the testimony is confused here.  
16 Maybe we would be better if we -- could you tell us exactly  
17 what Foti said he told him? Go back over that again because  
18 I think we are getting fouled up.

19 THE WITNESS: Foti told me that he had turned it in  
20 on his expense report as a contribution to the John Glenn  
21 campaign. And he said, "You can't turn it in that way. You  
22 got to turn it in some other way than to stating it is a  
23 direct contribution."

24 MR. ODER: Indicating that you still turned it in  
25 on your expense reimbursment form?

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1 THE WITNESS: That is right. And again find another  
2 way to describe it.

3 MS. LERNER: Q Did you ever ask Mr. Labinger why he  
4 was having you make the contribution and then have the  
5 corporation reimburse you?

6 A No, I didn't.

7 Q Did he ever tell you why he was doing that?

8 A No, he didn't.

9 MS. LERNER: That is all I have.

10 MR. RAICH: That is all the questions I have.

11 MR. ODER: That is all I have.

12 MR. RAICH: We do have a witness fee check for you  
13 today. I am handing this to you right now.

14 THE WITNESS: Okay. Thank you.

15 MR. RAICH: If you wish, you will have an opportunity  
16 to review and sign your deposition.

17 THE WITNESS: Okay.

18 MR. RAICH: You do not have to do that. The choice  
19 is yours.

20 Do you wish to waive the signature or not?

21 MR. ODER: No.

22 THE WITNESS: I want to review it.

23 MR. ODER: You want to review it.

24 MR. RAICH: That concludes the deposition.

25 \* \* \*

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1 STATE OF CALIFORNIA )  
 2 ) ss.  
 3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, C.S.R., a  
 5 Notary Public of the State of California, certify:

6 That the foregoing deposition of GEORGE ALLEN SMITH  
 7                      was taken before me pursuant to SUBPOENA  
 8                     , at the time and place therein set forth, at which  
 9 time the witness was put on oath by me;

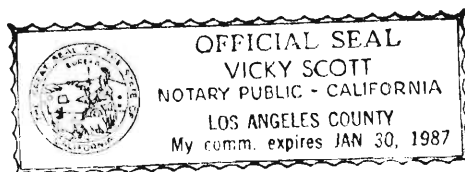
10 That the testimony of the witness and all objections  
 11 made at the time of the examination were recorded stenographi-  
 12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
 14 testimony of the witness and of all objections made at the time  
 15 of the examination.

16 I further certify that I am neither counsel for nor  
 17 related to any party to said action, nor in anywise interested  
 18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
 20 affixed my seal this 27th day of December, 1985.

21 Vicky Scott  
 22 Notary Public of the State of California.  
 23 VICKY SCOTT, CSR No. 6055, RPR  
 24  
 25



8 7 0 4 0 7 0 7 7 8

1 I declare under penalty of perjury  
2 that the foregoing is true and correct.

3 Executed at \_\_\_\_\_,  
4 California this \_\_\_\_ day of \_\_\_\_\_,  
5 198\_\_.

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GENERAL COUNSEL

DEPOSITION OF ERNEST E. GALLEG0, ESQ.

Taken on behalf of the Federal Elections  
Commission at 312 North Spring Street, 11th  
Floor, Los Angeles, California, commencing at  
3:05 P.M., on Tuesday, December 3, 1985, before  
Vicky Scott, CSR No. 6055, RPR, a Notary Public  
of the State of California, pursuant to  
Subpoena.

RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES  
Certified Shorthand Reporters  
3400 WEST SIXTH STREET - SUITE 200A  
LOS ANGELES, CALIFORNIA 90020  
TELEPHONE (213) 382-0829

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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.

-and-

LOIS G. LERNER

Attorney at Law

999 E Street, N.W.

Washington, D.C. 20436

FOR THE WITNESS ERNEST E. GALLEG0, ESQ:

LATHAM & WATKINS

BY: KENNETH W. ODER, ESQ.

555 South Flower Street

Los Angeles, California 90071

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I N D E X

WITNESS

EXAMINATION

ERNEST E. GALLEG0, ESQ.

(By Mr. Raich)

3

(No Exhibits Offered)



1 ERNEST E. GALLEG0, ESQ.

2 having been first duly sworn, was examined and testified as  
3 follows:

4  
5 EXAMINATION

6 BY MR. RAICH:

7 Q Please state your name.

8 A My name is Ernest E. Gallego. You have the  
9 spelling.

10 Q What is your address?

11 A My business address is 777 Flower Street,  
12 Glendale, California 91201.

13 Q And your home address?

14 A My home address is 6803 Warm Springs -- two  
15 words -- Avenue, La Verne, California 91750.

16 Q What are your telephone numbers?

17 A My business phone is Area Code 818 502-1095.  
18 And my residence phone is Area Code 714 593-9543.

19 Q I am going to ask you a series of questions.

20 If at any time you don't understand a question, just say so, and  
21 I will try to word the question in a manner that you will  
22 understand. If you do not tell me that you do not understand  
23 the question, I will assume that you did understand the  
24 question and that your answer is responsive.

25 Is that clear?

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1 A Very clear.

2 Q Are you represented by counsel today?

3 A Yes, I am.

4 Q Who is that?

5 A Kenneth Oder. He is an attorney with Latham &  
6 Watkins, a Los Angeles law firm.

7 Q Is he representing you personally?

8 A Yes, I am, to the best of my knowlege.

9 Q Is he representing you personally?

10 A He is representing me, yes, personally.

11 Q Have you ever had your deposition taken before?

12 A To my memory, no. I have taken depositions,  
13 though.

14 Q Since receiving your subpoena, have you spoken  
15 with anybody concerning this deposition or your testimony?

16 A Yes, I have.

17 Q To whom have you spoken?

18 A I have spoken to my immediate superiors at  
19 Bekins.

20 Specifically?

21 Q Yes.

22 A Mr. James Farrell, who is the general counsel  
23 for Minstar. I have spoken to Dave Elliott, who is the vice  
24 president of human resources at Glendale. And I have spoken  
25 to Kenneth Oder obviously. I have spoken to Dave McLean, who

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1 is also an attorney at Latham & Watkins, and possibly John Light,  
2 also an attorney with Latham & Watkins.

3 Q With respect to the conversation you had with  
4 Dave Elliott, what transpired in that conversation?

5 A That was very, very brief. The situation for  
6 which we are here transpired or occurred much before  
7 Mr. Elliott's employment by Bekins. As a matter of fact, the  
8 first time I talked to Elliott was last week when I was  
9 preparing to take one week's vacation, and as recently as an  
10 hour ago, I told him that I had to leave the office because I  
11 was coming to this deposition.

12 Q Have you read anything in preparation for this  
13 deposition?

14 A Only the materials that were sent to me by the  
15 Federal Elections Commission.

16 Q Are you currently employed by Bekins?

17 A Yes, I am.

18 Q What is your job title?

19 A Assistant general counsel for the Bekins  
20 Company, and I also serve as assistant secretary for the Bekins  
21 Company and all its subsidiaries.

22 Q When did you start working for Bekins?

23 A January 15, 1973, to my recollection.

24 Q In early 1984 what was your job title?

25 A The same as it is now.

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1                   The functions were a little bit different, but  
2 the title was the same.

3           Q           And who was your immediate superior?

4           A           Ronald Hartman, who was the vice president,  
5 general counsel and secretary of the Bekins Company.

6           Q           Did anybody ever ask you to contribute to  
7 John Glenn's 1984 Presidential campaign?

8           A           Yes, they did.

9           Q           Who asked you?

10          A           Ron Hartman.

11          Q           When did he ask you?

12          A           I have to refer to my notes to give you the  
13 precise date, if I may.

14          Q           That is fine.

15          MR. ODER:    You probably want to let the record  
16 reflect that he is referring to his Interrogatory Responses  
17 to the FER.

18          THE WITNESS:   It was on a Friday, and it was in all  
19 probability the 3rd of February, 1984.

20                        You might check that out. If I am in error  
21 by a day or two, it was, as I recall, on a Friday. About  
22 February 3rd, 1984.

23          MR. RAICH:    Q           Did you have just one  
24 conversation on that date?

25          A           Yes; just one conversation.

89040700786

1 Q How long did that conversation last?

2 A One minute at the most.

3 Q Where was it held?

4 A In the offices of -- in the office of Ronald  
5 L. Hartman.

6 Q Was anyone else present at that conversation?

7 A Not to my recollection.

8 Q Why did you go into Ronald Hartman's office?

9 A I was summoned in his office.

10 Q By his secretary?

11 A By his secretary, yes.

12 Q What did he say to you at that conversation?

13 A It is difficult to remember the exact words.

14 But something to the effect, give me or let me have a check  
15 for \$250 -- I am sorry; you can laugh -- \$250 made payable to  
16 the John Glenn for President Committee.

17 Q And how did you respond?

18 A Momentarily I was stunned and what was this  
19 all about. Words to that effect. What is this for.

20 Q What did he say?

21 A As I recollect, he told me that this was a  
22 request that was being made of all attorneys within the  
23 department and certain other executives, that it was money  
24 that was being collected for the John Glenn for President  
25 Committee at the request of Albert Labinger, who was then

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1 president of the Bekins Company.

2 Q Was that the full extent of the conversation  
3 on approximately February 3rd, 1984?

4 A Probably not. I do recollect that I resisted  
5 somewhat passively, something like, "He is not my candidate.  
6 I am registered Democrat, but I have been voting Republican  
7 since the days of Nixon. And if I were voting Democratic,  
8 Glenn would not be my candidate."

9 I did say that.

10 Q Did he then respond to that?

11 A Yes. If I may quote from memory: "What the  
12 hell difference does it make? You are going to get it back  
13 anyhow."

14 That was the extent of the conversation I can  
15 remember.

16 Q That is the full extent of the conversation?

17 Did you understand what he meant when he said  
18 you would get it back?

19 A Obviously I probably would not have been able  
20 to afford to make the contribution.

21 Q Did he indicate how you were to get the money  
22 back at that time?

23 A Not at that time.

24 Q Did you have another conversation with Ronald  
25 Hartman?

8904070788

1           A           Very, very brief on the following Monday, as  
2 I recall, which must have been about the 6th of February of  
3 the same year, 1984.

4           Q           Who was present at that conversation?

5           A           I think it was only Ronald L. Hartman himself.  
6 However, I didn't -- I had to be reminded that my money was due.  
7 His secretary again came and asked me for the money. And  
8 Mr. Hartman wanted the check now.

9           Q           Did you have the check with you?

10          A           I had the check. I prepared it and took it in.

11          Q           What did you do with the check when the  
12 secretary asked for it?

13          A           I took it in myself.

14          Q           To Mr. Hartman?

15          A           To Mr. Hartman.

16          Q           Did you hand it to him?

17          A           Yes, I did.

18          Q           What did he say?

19                      First of all, who spoke first at this  
20 conversation?

21          A           I can't recollect precisely who spoke first.  
22 I do know it was very, very brief, a very brief conversation  
23 with relations thereto. I do recall that I inquired as to how  
24 I would get it back. I was told that I would get it back I  
25 think it was in March that they distributed so-called

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1 compensation checks, bonus checks, if you will, incentive  
2 compensation checks.

3 Q Did Mr. Hartman tell you at that time that  
4 you would be receiving the reimbursement in your bonus  
5 compensation check in approximately March?

6 A He didn't indicate what day. I just knew  
7 from experience from having been there all of these years  
8 that that distribution was made towards the end of March.

9 Q Did you say anything to him?

10 A I can't remember precisely what I said to him.  
11 But I did utter a little bit of passive resistance again  
12 indicating this might be somewhat hypocritical but for whatever  
13 it may be worth, here it is.

14 Q Would it be accurate to say that the substance  
15 of your conversation with Ronald Hartman on approximately  
16 February 6th, 1984, was that you would be reimbursed in your  
17 incentive bonus for that year?

18 A To the best of my recollection.

19 Q Did you have any other conversations with  
20 Ronald Hartman --

21 A No.

22 Q -- concerning this matter?

23 In your Interrogatory Answers you stated that  
24 you have heard Mr. Hartman had some more conversation with  
25 others in the legal department.

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1                   Whom had you heard that from?

2                   A       From my two immediate associates -- that is  
3 immediate physically, adjacent to my office -- which would have  
4 been Phil Berlin, who was labor attorney for the Bekins Company  
5 at the time in-house counsel, and Joel Yachzel, Y-a-c-h-z-e-l,  
6 who was doing corporate work for the company.

7                   Q       What did Berlin tell you?

8                   A       Essentially it was in response to my inquiries  
9 as to whether or not he had been exposed to the same request;  
10 essentially that "Did they get 250 bucks from you, too?"

11                           And that is -- that is what triggered the  
12 conversation. Berlin didn't come and volunteer it.

13                   Q       What did Berlin tell you when you asked the  
14 question?

15                   A       He smiled and said, "I don't know what you are  
16 talking about."

17                           But as the conversation transpired, he was just  
18 kidding. Yes, he had. And did you give him the money. To my  
19 recollection, something did I have a choice. And that is about  
20 what I can remember in my conversation with Berlin.

21                   Q       I see.

22                           Did the issue of reimbursement come up in that  
23 conversation with Berlin?

24                   A       I can't recollect whether it did or not.

25                   Q       Did Berlin mention that other people in the

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1 legal department also had been asked to make contributions?

2 A If he did, I don't remember him saying that or  
3 his mentioning it.

4 Q With regard to the conversation you had to  
5 Yachzel, do you recall how that took place?

6 A Frankly, no. It was either instigated by me  
7 or Yachzel was of a completely different personality than  
8 Berlin. If I had to pinpoint it, I would say that Yachzel  
9 opened the conversation with me about this subject.

10 Q What was the substance of that conversation?

11 A Essentially the same as did Ron hit you for  
12 250 bucks. Yes, he did. What about you. Yes, he did. What  
13 are you going to do, and essentially the same general response.

14 Q Did the subject of reimbursement come up in  
15 that conversation?

16 A Yes.

17 Q What was said?

18 A I believe it was -- leave out believe -- to  
19 my recollection it was identical to what I gave you that he  
20 would be getting it back by way of an addition to the  
21 compensation check.

22 Q Did Mr. Yachzel tell you where he got that  
23 impression?

24 A No. I would have to say no to that.

25 Q Did he mention that other people also had been

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1 asked to make contributions?

2 A Probably in general terms, but I can't vouch  
3 for that statement being made.

4 Q Did he state whether other people would also  
5 receive reimbursements for their contributions?

6 A I can't recall that.

7 Q Did you have any other conversations with  
8 anybody else concerning the contributions you were asked to  
9 make to John Glenn's campaign?

10 A A very, very brief water-faucet conversation  
11 with another attorney, Norman Kent, who was a litigation  
12 attorney at the time within the Bekins legal department. And  
13 that was not opened by me. That was more -- it was in the way  
14 of gripes, so to speak, an angry complaint from Norman Kent  
15 to "Damn it. I am going to have to wait until the end of  
16 March to get my money back."

17 Q Was there any mention at that conversation  
18 about where Kent learned that he would be reimbursed through  
19 the bonus?

20 A None whatsoever.

21 Q Was there any mention in that conversation  
22 of other people who had been asked to make contributions?

23 A No.

24 Q What did you think might happen to you if you  
25 did not contribute as you were asked to do?

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1           A           I didn't really give it that much thought as  
2 to what would happen to me. I just knew that it would place  
3 me in less than favorable terms with at least my immediate  
4 superior and with the management at the company.

5           Q           What would be the effect of being placed in  
6 less than favorable terms with those people?

7           A           It would be a subtle effect. Probably I would  
8 not be able to put my finger on it. I don't believe there  
9 would have been punishment. I have no basis for saying this,  
10 but from knowing the company, from knowing the personalities  
11 of management, I would have to say that I -- that my  
12 inclination to think this way was reasonable.

13          Q           Did you fear that your employment might be  
14 terminated if you didn't make the contribution?

15          A           No.

16          Q           Did you feel secure in your job at Bekins at  
17 the time?

18          A           I don't know how to answer that question  
19 because I do know that Bekins was undergoing some changes at  
20 the time within management ranks. And although there had  
21 been no turnover within the legal department for quite a while  
22 after that, straight yes or no, I felt secure, yes.

23          Q           Did you have experiences in the past where  
24 Mr. Hartman showed disfavor towards you in subtle ways in  
25 which you mentioned earlier?

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1 A In general terms?

2 Q Yes.

3 Had that ever happened to you in the past?

4 A I have no basis for saying that other than to  
5 tell you for the record that Mr. Hartman and I were not very  
6 close personally. We did not have a great deal of rapport.  
7 But whether he was the kind of an individual to hold a grudge  
8 against you, I couldn't say yes to that.

9 Q If it had not been for the request you  
10 received from Mr. Hartman, do you think you would have  
11 contributed to John Glenn's campaign at all?

12 A If it were not for the request made by --

13 Q Yes.

14 A Absolutely not.

15 Q Did you get reimbursed for making your  
16 contribution?

17 A I cannot prove it to you. I cannot establish  
18 for you that it was. I do know that I went on the assumption  
19 that it had been tacked onto the tail end of my compensation  
20 check for that year.

21 Q Do you recall how much your bonus was in 1984?

22 A I would be guessing. I would be guessing.  
23 It probably -- it probably netted no more than seven or \$800  
24 out of a gross of pushing fourteen I would say.

25 Q Do you recall if this was more or less than

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1 your bonus had been the previous year?

2 A To my recollection, it might have been a little  
3 bit more. I don't think that it would be precisely 250.  
4 Probably three, \$400 more the previous year gross.

5 Q Was there also a separate bonus received?

6 A I wouldn't call it that.

7 Q What would you call it?

8 A At the time for three, four years prior to that,  
9 Bekins was embarked on a real property disposal program, and  
10 they had an ongoing program for the distribution of profits  
11 that they distributed under a formula that was worked out by  
12 the board of directors of the Bekins Company.

13 And to my knowledge, at least as far as I am  
14 concerned, the attorneys in the company did participate to some  
15 extent in the distribution of those funds. That generally  
16 came in January of that year, '84, possibly '82 and '83. But  
17 if you want to call it a bonus, yes, that was additional  
18 compensation.

19 Q Is it the best of your recollection that this  
20 money was distributed in January 1984?

21 A To my recollection that was -- that had been  
22 distributed prior to the time the request for the contribution  
23 was made.

24 Q Did you receive your incentive bonus in March  
25 of 1984?

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1 A Yes. In all probability it was late March.

2 Q Do you know how the bonus was computed?

3 A I have never known the formula, no.

4 Q Do you know who made the decisions on the  
5 amount of the bonuses?

6 A No. I do know that there is a corporate  
7 formula that is -- was existing, probably still is to some  
8 extent. But I don't know who the people were that would have  
9 made the decisions.

10 Q If your bonus had been increased by the amount  
11 necessary to reimburse you for making the \$250 contribution,  
12 would you have known one way or the other whether it was so  
13 increased?

14 A No, I would not have. To this day I don't  
15 know whether I was reimbursed or not, quite frankly, and I  
16 can't establish it conclusively.

17 Q Did the expense account reports that you  
18 submitted always equal the amount of money you received back  
19 on your expense accounts?

20 A I don't understand the question. Rephrase it.

21 Q Sure.

22 Did the amount of money you received on your  
23 expense account always equal the amount of money that you put  
24 down on your expense reports?

25 A To my recollection, yes. In a couple of

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1 instances I was questioned about expenditures, but not by that  
2 administration, in my tenure with Bekins where I might have  
3 put in something excessive in a trip or something for a dinner.

4 Q What do you mean by not in that administration?

5 A Mr. Hartman never, to my knowledge, altered  
6 any of my expenses that were put into the copy for  
7 reimbursement. And to the best of my recollection it was  
8 always paid back to me to the penny.

9 That what you meant?

10 Q Yes, that is what I meant.

11 When did Mr. Hartman start working for Bekins?

12 A I can't recall the specific date.

13 Q Approximately.

14 A I think he was there about four years roughly.

15 From memory.

16 Q Did --

17 A '79 maybe. I can't remember.

18 Q Did anybody ever tell you that it was illegal  
19 for a corporation to make contributions to political campaigns?

20 A No.

21 Q Did you ever suspect that the activity that  
22 you were asked to engage in by Mr. Hartman might be improper?

23 A I am an attorney, and I would have to be  
24 naive to not understand it through our restrictions to certain  
25 types of contributions to not only political candidates but for

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1 political causes. But quite frankly, I did not and have not  
2 and to this day am not aware with elections totals and  
3 limitations. I would have to tell you that outright, and at  
4 that time I never gave it a thought as to whether it was  
5 illegal or not.

6 Q When did you first suspect that it was illegal?

7 A I don't recall the first time that I suspected  
8 it might have been illegal.

9 Q Do you know if it was before you received  
10 notification from the Federal Election Commission?

11 A Probably so. Probably so.

12 Whether it was illegal to make the contribution  
13 as such or whether it was inappropriate for the corporation to  
14 refund must have entered my mind because I volunteered that  
15 information at the time that I think it was a representative  
16 of the IRS or a representative of the Department of Justice  
17 and I believe Mr. McLean from Latham & Watkins were present.  
18 We were all interviewed -- we being attorneys -- with respect  
19 to certain other activities that had been going on at Bekins.  
20 And I was interviewed the night before, and I dwelled on this.  
21 And I went back in there in the morning and I told them there  
22 might have been something else that you should know about.  
23 And I made that revelation.

24 I don't know whether anyone else did or not.

25 Q Was this in late 1983 or, excuse me, late 1984

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1 or early 1985?

2 A No. This would have had to be -- what had to  
3 have been in 1984.

4 MR. ODER: May I coach on this a little bit?

5 THE WITNESS: Sure.

6 MR. ODER: It was early '85 sometime as I recall.

7 THE WITNESS: Early '85 when these things were  
8 going on?

9 MR. ODER: Yes. Because we didn't find -- there was  
10 no investigation of Hartman until November 15 or so of 1984,  
11 and then this part of it I think occurred in early '85.

12 THE WITNESS: Okay. Whenever it was. I am sure the  
13 record will show when the investigation was on people who were  
14 being interviewed.

15 MR. RAICH: Q Do you know of any other  
16 involvement by Bekins Company in any other political campaigns?

17 A No, I do not.

18 Q Have you been threatened by anybody concerning  
19 this matter or your testimony?

20 A Absolutely not.

21 MR. RAICH: Those are the questions I have right now.  
22 Do you have any questions, Counsel?

23 MR. ODER: I don't have any questions.

24 MR. RAICH: I have your witness fee check, and I am  
25 handing this to you right now.

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1 STATE OF CALIFORNIA )  
 2 ) ss.  
 3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, No. 6055, C.S.R., a  
 5 Notary Public of the State of California, certify:

6 That the foregoing deposition of ERNEST E. GALLEG0, ESQ.

7                      was taken before me pursuant to Subpoena  
 8                     , at the time and place therein set forth, at which  
 9 time the witness was put on oath by me;

10 That the testimony of the witness and all objections  
 11 made at the time of the examination were recorded stenographi-  
 12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
 14 testimony of the witness and of all objections made at the time  
 15 of the examination.

16 I further certify that I am neither counsel for nor  
 17 related to any party to said action, nor in anywise interested  
 18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
 20 affixed my seal this 27th day of December, 1985.

21 Vicky Scott  
 22 Notary Public of the State of California.  
 23 VICKY SCOTT, CSR No. 6055, RPR  
 24  
 25



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1 THE WITNESS: I can take it with impunity.

2 MR. RAICH: You have a right to review your  
3 deposition after it is typed up and signed.

4 THE WITNESS: All right.

5 MR. RAICH: Do you wish to do so?

6 THE WITNESS: Yes, I think I should.

7 MR. RAICH: All right. This concludes the  
8 deposition.

9  
10 --oo0oo--

11  
12 I declare under penalty of perjury that the  
13 foregoing is true and correct.

14 Executed at \_\_\_\_\_, California,  
15 on this \_\_\_\_ day of \_\_\_\_\_, 198\_\_.

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Signature of the Witness

REASABLE

PHILIP E. BERLIN, ESQ.

Q00# 9404

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DEPOSITION OF PHILIP E. BERLIN, ESQ.

Taken on behalf of Federal Election Commission  
at 312 North Spring Street, 11th Floor, Los  
Angeles, California, commencing at 9:10 A.M.,  
on Wednesday, December 4, 1985, before Vicky  
Scott, CSR NO. 6055, RPR, a Notary Public of  
the State of California, pursuant to Subpoena.

ORIGINAL

RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES

*Certified Shorthand Reporters*

1400 WEST SIXTH STREET - SUITE 200A

LOS ANGELES, CALIFORNIA 90020

TELEPHONE (213) 382-0829

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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.

-and-

LOIS G. LERNER,  
Attorney at Law

999 E Street, N.W.

Washington, D.C. 20435

FOR WITNESS:

PHILIP E. BERLIN, ESQ.

IN PROPRIA PERSONA

873 South Fair Oaks Avenue

Pasadena, California 91109-5130

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GENERAL COUNSEL

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I N D E X

WITNESS

EXAMINATION

PHILIP E. BERLIN, ESQ.

(By Mr. Raich)

3

(No Exhibits offered)

1 PHILIP E. BERLIN, ESQ.,  
2 having been first duly sworn, was examined and testified as  
3 follows:  
4

5 EXAMINATION

6 BY MR. RAICH:

7 Q Please state your name.

8 A Philip Edward Berlin, B-e-r-l-i-n.

9 Q What is your address?

10 A 408 North Niagara, N-i-a-g-a-r-a, Street,  
11 Burbank, California 91505

12 Q Is that your home or business address?

13 A Home.

14 Q What is your telephone number?

15 A 818 766-7424.

16 Q I am going to ask you a series of questions.

17 If at any time you don't understand a question, just say so  
18 and I will try to restate the question in a manner that you  
19 will understand. If you do not tell me that you do not under-  
20 stand the question, I will assume that you do understand the  
21 question and that your answer is responsive.

22 Is that clear?

23 A Yes.

24 Q Have you ever had your deposition taken before?

25 A No.

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1 Q Have you taken depositions before?

2 A Yes.

3 Q Since receiving your subpoena, have you ever  
4 spoken with anyone about this deposition or your testimony?

5 A Yes.

6 Q To whom have you spoken?

7 A My attorney.

8 Q Anyone else?

9 A I have spoken to Mr. Yachzel and Mr. Scott,  
10 who are -- we each have retained the same attorney.

11 Q What transpired in the conversations between  
12 Mr. Yachzel and Mr. Scott and yourself?

13 A Basically whether we needed Mr. Sauber,  
14 S-a-u-b-e-r, to be present at the deposition.

15 Q Was that the extent of your conversations with  
16 them?

17 A Yes.

18 Q Have you read anything in preparation for  
19 your deposition?

20 A My personal file which includes the prior  
21 correspondence between myself or through Mr. Sauber and the  
22 FER, the answers to questions that were posed by the FER, the  
23 subpoena, of course.

24 Q Where are you employed now?

25 A At Beverly Enterprises. I have to look at the

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1 address to make sure I know where it is.

2 Did you want that or you don't need it?

3 Q That is on Fair Oaks Avenue in Pasadena?

4 A That is right.

5 Q When did you start working for Bekins?

6 A I believe the date was May of '81. Somehow  
7 May 4 of 1981 was the particular date.

8 Q When did you leave Bekins?

9 A February 28th, 1985.

10 Q Why did you leave Bekins?

11 A For all intents and purposes they eliminated  
12 the legal department. I mean, they did keep one attorney, but  
13 they completely eliminated the legal department but for one  
14 remaining individual.

15 Q Do you know the name of that one remaining  
16 individual?

17 A Ernie Gallego, G-a-l-l-e-g-o.

18 Q In early February 1984, what was your job  
19 title?

20 A Assistant general counsel.

21 Q Who is your immediate superior?

22 A Ronald Hartman, H-a-r-t-m-a-n.

23 Q At any time did anyone ever ask you to make  
24 a contribution to John Glenn's Presidential campaign?

25 A Yes.

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1 Q Who asked you?

2 A Mr. Hartman asked me. Exactly when, I honestly  
3 can't remember. It was probably toward the beginning '84. It  
4 had to be before -- because it concerned the '84 election.

5 Q Do you suppose that would have been February  
6 1984?

7 A It probably was because I wrote a check. In  
8 reviewing my file, I wrote a check in February. So it was  
9 probably around that time. More likely it was January.

10 Q You would assume it was January when  
11 Mr. Hartman spoke to you about the contribution?

12 A Right.

13 Q How many times did he speak with you about  
14 contributing to the Glenn campaign?

15 A I believe it was once.

16 Q Do you know about how long that conversation  
17 lasted?

18 A One -- I don't remember whether the  
19 conversation that I had with him was only on that particular  
20 point. It more likely was other things that were being  
21 discussed. So on the particular subject it probably didn't  
22 take more than a minute.

23 Q Was anyone else present?

24 A No.

25 Q Do you recall where that conversation took

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1 place?

2 A In his office.

3 Q Can you tell me what was said between you and  
4 Mr. Hartman as he asked you to contribute to the Glenn campaign?

5 A Mr. Hartman said, "Irwin wants you to  
6 contribute," and he either gave me the amount at that time or  
7 I asked him what it was. I honestly don't remember whether it  
8 was in the same sentence or whether it was in response to a  
9 question that I gave him.

10 But he said, "Irwin wants you to contribute  
11 to the John Glenn Presidential election campaign." And again,  
12 either in response to a question or more likely he said \$250.  
13 And that was what was said in that regard.

14 Irwin refers to Irwin Jacobs, who I believe  
15 was and perhaps still is the chairman of Minstar, which is  
16 the parent company of Bekins.

17 Q Did you respond to Mr. Hartman when he stated  
18 this to you?

19 A I am sure I had some conversation. I am  
20 trying to take a moment to recollect now what it was. Almost  
21 two years ago.

22 I can't really remember. I can suppose that  
23 I did say something like, "Why?" But I honestly can't  
24 recollect exactly what my response was. I probably said in the  
25 final analysis okay because of my basic predetermination to

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1 contribute anyway, which is in my questionnaire.

2 Q Did you have the impression that Hartman had  
3 spoken with Irwin Jacobs personally about this matter?

4 A Yes.

5 Mr. Hartman prided himself on the relationship  
6 that he had with Mr. Jacobs. Whether that was true or not,  
7 I honestly don't know. But he prided himself on the very close  
8 relationship that he had with Mr. Jacobs even though he was  
9 not part of the original Minstar management team but part of  
10 an acquisition, Bekins.

11 Q Did you get the impression that Al Labinger  
12 was involved in this request?

13 A Al Labinger's name didn't even come up in the  
14 discussion.

15 Q Only Mr. Jacobs' name came up?

16 A Only Mr. Jacobs.

17 Q Did you consider Mr. Hartman's statement to  
18 you to be a request or an order to contribute?

19 A It was coached in the -- let me ponder that  
20 question. I am trying to recollect.

21 If I am nonresponsive to this, I am sure you  
22 will ask, but -- or ask the question again. But the way I  
23 felt at the time, I didn't feel that it was such that I would  
24 lose my job if I didn't do it. I just did it because of my  
25 own personal -- my own personal feelings.

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1                   So it wasn't an order in the sense that I would  
2 lose my job or there would be any negative effect if I were  
3 not to do it; I would just stand out there naked before the  
4 world possibly as the one individual who might not have  
5 contributed. But since I was going to contribute anyway  
6 because of my own personal affiliations, I never made a big  
7 deal about it. I never really gave any concern to it from a  
8 personal point of view.

9                   Q           Did Jacobs' name in the discussion with  
10 Hartman have any effect on your making you want to contribute?

11                  A           No; because, like I said, I truly was going to  
12 do that because of personal preferences that my wife and I  
13 had anyway.

14                   To be sure, Irwin's name can be an intimidating  
15 presence, but it wasn't for me. I never even met the person.  
16 Whether I did or I didn't, it didn't have any effect on me  
17 personally.

18                  Q           Did you object or complain in any way to being  
19 asked to contribute?

20                  A           No. Others, of course, did. But that is them.

21                  Q           In your Interrogatory Answers you stated that  
22 you had heard that Mr. Hartman had similar conversations with  
23 others in the legal department.

24                   Whom had you heard this from?

25                  A           I would -- trying to ponder now.

8 9 0 4 0 7 0 8 1 2

1 I know from subsequent conversations because  
2 Joel Yachzel, Y-a-c-h-z-e-l -- that took me four years to get  
3 the spelling and I'm not sure if it is right -- I know  
4 certainly from subsequent conversations because Joel and I have  
5 the same attorney. But more likely because of our personal  
6 relationship probably Joel told me at the time that Mr. Hartman  
7 had made the request of him. And likewise I am sure that  
8 probably Ernie Gallego also mentioned it to me. They were on  
9 either side of me physically as far as office space in the  
10 legal department.

11 Q Do you recall anyone other than Joel Yachzel  
12 and Ernie Gallego?

13 A I don't really recollect. The department  
14 really wasn't that large, and it is possible that the two  
15 remaining attorneys may have come to me. But I don't really  
16 remember. They were physically down the hall. It is possible  
17 that they did, but I honestly don't remember.

18 Q Was it your impression that Hartman had  
19 conversations with each of the attorneys in the legal  
20 department?

21 A It was my understanding that he had, yes.

22 Q Did you contribute to the John Glenn campaign?

23 A Yes.

24 Q How much was your contribution?

25 A I believe it was \$250. I am looking for my

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1 copy of my check right now.

2 Q Did you consider \$250 to be a substantial  
3 amount?

4 A Not really. I think it was a fair amount  
5 quite frankly. Some others pershaps may have been able to  
6 contribute more than myself like Hartman or anyone else who  
7 may have contributed. But I thought it was a fair amount for  
8 me.

9 Q If it had not been for this incident, do you  
10 think you would have contributed to John Glenn's campaign?

11 A Yes.

12 As I believe I indicated in my cover letter  
13 that went with my questions, I have been a registered Democrat  
14 as has been my wife, and while we did, quite honestly, vote  
15 for Reagan in 19 -- as it turns out, we voted for him in 1980 --  
16 we felt that Glenn was the only Democrat we could support.  
17 And we were intending to support him at a minimum and some  
18 relatively small financial way, which was this particular way.  
19 But he was the only Democrat that we could see ourselves  
20 voting for. And as it turned out, we wound up voting for  
21 Reagan.

22 Q Do you suppose you would have made the  
23 contribution in any case had it not been for the request?

24 A I believe, yes. We made a contribution in  
25 1976 to Carter. My wife is from Georgia, and there was a

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1 particular keen interest in doing that. After his performance  
2 of four years, we decided we didn't want to contribute to his  
3 campaign. So we had already been on record in a manner of  
4 speaking in making contributions to Democrats in the past.

5 Q Did you make any other contributions to John  
6 Glenn's campaign?

7 A No.

8 He has since, I think, very recently I think  
9 we got something in the mail that said, "Help me reduce my  
10 debt." Because of this particular experience, we chose not to  
11 respond in any fashion.

12 Q When you gave your \$250 contribution to John  
13 Glenn, do you recall to whom you gave your check?

14 A I was trying to recollect that because it was  
15 a question also on the questionnaire that you or the FEC  
16 posed to me. I honestly don't remember. And, of course, now  
17 it is almost if not two years later. I honestly don't  
18 remember who I gave the check to.

19 Q Assuming you had not contributed to the John  
20 Glenn campaign, do you have any idea of what might have  
21 happened to you should you not have contributed?

22 A Well, I said earlier, I don't really feel  
23 that anything would have happened to me. One can possibly  
24 conjure up in some hypothetical sense what would happen if  
25 you didn't contribute or what you might have done if you didn't

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1 do what Hartman said. But my own personal relationship with  
2 Hartman, I had a very independent relationship both on a  
3 personality basis and in a substantive basis. I was pretty  
4 much allowed to do what I did as long as none of the client  
5 companies were concerned. And so I was pretty much left to do  
6 what I wanted to do. The client companies would have been  
7 Bekins Moving and Storage, the van lines, that type of entity.

8 And that basically ran through, in my opinion,  
9 this particular issue. If I chose not to contribute, I don't  
10 really feel that there would have been anything that would  
11 have happened to me in any fashion.

12 Q Would it be accurate to say that the thought  
13 of not contributing never really crossed your mind?

14 A Not really. Because, like I said, my  
15 predilection was already to do that. Maybe possibly having  
16 been asked, one might have said, "I am not going to" -- I am  
17 answering this in the hypothetical -- maybe having been asked  
18 maybe one would have said no. But as far as I am concerned  
19 for me, Philip Berlin, that really wasn't an issue.

20 Q Did you get reimbursed in any way for making  
21 a contribution?

22 A No.

23 Q Were you ever told that you could be reimbursed  
24 for making the contribution?

25 A Yes.

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1 Q Who told you that?

2 A Hartman said if I would like, I could put it  
3 on my expense report.

4 Q Did anyone else tell you that you could be  
5 reimbursed also?

6 A I think in general the discussions. Amongst  
7 the discussions there might have been a discussion, but as it  
8 related to me, it was put in "If you would like to, fine."

9 Q Do you know of other attorneys who did submit  
10 the contribution as an expense to their expense reports?

11 A I don't really know. I think that the proper  
12 response would reflect on my particular type of function or  
13 role in the legal department.

14 I was the only attorney in that department  
15 who did the level of travel that I did do. I mean, I was  
16 probably gone 90 percent of the time. I was the only labor  
17 attorney in a company that spanned the entire company. So  
18 while I was told I could have put it on my expense report,  
19 I didn't in fact.

20 It is my understanding, hearsay though it  
21 might be, that other individuals who didn't have an expense  
22 report were thus not able to put it on the expense report  
23 when the maximum amount of expenses they had may have been  
24 once in a while going down to the County Law Library, which  
25 was a very miniscule amount of expense. They have in turn

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1 requested some alternative means of reimbursement.

2 But as far as myself for all the reasons that  
3 I have already stated, it never became an issue.

4 Q Do you recall the amount of bonus that you  
5 received in 1984?

6 A Well, there were a couple of bonuses. There  
7 was one that was called a real estate bonus that was tied into  
8 the sale of real estate because Bekins had from some time had  
9 a -- the word escapes me -- but a selling -- that is not the  
10 word I am trying to grab for here -- but a disposition or sale  
11 of real estate. And there would then be a sharing of certain  
12 levels of management which included people in the legal  
13 department, attorneys, and others in that.

14 There was also an incentive bonus. I would  
15 be guessing because of the time. With the reservation that  
16 it could be wrong, somehow 4,500 and 1,800 respectively sounds  
17 familiar.

18 Q Is that 45 for the real estate bonus --

19 A Yes.

20 Q And 1,800 for the incentive bonus?

21 A Yes. I could be wrong, but that is about what  
22 we are talking about.

23 So I was already given that. If my  
24 recollection is correct -- well, there is no question that  
25 this was not in there. There was no grossing up of some weird

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1 amount, as I have heard said, to make the 250 come back to me.  
2 That never came to me because I got some other amount for both  
3 the real estate and the compensation, which had generally been  
4 told to me by Hartman sometime before where in general conversation  
5 he said, "You are going to get this or you are going to get  
6 that in respect to the real estate and the incentive  
7 compensation bonus."

8 So the discussion between he and I on bonuses  
9 never brought in this discussion, and frankly I don't think we  
10 discussed the specific bonuses subsequent to this whole matter  
11 coming up.

12 Q Did Mr. Hartman tell you the amount of your  
13 real estate bonus before you received it?

14 A That is what I am trying to say. I think that  
15 he had said that it would be -- if my 4,500 is right, and I  
16 think that it is -- that it would be that.

17 Q And he told you this before he asked you to  
18 contribute to the John Glenn campaign?

19 A Oh, yes.

20 Q Did he also tell you the amount of your  
21 incentive bonus before you received it?

22 A I believe so.

23 Q And he told you that amount before he asked  
24 you to contribute to John Glenn's campaign?

25 A I am pretty sure. We are talking about January

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1 or February, and generally these discussions come down in the  
2 preceding year.

3 Q Do you recall approximately when you received  
4 the real estate bonus check?

5 A Generally you do receive them in the beginning  
6 of the year. They are for the previous year's activity; i.e.,  
7 real estate disposition or your performance for the prior year.  
8 And I am almost positive that at least one of them were given  
9 in January.

10 Q But you are not sure whether that was the  
11 real estate bonus or the incentive?

12 A I am not sure, but I think one of them was  
13 given at one time or another. One of them was given typically  
14 in January. They were not given together, but they were  
15 relatively close together in time, give or take a month maybe.

16 Q So would it be accurate to say that one of  
17 the bonuses was given in approximately January and the other  
18 bonus was given in approximately February?

19 A I would guess that that -- the only thing I  
20 can say with any assurance that one of them was most likely  
21 given in January. And I do believe from memory that the  
22 second one was usually given a month or so later.

23 Q Do you recall which you received first and  
24 which you received second?

25 A It would be a pure speculation on my part.

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1 Since I have now been gone from that company, I have moved  
2 most of the activities involving that company as much into my  
3 distant past as possible.

4 Q Do you know the method by which either of these  
5 bonuses was computed?

6 A Again, pure speculation. I never really did  
7 know how the real estate bonus was calculated, and although I  
8 do believe -- and this again is pure speculation -- I thought  
9 that everyone got the same. That may or may not be correct  
10 because there was different levels -- basically two different  
11 levels in the legal department.

12 There was the assistant general counsel, which  
13 included Mr. Gallego and Yachzel, and I believe the other two,  
14 Mr. Kent and Mr. Klein, K-l-e-i-n, Kent, K-e-n-t, were either  
15 called litigation attorneys or staff attorneys. And it was  
16 my belief that there may have been a difference.

17 I don't know because my own way of handling  
18 my respective salary was I didn't really care what anybody  
19 else got. But I suspect that they were all the same. But  
20 they may have gotten less; they may have gotten more.

21 Q Was it your understanding that Mr. Gallego  
22 and Mr. Yachzel were higher ranking attorneys than all other  
23 attorneys in the legal department?

24 A You mean -- how you do mean reference to --  
25 what do you mean by rank? I don't understand that.

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1 Q Simply that some of them were considered  
2 assistant general counsel; others of them were considered  
3 staff attorneys or litigation attorneys.

4 A Well, not to expand my own personal ego, I  
5 personally felt that I was, as assistant general counsel,  
6 generally and most specifically because of my importance to  
7 the company, I thought I was the highest ranking. But that  
8 might be -- as assistant general counsel, I felt that there  
9 was some stratification there. And for whatever it is worth,  
10 it was my understanding that I was also the highest paid  
11 attorney in the legal department.

12 Q What did it mean to be an assistant general  
13 counsel?

14 A I don't really understand how to respond to  
15 that.

16 Q Why did you, Mr. Gallego and Mr. Yachzel have  
17 the title of assistant general counsel rather than attorney?

18 A I think you would have to ask Mr. Hartman that.  
19 I honestly don't know what the reason was.

20 When I came there, that was the title that  
21 was there. And I think it was actually the same title that  
22 two predecessors of mine had. There was a separate section,  
23 litigation section, and perhaps there was some rationale to  
24 calling them something different.

25 Q Do you know if anyone in particular headed the

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1 litigation section?

2 A When?

3 Q In early 1984.

4 A No. There was someone that I believe even  
5 before I came to the company at one time headed the litigation  
6 section, but when I came there, all of the litigation attorneys  
7 reported to Mr. Hartman.

8 Q You mentioned that Messrs. Klein and Kent were  
9 considered attorneys.

10 Were all other lawyers in the legal department  
11 also attorneys? That is, without any other title?

12 A I am not sure that I understand what your  
13 question is.

14 Q Sure. You mentioned that three people had  
15 the title assistant general counsel. You mentioned that two  
16 of them, Messrs. Klein and Kent, had the title of attorneys  
17 or staff attorneys. There were also other members of the  
18 legal department who were lawyers.

19 Did they also have the same title as Messrs.  
20 Klein and Kent?

21 A There were no other -- well, the department  
22 if I remember back at that time there were no other attorneys,  
23 if that is what your question is, other than those that we  
24 named. Except there was also a Mr. Friedman, whose spelling  
25 I have forgotten. He was in the litigation section.

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1                   So there were three litigation attorneys.  
2   Whatever their title was, I don't know. I remember there were  
3   three assistant general counsels, Gallego, Berlin and Yachzel,  
4   and there was the general counsel, Mr. Hartman. Seven people.

5                   Q       Did the amounts you claimed on the expense  
6   reports you submitted always equal the reimbursements you  
7   received from your expense account?

8                   A       I am not sure I understand that.

9                   Q       Did the amount of money you received back from  
10   the company on your expense account always equal the amounts  
11   you claimed on your expense account?

12                  A       I am trying to follow where you are going here.  
13   I mean, I put in my expense account. I would attach receipts  
14   from whatever I was doing. And then I would be reimbursed if  
15   I was out of pocket, which in many instances I would be because  
16   I would put something on my credit card and there was no  
17   company credit card.

18                   So is that what you mean? I am not sure I  
19   understand.

20                  Q       What I am asking is, did the company ever  
21   give you any more money back on your expense account than the  
22   amounts you submitted to the company on your expense reports  
23   as with related expenditures?

24                  A       Did the company ever give me more money?

25                  Q       Than the amount you submitted, yes.

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1           A       No. I mean, whatever I put on the expense  
2 report, that is what I got back.

3           Q       Did anyone ever tell you that it was illegal  
4 for a corporation to make contributions to a political  
5 campaign?

6           A       No one ever told me, and I personally didn't  
7 appreciate or see that there was anything illegal in what I  
8 was doing because I wasn't doing anything that I didn't think  
9 I wouldn't have done anyway. So I was making my own personal  
10 contribution. It may have gone to someone, but as far as I  
11 was concerned, there is nothing illegal in what I did.

12          Q       Do you know about any other involvement by  
13 Bekins Company in any political campaigns?

14          A       No.

15          Q       Do you know of any involvement by Minstar, Inc.,  
16 in any political campaigns?

17          A       Really the only thing I know is what I have  
18 read in this particular -- what looks like an affidavit of some  
19 sort that was attached to the questionnaire.

20          Q       That would be the material sent to you by the  
21 FEC; is that correct?

22          A       Right.

23          Q       Have you been threatened by anybody concerning  
24 this matter or your testimony?

25          A       No.

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1 Is this the good part?

2 MS. LERNER: You are going to be disappointed.

3 MR. RAICH: This concludes --

4 THE WITNESS: How come they are not the new color?

5 MS. LERNER: We have to order them months ahead of  
6 time.

7 THE WITNESS: Are you taking all this down?

8 Let the record show that this is on a green  
9 computer card rather than on the new flimsy looking paper that  
10 the Government usually gives.

11 MS. LERNER: This is a collector's item.

12 THE WITNESS: I think I should cash it as quickly  
13 as possible.

14 MR. RAICH: I am now presenting you with your  
15 witness fee check.

16 This is the extent of all the questions I have.  
17 You have a right, if you wish, to review your deposition and  
18 sign it after the transcript is typed.

19 Do you wish to do so or would you like to waive  
20 signature?

21 THE WITNESS: I would like to see it, give me the  
22 opportunity to do that.

23 MR. RAICH: All right. This concludes the  
24 deposition.

25

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1 STATE OF CALIFORNIA )  
 2 ) ss.  
 3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, No. 6055, C.S.R., a  
 5 Notary Public of the State of California, certify:

6 That the foregoing deposition of PHILIP E. BERLIN, ESQ.  
 7                      was taken before me pursuant to Subpoena  
 8                     , at the time and place therein set forth, at which  
 9 time the witness was put on oath by me;

10 That the testimony of the witness and all objections  
 11 made at the time of the examination were recorded stenographi-  
 12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
 14 testimony of the witness and of all objections made at the time  
 15 of the examination.

16 I further certify that I am neither counsel for nor  
 17 related to any party to said action, nor in anywise interested  
 18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
 20 affixed my seal this 30th day of December, 1985.

21 Vicky Scott  
 22 Notary Public of the State of California.  
 23 VICKY SCOTT, CSR No. 6055, RPR  
 24  
 25



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1  
2  
3 I declare under penalty of perjury that the  
4 foregoing is true and correct.

5 Executed at \_\_\_\_\_, California,  
6 on this \_\_\_\_\_ day of \_\_\_\_\_, 198\_\_.

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11 Signature of the Witness  
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66 JAN 10 AID: 30

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Office of the  
General Counsel

DEPOSITION OF RICHARD J. MORSE

Taken on behalf of the Federal Election Commission, at 312 North Spring Street, 11th Floor, Los Angeles, California, on Thursday, December 5, 1985, commencing at 9:55 A.M., before Vicky Scott, CSR No. 6055, RPR, a Notary Public for the State of California, pursuant to Subpoena.

ORIGINAL

RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES

CERTIFIED SHORTHAND REPORTERS  
3400 WEST SIXTH STREET - SUITE 200A  
LOS ANGELES, CALIFORNIA 90020  
TELEPHONE (213) 382-0829

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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.

-and-

LOIS G. LERNER, ATTORNEY AT LAW  
999 E Street, N.W.  
Washington, D.C. 20463

FOR RICHARD J. MORSE:

LATHAM & WATKINS  
BY: DAVID J. McLEAN, ESQ.  
555 South Flower Street  
Los Angeles, California 90071

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I N D E X

WITNESS

EXAMINATION

RICHARD J. MORSE

(By Mr. Raich)

3

E X H I B I T S

EXHIBITS

DESCRIPTION

IDENTIFIED

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Copy of checkstub

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Handwritten document

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1                                RICHARD J. MORSE,  
2        having been first duly sworn, was deposed and testified as  
3        follows:  
4

5                                EXAMINATION

6        BY MR. RAICH:

7                Q            Please state your name.

8                A            Richard J. Morse.

9                Q            What is your address?

10              A            130 West Mountain Street, Glendale, California  
11              91202.

12              Q            Is that your home address?

13              A            Correct. Apartment 207.

14              Q            And what is your phone number?

15              A            Area Code 818 240-3384.

16              Q            Is that also your home phone number?

17              A            Yes.

18              Q            I am going to ask you a series of questions.

19        If at any time you don't understand a question, just say so  
20        and I will try to rephrase it. If you don't tell me that  
21        you don't understand the question, I will assume that you  
22        do understand the question and that your answer is responsive.

23                              Is that clear?

24              A            Yes.

25              Q            Are you represented by counsel today?

8 9 0 4 0 7 0 8 3 2

1 A Yes.

2 Q Who is that?

3 A The gentleman on my right, David McLean,  
4 Latham & Watkins.

5 Q Is he representing you personally?

6 A Yes.

7 Q Have you ever had your deposition taken before?

8 A Yes.

9 Q Since receiving your Subpoena from the  
10 Federal Election Commission, have you spoken with anyone about  
11 this deposition or the answers you will give today?

12 A With Dave.

13 Q Anybody else?

14 A Ken Oder also of Latham & Watkins.

15 Q Anybody else?

16 A No.

17 Q Have you read anything in preparation for this  
18 deposition?

19 A No.

20 Q Where are you currently employed?

21 A I am a consultant for the Bekins Company.

22 Q Is this on an independent contracting basis?

23 A I was, Rob, employed by them. As of May of  
24 '84, I went to consultant status.

25 Q Do you consult for anybody else now?

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1 A No.

2 Q In early February 1984 what was your job title?

3 A Vice President, Human Resources.

4 Q When did you start working for Bekins?

5 A June 3 of '68, I believe.

6 Q In February of 1984 who was your immediate  
7 superior?

8 A Al Labinger.

9 Q And when did you say you left Bekins?

10 A As an employee?

11 Q Yes; as an employee.

12 A I believe May 1 of '84.

13 Q Did you leave --

14 A Excuse me. May 1 of '85.

15 Q Why did you leave Bekins then?

16 A The then-management of the company wanted to  
17 bring into the Human Resources area an individual that was  
18 fresh without any of the years of experience, et cetera, within  
19 the company that I had.

20 Q Did anybody ever ask you to contribute to  
21 John Glenn's Presidential campaign?

22 A Yes.

23 Q Who asked you?

24 A Al Labinger.

25 Q When did he ask you?

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1 A The late afternoon of February 2 of '84.

2 Q Was that in only one conversation then?

3 A Yes.

4 Q Where did that conversation take place?

5 A In my office at Bekins.

6 Q Was anybody else present?

7 A No.

8 Q Approximately how long did that conversation  
9 last?

10 A A minute if that.

11 Q Do you recall what Al Labinger said in that  
12 conversation?

13 A Yes. Really wasn't a conversation, Rob. It  
14 was a monologue from Al. The bottom line, he wanted a check  
15 made out for \$250 ASAP, instantly, no questions, I don't have  
16 time, do it, to the John Glenn Committee.

17 I believe those were the exact words. As I  
18 said, it wasn't a conversation. It was a command performance.  
19 Do it, don't question me, you will be reimbursed, don't worry  
20 about it, just do it and I got to have it now and I am going  
21 to get it and I really want you to do me a favor and do it.

22 Q Did you respond at all?

23 A Yes. I asked him why now. He needed it right  
24 then. I said, "I don't have my checkbook. Do you want me  
25 to go home and get my checkbook?"

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1                   It was a very intense direction from him.

2           The answer was, "The morning would be okay."

3                   And that is how we left it and he left.

4           Q       Did he explain to you why he was seeking this  
5           contribution from you?

6           A       My best recollection, no. It was my absolute  
7           conviction that it was a personal request of him to have him  
8           look good in the eyes of his superiors.

9           Q       Who were his superiors?

10          A       Folks at Minstar.

11          Q       Was it unusual for Al Labinger to make a personal  
12          request of you like this?

13          A       Very.

14          Q       You mentioned that it was your conviction that  
15          Al Labinger wanted to look good to the folks at Minstar.

16                   Who at Minstar did you mean?

17          A       Al's style of management was as an  
18          entrepreneurial businessman, which usually suggests that you  
19          do your own thing consistent, of course, with company policy.  
20          Normally that style of management requires to be successful  
21          a degree of independence.

22                   To answer your question with that as a preamble,  
23          Al and Minstar, the parent company, I am sure, did not always  
24          have a loving relationship. And if Al thought he could do  
25          something personally to look good, if you will, to the parent

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1 company, he would have willingly done whatever that thing  
2 was. This to me was an incident of Al wanting to look good  
3 and seeing this as an opportunity to do so.

4 Who specifically, I -- I just -- I don't recall  
5 if it was ever mentioned by him.

6 Q You say that in that short conversation in  
7 your office Al Labinger told you that you would be reimbursed.

8 A Correct.

9 Q Did he state to you at that time how you would  
10 be reimbursed?

11 A No. Again, within less than a minute --  
12 remember, it was a monologue, not a conversation -- "Don't  
13 worry, Dick, just get me the money. Get me the check. You  
14 will be reimbursed. Don't worry how."

15 It wasn't a point, Rob, to discuss at the  
16 moment obviously. I didn't sense that there were any questions  
17 that he really wanted to handle, so I didn't ask any. I trusted  
18 him.

19 Q Did you in fact contribute to the John Glenn  
20 campaign?

21 A Yes.

22 Q How did you contribute?

23 A That evening I decided I would do what the  
24 man wanted, and I wrote a check for the 250 bucks in the morning  
25 gave it to his secretary, I believe.

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1 Q Do you remember his secretary's name?

2 A Yes; Virginia Willard.

3 Q Did you hand it to her?

4 A My best recollection would be that I did.

5 Q The check was for \$250; is that right?

6 A Yes.

7 Q Did you subsequently discuss his matter with

8 Al Labinger?

9 A No.

10 Q Did you subsequently discuss this matter with

11 Roger Lee?

12 A No.

13 Q With Ronald Hartman?

14 A No.

15 Q With anybody?

16 A Let's define "discuss."

17 When I say no, I did not bring up the subject  
18 with any of the gentlemen you mentioned. Your last question,  
19 did I discuss it with anyone, the answer is no.

20 Since I presume that at some point in time  
21 Al mentioned to others that he contacted, to whom I presume  
22 he also said, "Don't worry; you will be reimbursed," that  
23 at some point in time Morse's name was used as the one that  
24 would arrange it. That at a point in time I don't recall  
25 when, some of the others who were to be reimbursed asked me

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1 how is this going to occur. So in that context the discussion  
2 occurred. But it wasn't initiated by me.

3 Q How did you learn that othe people had been  
4 asked to contribute to John Glenn's campaign?

5 A When it -- Al told me -- specifically when,  
6 I don't recall -- how he wanted the reimbursement to occur,  
7 would I take care of it. I didn't know who he had contacted.  
8 So I didn't know how to take care of it. So I had to ask  
9 Virginia to find out from him -- from Virginia Willard, his  
10 secretary, to find out from him who he contacted, which  
11 presumably she did. And she gave me a list of the people.

12 To answer your question, it was then that I  
13 knew the specific list of people who were to be reimbursed  
14 according to Al. I don't recall, Rob, the date that occurred.

15 Q Do you recall approximately how long after  
16 your conversation with Al Labinger that occurred?

17 A No. It would have to have been, obviously,  
18 before the reimbursement took place, which was what? A month  
19 after -- I don't recall the date of my reimbursement, but I  
20 am inclined to recall it was about a month in March. So  
21 the -- that would have to have been between February 2 and  
22 March then. But specifically when, no, I don't recall.

23 Q What did you think might happen to you when  
24 you were asked by Labinger to make the contribution if you  
25 did not contribute to the John Glenn campaign?

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1           A       I didn't think anything would happen to me,  
2 Rob. Unless you know the man, it is hard perhaps to understand  
3 the dynamics of the situation.

4           Al, as we all are, is a unique individual.  
5 He has a facility for convincing people to do what he wants,  
6 not that you feel you are going to be cut and quartered and  
7 terminated or whatever. It is just a belief that you want  
8 to do what the man wanted to ask.

9           As I said, this was such an intense less than  
10 a minute that I presume the guy really wanted this done.  
11 And so I did it. But I didn't feel anything would happen  
12 to me if I didn't.

13          Q       Would it be accurate to say that the thought  
14 of not contributing never seriously crossed your mind?

15          A       Oh, indeed it did cross my mind. That is why  
16 I didn't write the check when the man asked. That is why  
17 I waited until the next morning.

18          Q       I see.

19                But the thought of not contributing was only  
20 limited to whether you would contribute that day, that  
21 afternoon or the next day?

22          A       No. No. No. Not true.

23                I did not want to make a decision at that point  
24 in time and I didn't. And it wasn't simply to delay the doing  
25 of it; I wanted to think about it.

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1 Q Was \$250 a substantial amount to you?

2 A How do you define "substantial"?

3 Q Was it the amount of money thta you would not  
4 part with easily without some degree of contemplation  
5 beforehand?

6 A Damn right. I would not. I don't spend money,  
7 whatever the amount, unless I feel it is in my judgment worth  
8 whatever I am spending.

9 Q In this case making your \$250 contribution  
10 to John Glenn, it would be accurate to say that you also felt  
11 that \$250 was worth spending that amount in order to satisfy  
12 your superior at Bekins? Is that accurate?

13 A I am not involved in politics. I check no  
14 on the tax return do I want to contribute a buck because that  
15 is just not my thing. The issue therefore was a foreign one  
16 to me, contributing to election campaigns. The illegality  
17 of it I had no idea about. The giving of the money therefore  
18 was, as I stated, because of the intensity of the request  
19 from the boss, period.

20 Q Did you in fact get reimbursed for making your  
21 contribution?

22 A Yes.

23 Q How did you get reimbursed?

24 A By submitting a routine monthly expense voucher  
25 containing a \$250 expense that was an actually incurred

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1 expense, which identified as such. That was the extent that  
2 was indeed for a rental car, and I received reimbursement  
3 through that expense voucher on the check that paid that  
4 expense voucher which had other things on it, too.

5 Q Was it company policy not to reimburse  
6 employees for certain expenses in which they incurred?

7 A I don't understand that. Was it company policy  
8 not to --

9 Q For example, you mentioned this car rental  
10 expense.

11 A Right.

12 Q Was that a business-related expense?

13 A Let me answer then your first question. Could  
14 I go back to it? If your question was, was it company policy  
15 to reimburse -- let me reword if I may and see if that is  
16 what you mean -- was it company policy to reimburse an employee  
17 for car expense? Is that your question?

18 Q A car expense which was incurred under company-  
19 related business or under personal business.

20 A This was on a vacation.

21 Q I see.

22 A The car rental was more -- that I incurred  
23 was more than \$250. I chose to have the \$250 reimbursement  
24 to me be via this entry. It was not a phony item on the  
25 expense report.

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1 Q Is that because you actually did incur car  
2 rental expenses in Hawaii and Europe?

3 A Oh, absolutely.

4 Q But those expenses would not otherwise be  
5 reimbursable by the company; is that right?

6 A Normally, probably not.

7 Q And you just stated that the actual amount  
8 of your car rental expenses in Hawaii and Europe was more  
9 than \$250 --

10 A Correct.

11 Q -- is that --

12 A Yes.

13 Q Did you actually receive the reimbursement?

14 A Yes.

15 Q Do you recall approximately when you received  
16 that reimbursement?

17 A I am -- I believe, Rob, the next expense report  
18 that I would have turned in would have been around March 1.  
19 I did it each month. I believe it was on that expense report,  
20 so I guess it would have been within the first couple weeks  
21 in March of '84.

22 Q Is that because it normally took about two  
23 weeks between the time you submitted your expense report and  
24 the time you received your reimbursement?

25 A That could vary depending upon whether --

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1 whether Al was in town to sign it or not and how backed up  
2 the Accounting Department was. Usually -- it never was more  
3 than two weeks.

4 Q I am handing you a copy of a check summary  
5 marked Exhibit 1.

6 You sent this to the Commission in response  
7 to our Order to Produce Documents.

8 A Right.

9 Q Do you recognize Exhibit 1?

10 A Yes.

11 Q What is Exhibit 1?

12 A It is the stub to the check that paid, as it  
13 says, the expense report for the month of February of '84.

14 Q Is the contribution which you made to  
15 John Glenn disguised as a car rental expense listed on this  
16 check summary?

17 A I take issue with the word "disguised." I  
18 never tried to disguise it. That is why I put the note on  
19 the thing.

20 The \$250 item on this stub that -- since it  
21 is the only \$250 item with this code on it, I assume it is  
22 for the reimbursement of the contribution, yes.

23 MS. LERNER: I am sorry. I am just not sure that  
24 we have identified for the record that this is Exhibit 1.

25 THE WITNESS: Should I give it her?

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1 MS. LERNER: No, that is fine. So we will know what  
2 we are talking about.

3 (Whereupon the document referred to was  
4 marked by the notary public as Exhibit 1 for  
5 identification and is hereto annexed.)

6 MR. RAICH: Q The \$250 item that you are referring  
7 to, is that the figure in the right-hand column entitled  
8 Net Amount, the second number from the bottom of that column?

9 A Yes.

10 Q Do you know what the other columns mean on  
11 this document?

12 A Under oath, I would have to say no. But I  
13 can give you an idea of what I think they mean.

14 Q All right.

15 A I am not an accountant, thank goodness.

16 Remarks, I really don't know what that is for.  
17 Other deductions, I believe those numbers down there, the  
18 1, 2, 3, the six digit numbers are different subaccounts that  
19 are used by Accounting to allocate the different categories  
20 of expenses on anyone's expense voucher. Under the discount  
21 column, I think that those are four digit numbers, also, that  
22 have something to do with how -- I think those are subaccounts.  
23 Both those columns have to do, I believe, with where the  
24 different moneys within the reimbursement are distributed  
25 within the company. But I can't tell you what the numbers --

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1 what this number means to this account and that number means  
2 to another. I don't know.

3 Q Do you know what the writing which states  
4 gl. ioc. at the head of the column entitled Discount means?

5 A I don't know what it means. I could guess,  
6 but I don't know what it means.

7 Q What is your best guess?

8 A Loc. could mean location. If I am correct,  
9 the numbers related to where moneys are allocated. The loc.  
10 could mean location. Gl. I don't have any idea. Never thought  
11 of it.

12 Q Do you have any idea of what the acct. in the  
13 next column means?

14 A I assume it means account, but I can't -- not  
15 being in the Accounting Department I couldn't -- would not  
16 swear to that.

17 Q You had mentioned previously that you did not  
18 attempt to quote, "disguise," unquote this expense so you  
19 submitted a note with your expense account for it.

20 A Correct.

21 Q I hand you a copy of a handwritten note dated  
22 March 2, 1984. That has been marked as Exhibit 2.

23 (Whereupon the document referred to was  
24 marked by the notary public as Exhibit 2 for  
25 identification and is hereto annexed.)

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1 MR. RAICH: Q Do you recognize Exhibit 2?

2 A Yes.

3 Q What is Exhibit 2?

4 A Exhibit 2 is the note or a copy of the note  
5 that I put on the expense report when submitting it to Al  
6 for approval reminding him that he had agreed to reimburse  
7 me 250 bucks.

8 Q Did you actually give this to Virginia Willard  
9 or did you give it to Al --

10 A No; Virginia. Virginia Willard.

11 Q Was it normal for you to give your expense  
12 reports to Virginia Willard?

13 A Sure.

14 Q What did you mean by, quote, "per your  
15 instructions," unquote, on the note?

16 A In the less-than-one-minute meeting between  
17 Al and I on the evening of February 2 when the instruction  
18 was given to make the contribution and that you would be  
19 reimbursed, partially, Rob, it refers to that. When Al came  
20 back to me with the techniques of how he wanted reimbursement  
21 to occur, that was the other part of the answer. And since --  
22 well, I guess exactly a month had gone by since the initial  
23 meeting and the date of my submitting the reimbursement request  
24 to him. The per your instructions was to remind the man that  
25 this is what the \$250 item was for.

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1 Q You mentioned that other Bekins employees had  
2 asked you how they would be reimbursed for their contributions  
3 to the John Glenn campaign; is that correct?

4 A Yes.

5 Q Do you recall which employees had spoken to  
6 you about this?

7 A I don't.

8 Q Do you know who decided how the Bekins employees  
9 would be reimbursed?

10 A No.

11 Q Do you know if some employees were reimbursed  
12 through their expense accounts as you were and other employees  
13 were reimbursed a different way?

14 A Yes.

15 Q Do you know who made that decision?

16 A I don't know who made it. I only know who  
17 told me that this is how it was to be done.

18 Q Who told you that?

19 A Al Labinger.

20 Q Do you recall about when he told that to you?

21 A Again, Rob, I don't. It obviously was before --  
22 well, since there were two methods of reimbursement, this  
23 being one, it would have had to have been in February. But  
24 I just can't recall the exact date. I presume it was within  
25 a couple weeks after the February 2 meeting.

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1 Q In any case, do you know that it was before  
2 you submitted your expense report?

3 A Oh, yes, of course.

4 Q Do you know why some employees were reimbursed  
5 one way and some were reimbursed another way?

6 A Yes. Because the -- there were two methods  
7 of reimbursement I believe. One through the expense voucher;  
8 the other through the bonus checks.

9 The employees who had not yet received their  
10 bonus checks were reimbursed via that check. The employees  
11 who had received their bonus checks, me being one, were  
12 reimbursed through the expense voucher.

13 Q As of approximately what date?

14 A For which?

15 Q You mentioned that employees who had already  
16 received their bonus checks were reimbursed through the  
17 expense voucher.

18 A Right. Yes.

19 Q Do you know approximately when that was? Was  
20 this as of the date in February when you were told how certain  
21 employees would be reimbursed, or was this as of some different  
22 date?

23 A Two methods, again, remember, for reimbursement.  
24 I don't know -- I was not asked to follow those that were  
25 reimbursed through the expense voucher. I only knew those

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1 that would have had to have been reimbursed through the expense  
2 voucher. I wasn't involved in them being reimbursed or  
3 submitting their expense voucher. So in that group, I don't  
4 know when they submitted the expense vouchers for reimbursement.

5 On the group whose bonus checks contained the  
6 \$250, those checks -- I don't recall the exact date that they  
7 were printed and given out in '84, but I know our company  
8 policy called for them to be paid by April 1 of '84. So I  
9 am sure they were paid by then.

10 I hope I have differentiated the two groups  
11 for you.

12 Q Do you recall right now the names of the  
13 individuals who had already received their bonus checks so  
14 that they needed to be reimbursed through the expense account  
15 reports?

16 A That would have been on the list of names that  
17 Virginia gave me.

18 Q But you don't recall independently right now;  
19 is that accurate?

20 A Well, no. I can recall. I can't guarantee  
21 it is a complete list. Myself, Al Labinger, Roger Lee,  
22 Ron Hartman. There were others, Rob, but I can't recall.

23 Gee, they get to talk and we don't get to talk.

24 MS. LERNER: You can talk to him as much as you want.

25 THE WITNESS: Okay.

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1 MR. MCLEAN: Just don't have anything to say.

2 MR. RAICH: Q Do you recall specifically who had  
3 asked you during the month of February how they would be  
4 reimbursed?

5 A I really don't, Rob. I can only tell you --  
6 remember, I only know of my visit with Al. I don't know how  
7 his visit was with the other people. Remember, I didn't know  
8 know who he had even talked to until I got the list of names  
9 from Virginia. So I have no idea what he told these people  
10 concerning reimbursement except I realized that I was the  
11 one that apparently was going to arrange for it via Al's  
12 comment to some of these people because, as I said, they had  
13 at some point in time asked me when am I going to get my check  
14 or how is it going to -- how is the reimbursement going to  
15 occur. Who -- which ones of the group, no, I don't recall.

16 Q Did you know of anyone at Bekins who expressed  
17 any displeasure against the Bekins employee who did not  
18 contribute to John Glenn upon being asked to do so?

19 A Do I know of anyone at Bekins that expressed  
20 a displeasure?

21 Q Yes.

22 A Against who?

23 Q Against another Bekins employee who did not  
24 contribute to the John Glenn campaign upon being asked to do so.

25 A I am not quite sure of your question. Let me

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1 rephrase it.

2 Do I know if anyone was looked upon with  
3 disfavor because they said no to the request?

4 Q That is right.

5 A No.

6 Q Do you know why some employees received their  
7 bonuses later than other employees?

8 A Yes.

9 Q Why is that?

10 A The, let's see, the accurate word I am thinking  
11 of -- is that right -- I will turn the other way.

12 The acquisition was June of '83. When did  
13 Minstar acquire Bekins? June of '83 I believe.

14 MR. McLEAN: I think so.

15 THE WITNESS: Okay.

16 The bonuses, Rob, for the people who received  
17 them prior to this Glenn thing, the names that I mentioned  
18 plus others that I can't recall, the bonuses were paid, I  
19 don't recall when. I think in January of '84 to that group  
20 because the bonus calculation for that group was part of the --  
21 part of the what? -- part of the agreement reached by  
22 Al with Minstar as to how bonuses for the key executives would  
23 be paid for the year 1983.

24 In other words, it was a formula that was  
25 agreed to that did not relate to the normal formula that was

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1 used for paying bonuses to those people. Thus they could  
2 be paid early -- earlier than the April 1 date that I mentioned.  
3 They were paid earlier for that year only. For the year 1983  
4 they were paid, I think, in January of '84.

5 Q That group of people included yourself,  
6 Labinger, Lee, Hartman and some others you don't recall?

7 A There were a couple others, but I just can't  
8 recall. But they would be on that list.

9 Q Do you know how bonuses were computed?

10 A Sure.

11 Generally you mean?

12 Q Yes; generally.

13 A Do we have a couple days?

14 Q No; just like a brief summary.

15 A Each position in the company, each management  
16 position in the company, was priced against the marketplace,  
17 the nationwide marketplace, for that particular function.  
18 Take my position. The human -- the top human resource position  
19 in the company was priced as to what top human resources get  
20 nationwide in companies of our size with our revenue product  
21 makes, et cetera.

22 Let's assume the figure was \$100,000 was the  
23 average salary or average annual earnings paid for my position.  
24 Bekins then decided, "Okay. For top management, we will take  
25 that hundred thousand and will pay 80 percent of it in salary

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1 and 20 percent of it" -- I am just using fictitious percentages  
2 here to answer your question -- decided to pay 80 percent  
3 in salary and 20 percent in bonus. So eighty thousand would  
4 be salary and the other twenty thousand in my illustration  
5 would be a potential bonus.

6 That 20 percent bonus became a target bonus  
7 for that position, for my position, that a person could  
8 anticipate in a given year 20 percent of salary if the company  
9 met its objectives and if the individual met his or her  
10 objectives.

11 Was there a different method for computing  
12 the bonuses of those few individuals who received bonuses  
13 earlier than the other Bekins employees?

14 A For the year 1983, yes.

15 Q There were two groups of people --

16 A Right.

17 Q -- at Bekins who received their bonuses in  
18 different ways.

19 Isn't it true that the second group of people  
20 who received bonuses later also received some extra amount  
21 in that bonus to compensate those who had contributed to the  
22 John Glenn campaign?

23 A Well, as I said, the names on the list who  
24 had not received their bonus checks and who were Al's  
25 instruction were to be reimbursed for the John Glenn campaign,

1 that \$250, yes, was to be included in their bonus checks.

2 The group who had already received their bonus  
3 check were to receive per Al's instructions their \$250  
4 reimbursement through the expense voucher.

5 Q Did they receive only \$250 reimbursment in  
6 their bonus checks or was there an additional amount given  
7 to those people?

8 A An additional amount, Rob. Yes, they were  
9 grossed up. I think that is the term to cover the taxes,  
10 grossing up.

11 Q You have made numerous references this morning  
12 to a list --

13 A Yes.

14 Q -- that was prepared with names on them.

15 I am handing you a copy of a one-page document  
16 which contains a written list of names. You sent this to  
17 the Commissioner in response to our Order to Produce Documents.

18 A Right.

19 Q The exhibit has been marked as Exhibit 3.

20 (Whereupon the document referred to was  
21 marked by the notary public as Exhibit 3 for  
22 identification and is hereto annexed.)

23 MR. RAICH: Q Do you recognize Exhibit 3?

24 A Yes.

25 Q What is Exhibit 3?

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1           A       Exhibit 3, Rob, is the list of names that I  
2 would have gotten from Virginia. That is Virginia's writing,  
3 Virginia Willard, of those individuals that were to be --  
4 with the amounts \$250 -- I don't know whose writing that is.

5                   In any event, the list of names of people that  
6 were to be reimbursed for the contribution to the Glenn  
7 campaign. The two-fifty was the amount they were to be  
8 reimbursed, the amount they contributed.

9           Q       Do you know in whose handwriting the word  
10 "grossup" appears at the top of the page is?

11           A       I don't. It wasn't mine, but I don't know  
12 whose it is.

13           Q       Do you know in whose handwriting the figures  
14 which state 360.25 --

15           A       No, I do not.

16           Q       At the bottom of the document near the right  
17 corner ther appears to be somebody's signature and the date.

18           A       That is my signature. Can't read it, but it  
19 is mine, yes.

20           Q       The date is 2-27-84; is that correct?

21           A       Yes.

22           Q       Why did you sign this document?

23           A       Routinely -- routinely when any bonus payment  
24 was made in the company, there has to be a sign-off document  
25 before the Accounting Department would pay. And I was the

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1 one because of my position that had to approve this document.  
2 Since this related to bonus, I was the one to sign it.

3 Q How did you know what this list referred to  
4 when you signed it?

5 A Since the -- since it started out with the  
6 names of those that had contributed to the campaign for which  
7 reimbursement was to be made and that was the sheet given to  
8 me to sign, I -- there was no question in my mind that this  
9 was the sheet that payment was going to be made from. Even  
10 though it doesn't say that. That to me was obvious.

11 Q Did Virginia Willard herself hand this to you?

12 A Yes. Well, handed it to me, Rob, with the  
13 names. But not -- then it left her hands.

14 Q I see.

15 A I would have given it to the Payroll Department  
16 or to the Accounting Department.

17 Q After you signed it?

18 A That is a good question. I can't recall  
19 whether -- whether or not I signed it before I gave it to  
20 the Payroll Department or after they -- or whomever put these  
21 other numbers on. I really don't recall.

22 Q When you first received the document --

23 A This list?

24 Q This Exhibit 3 from Virginia Willard, did it  
25 only have the list of names on it and the 250 figures, or

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1 did it also have the lines drawn through some names and the  
2 checks next to other names?

3 MS. LERNER: Wait a minute. That is two different  
4 questions. Ask him the first half of it first.

5 MR. RAICH: Q When you first received the document,  
6 a copy of which is Exhibit No. 3, did it have only the names  
7 on it and the \$250 figures on it?

8 A To my best recollection, yes.

9 Q Do you recall when you first saw the document  
10 with any other changes on it?

11 A I don't. Well, as far as this striking through  
12 of some of the names -- let's see. The names that have a  
13 line through them are those who had already received their  
14 bonus checks. Okay. So they were not to receive -- since  
15 this list was to be used to pay bonus checks, then their names  
16 were crossed off because they had already received their bonus  
17 checks. That would signal the Payroll Department to not worry  
18 about that.

19 But because -- remember, Virginia prepared --  
20 I assume she asked Al for the list of names and amounts which  
21 had nothing to do with the method of reimbursement. So that  
22 is what she gave to me. Since again my instruction was to  
23 arrange or to get these people paid, those who have already  
24 received their bonus, have them put it on their expense voucher.  
25 Those who have not received their bonus put it on their

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1 expense voucher. I believe I was to put the names on there  
2 of the people who already received their bonus.

3 The reason I say that is because it also went  
4 through the two-fifty, which is what Virginia put down.  
5 Because that event had nothing to do with the method  
6 reimbursement. So I probably put the line through the name  
7 and the amount.

8 Now I forgot your question.

9 Q Do you know who put the checks next to some  
10 names?

11 A No.

12 Q Do you know what the checks symbolize?

13 A I can guess.

14 Q What is your guess?

15 A Since the checks, checkmarks -- since the  
16 checkmarks are only next to the name -- names of those people  
17 who were to receive the reimbursement through their bonus,  
18 my guess is that whoever made out the checks just used the  
19 checks -- not the checkmark -- used that checking -- ticking  
20 off as a technique as saying, "Okay. I have made the check  
21 out for that person," or "I have entered the program," or  
22 however they enter amounts into a computer system. I assume  
23 that was just a method of saying it has been done, but I don't  
24 know.

25 Q In the upper right-hand corner of the document

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1 there is what appears to be a capital I, a lower case e, and  
2 then three checkmarks.

3 Do you know what that symbolizes?

4 A Yes. First I think there is -- I think the  
5 Xerox didn't pick up all the checkmarks. I think this was  
6 the -- it is a C. I think this was IC check. I think I put  
7 it there. IC stands for Incentive Compensation, analogous  
8 to bonus. And that would have -- I am sure I put it there --  
9 and that would have been IC check. And then I would have  
10 gone down this list, the original one, and put a checkmark  
11 next to those people who had already received a bonus check.

12 So those checkmarks -- I am guessing here  
13 because I don't -- the rest of this page isn't here -- but  
14 for sure -- I am reasonably sure this is accurate. So the  
15 checkmarks next to George Smith's name and Noga's name I  
16 suspect we would find that they were also next to Morse's  
17 name and --

18 MR. McLEAN: You said Noga, but I think you meant Lee.  
19 This checkmark is next to Lee's name.

20 THE WITNESS: Let me retract. I am totally reversed.

21 IC check would have meant that the money should  
22 be included in the IC check. And so I then would have checked  
23 those names whose IC checks should contain the money. So  
24 the checkmarks, then, would be next to Phil Scott, Joe Noga  
25 and I am sure we would find them working down the page next

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1 to Shannon Sesmas' name and et cetera.

2 Q But is it your understanding that the copy  
3 we have before us didn't include the checkmarks on the right-  
4 hand side of the page all the way down? Is that what you  
5 would presume?

6 MR. McLEAN: No. He said it was a photocopy problem.

7 Is that what you mean?

8 MR. RAICH: Yes.

9 MR. McLEAN: Oh.

10 THE WITNESS: The checks were there, I am sure, on  
11 the original. The copy machine didn't pick them -- they were  
12 off the page, I guess.

13 MR. RAICH: Q Those would have been checks you put on?

14 A Yes; on the right-hand side.

15 Q That is correct.

16 A That is right. Correct.

17 Q Do you know where Virginia Willard obtained  
18 the information which she put onto the document, a copy of  
19 which is Exhibit 3?

20 A I don't know, Rob. But the only one I believe  
21 she could have obtained it from would have been Al.

22 Q Al Labinger?

23 A Al Labinger.

24 Q Do you know if each of the people whose names  
25 appears on Exhibit 3 actually received reimbursement?

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1           A       No, I don't know. But those who were to have  
2 received it in their bonus checks I have to believe this  
3 document would have produced that amount of money in their  
4 bonus checks. I don't know, as I said earlier, the when or  
5 the how or the if of those who were to receive it through  
6 their compensation voucher. But since none of these people  
7 came back to me and complained afterward, I have to assume  
8 that they got the money.

9                       No, I don't know.

10           Q       Would it be accurate to say that the  
11 significance of Exhibit 3 with your signature on it was an  
12 authorization or an approval to the Payroll Department to  
13 cut checks -- excuse me -- to grossup bonuses by the amount  
14 necessary to compensate people for their contributions to  
15 the John Glenn campaign?

16           A       No. The signature on Exhibit 3, my signature  
17 on Exhibit 3 is a routine or was a routine company practice  
18 that any bonus payment needed to have the approval of someone  
19 in the Human Resources Department, someone in Management.  
20 Since this sheet, Exhibit 3, was an adjustment to the bonuses  
21 of some individuals, it required routinely my signature, but  
22 I have no idea whether the people making the payments or  
23 cutting the checks knew what it was for. I wasn't asked,  
24 it wasn't an issue.

25           Q       Please tell me again to whom you gave

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1 Exhibit 3 after you put the checks on it and the lines through  
2 it and signed your signature?

3 A I don't recall who, Rob, by name. It would  
4 have been in the Accounting Department. Specifically who  
5 in the Accounting Department, I can't recall.

6 Q Do you recall when Al Labinger left Bekins?

7 A As an employee you mean?

8 Q Yes, that is right.

9 A Yes.

10 Q When did he leave?

11 A I said yes and now I am going to say I can't  
12 remember. No. In March, April of '84. Around the spring  
13 of '84.

14 Q Do you know if it was before or after the bonus  
15 checks were distributed to people who received a bonus check  
16 in March of 1984?

17 A This would be so easy to check. I just -- I  
18 just can't recall the date. I have to assume that he left  
19 after.

20 Q But you are not sure about that?

21 A I can't recall when he left, in other words.  
22 Spring of '84.

23 Q Would Al Labinger have known that the people  
24 listed on Exhibit 3 received compensation for their  
25 contributions to John Glenn's campaign?

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1 A Would he have known? It was his idea. I don't  
2 understand what you mean.

3 Q I mean, would he have actually known that those  
4 individuals did receive their reimbursements?

5 A As I said, he and I never discussed this. I  
6 don't know how he or if he went around and asked people. He  
7 never asked me. It was never discussed. It was not an issue  
8 that he ever brought up with me. So I really don't know.

9 Q Did Bekins Payroll Department or Accounting  
10 Department handle the actual reimbursements?

11 A You mean which of the two?

12 Q Yes. Perhaps both of them had roles that were  
13 played in this, I don't know.

14 A I don't either, Rob. One was part of the other.  
15 The Accounting Department handled the accounting. The  
16 Payroll Department, I believe, was part of the Accounting  
17 Department.

18 Q I see.

19 Did anyone ever tell you that it was illegal  
20 for corporations to make political contributions?

21 A No.

22 Q Did you ever know it was illegal for  
23 corporations to make political contributions?

24 A Only recently.

25 Q By "recently," do you mean since you received your

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1 notification from the Federal Election Commission?

2 A Recently, I mean this morning.

3 Q Did you feel that the contribution and  
4 reimbursement plan was a way in which Bekins could put  
5 corporate funds into John Glenn's campaign?

6 A I had no idea of the intent of the money, the  
7 intent of my contribution, or any of the parameters about  
8 how the request was made or where the funds were going or,  
9 as I said, whether certainly that it was -- whatever was being  
10 done was being legal since the discussion -- since the  
11 monologue between Al and I was less than a minute. This was  
12 an issue that didn't raise itself and I didn't think about.

13 Q Did you ever suspect that this activity was  
14 in any way improper?

15 A I did not until this morning.

16 Q When you submitted your first expense report  
17 that listed the contribution to John Glenn's campaign as an  
18 expense and this was returned to you, did you at that time  
19 feel there was a reason it could not be listed as such on  
20 the expense report? That reason being that it needed to be  
21 hidden someplace?

22 A The instruction was to list a \$250 expense.  
23 My recollection, which is why I listed it as a car expense,  
24 was to list an expense, a real expense, that the individual  
25 in this case, myself, incurred. Was it specifically said

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1 do not list is as a contribution or you can't do that or we  
2 shouldn't do that, that was never raised and I didn't think  
3 about it.

4 Q Are you familiar with the compensation other  
5 employees at Bekins received?

6 A Salary, you mean?

7 Q That is correct.

8 A That was my job, yes. Part of my job.

9 Q Was \$250 a substantial amount of money to the  
10 other employees at Bekins who made contributions to John Glenn's  
11 campaign?

12 A I can't answer that, Rob. I honestly don't know.

13 Q Do you know about any other involvements with  
14 Bekins in politics?

15 A By the company?

16 Q That is right.

17 A That is such a general question. I don't want  
18 to say no because I have to believe that as a corporate entity,  
19 we probably went to -- bought tables at dinner that were  
20 sponsoring a community activity that could conceivably have  
21 been spearheaded by someone in office. That is such a general  
22 question.

23 If you could be more specific I would appreciate  
24 it.

25 Q Do you know of any other involvement by Bekins

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1 in election campaigns?

2 A No, I do not.

3 Q Were you ever asked by anyone at Bekins to  
4 make a contribution to any other election campaign?

5 A No.

6 Q The John Glenn campaign was the only campaign?

7 A To my recollection, yes.

8 Q Have you been threatened by anybody concerning  
9 this matter or your testimony?

10 A Two questions: Concerning my testimony, no;  
11 concerning this matter, how do you define "threatened"?

12 Q Someone seems to have said something to you  
13 which is bothering you.

14 Would you like to tell me what that is?

15 A I am not bothered. It is just that, as I said  
16 initially, I have thought of a word in the meantime. Al being  
17 a very strong, dynamic individual, I certainly felt during  
18 the initial visit by him on February 2 that he damn well wanted  
19 me to give the money to him ASAP. Threatened, no; intimidated,  
20 yes.

21 Q That is the only extent?

22 A Yes. Yes. It was never brought up again.

23 MR. RAICH: Those are the questions I have at this time.

24 Do you have any questions, Dave?

25 MR. McLEAN: No.

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1 THE WITNESS: A check?

2 MR. RAICH: You are entitled to a witness fee check.

3 THE WITNESS: Really?

4 MR. RAICH: I am handing this to you right now.

5 MR. McLEAN: This is big time. It will barely pay  
6 for parking.

7 THE WITNESS: I never knew that. Thank you.

8 MR. RAICH: You are entitled to sign and review your  
9 transcript of this deposition. You don't have to do that.  
10 The choice is up to you.

11 THE WITNESS: I would like to.

12 MR. RAICH: Okay. This deposition is concluded.

13

14

\* \* \*

15

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17

I declare under penalty of perjury  
18 that the foregoing is true and correct.

19

20

Executed at \_\_\_\_\_,  
California this \_\_\_\_ day of \_\_\_\_\_,  
21 198\_\_.

22

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\_\_\_\_\_  
RICHARD J. MORSE

1 STATE OF CALIFORNIA )  
 2 ) ss.  
 3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, C.S.R., a  
 5 Notary Public of the State of California, certify:

6 That the foregoing deposition of RICHARD J. MORSE  
 7                      was taken before me pursuant to SUBPOENA  
 8                     , at the time and place therein set forth, at which  
 9 time the witness was put on oath by me;

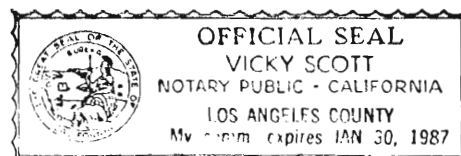
10 That the testimony of the witness and all objections  
 11 made at the time of the examination were recorded stenographi-  
 12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
 14 testimony of the witness and of all objections made at the time  
 15 of the examination.

16 I further certify that I am neither counsel for nor  
 17 related to any party to said action, nor in anywise interested  
 18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
 20 affixed my seal this 30th day of December, 1985.

21 Vicky Scott  
 22 Notary Public of the State of California.  
 23 VICKY SCOTT, CSR No. 6055, RPR  
 24  
 25



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HE BEKINS COMPANY  
77 FLOWER STREET, GLENDALE, CALIFORNIA 91201

DATE

CHECK  
NO.

VENDOR  
NO.

REFERENCE	DATE	AMOUNT	DISCOUNT	OTHER DEBIT	REMARKS	NET AMOUNT
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	exp. report		2910	780902		360.00
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TOTALS			1110	750900		74.55

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Ex. 1.  
for ideal  
V. Scott, III  
12-5-85

Exhibit 1



3/2/84

al

THE \$250 EXPENSE  
FOR "HAWAII/EUROPE-  
CAR RENTAL" IS PER  
YOUR INSTRUCTIONS.

RM

EX. 2  
FRIDENT  
V. SODH, NP  
12-5-85

Exhibit 2



FRASABLE  
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IN RE:

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CONFIDENTIAL

36 JAN 10 AIO: 25

RECEIVED  
OFFICE OF THE  
GENERAL COUNSEL

DEPOSITION OF NORMAN KENT, ESQ.

8 9 0 4 0 7 0 0 7 2

Taken on behalf of the Federal Elections  
Commission at 312 North Spring Street, 11th  
Floor, Los Angeles, California, commencing at  
2:00 P.M., on Tuesday, December 3, 1985, before  
Vicky Scott, CSR No. 6055, RPR, a Notary Public  
of the State of California, pursuant to  
Subpoena.

ORIGINAL

RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES

*Certified Shorthand Reporters*

3400 WEST SIXTH STREET - SUITE 200A

LOS ANGELES, CALIFORNIA 90020

TELEPHONE (213) 382-0829

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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.

-and-

LOIS G. LERNER

Attorney at Law

999 E Street, N.W.

Washington, D.C. 20436

FOR THE WITNESS:

NORMAN KENT, ESQ.

IN PROPRIA PERSONA

2601 South Figueroa Street

Los Angeles, California 90007

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I N D E X

WITNESS

EXAMINATION

NORMAN KENT, ESQ.

(By Mr. Raich)

3

(No Exhibits Offered)

1 NORMAN KENT, ESQ.,  
2 having been first duly sworn, was examined and testified as  
3 follows:

4  
5 EXAMINATION

6 BY MR. RAICH:

7 Q Please state your name.

8 A Norman Kent.

9 Q And your address?

10 A 7547 March Avenue, Canoga Park, California  
11 91304. March as in the month; M-a-r-c-h. That is my residence  
12 address.

13 Q What is your phone number?

14 A 818 340-3880.

15 Q Is that also your home telephone?

16 A Correct.

17 Q I am going to ask you a series of questions.

18 If at any time you don't understand a question, just say so  
19 and I will try to rephrase the question so you do understand  
20 it. If you do not tell me that you don't understand the  
21 question, I will assume that you understand the question and  
22 that your answer is responsive.

23 Is that clear?

24 A Fine.

25 Q Have you ever had your deposition taken before

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1 A Yes, I did.

2 Q And have you taken depositions yourself?

3 A I took three this morning.

4 Q Since receiving your subpoena, have you spoken  
5 with anybody about this deposition or about the answers you  
6 will give today?

7 A Yes; in part of that to your question.

8 Q Which part?

9 A Have I spoken to anybody.

10 Q Whom have you spoken to?

11 A Gary Klein, Joel Yachzel, Ernie Gallego.

12 Q What was the substance of your conversations  
13 with Gary Klein?

14 A I have got served with a subpoena. Did you  
15 get one?

16 Q Was that the full extent of it?

17 A That was it.

18 Q What was the substance of your conversation  
19 with Joel Yachzel?

20 A Basically the same with Joel.

21 Q What was the substance of your conversation  
22 with Ernie Gallego?

23 A He wanted to know if I wanted any  
24 representation down here when I would be appearing and if I  
25 wanted Latham & Watkins law firm to represent me.

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1 Q Was that the extent of your conversation with  
2 Ernie Gallego?

3 A Yes.

4 Q Do you know about when you had this  
5 conversation with Ernie Gallego?

6 A Few weeks ago.

7 Q Have you read anything in preparation for your  
8 deposition?

9 A Yes.

10 Q What?

11 A My answers that have been submitted to you.

12 Q Was that the extent of what you read in  
13 preparation for your deposition?

14 A Right.

15 Q Where are you employed now?

16 A I am employed at 2601 Figueroa Street, Los  
17 Angeles.

18 Q What is the name of that business?

19 A Well, it is the Automobile Club of Southern  
20 California. And I am in their legal department.

21 Q When did you start working for Bekins?

22 A January of 1981.

23 Q In early February 1984, what was your job  
24 title?

25 A Senior litigation attorney.

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1 Q Who was your immediate superior?

2 A Ronald Hartman.

3 Q When did you leave Bekins?

4 A February 28th, '85, or March 1st, '85. Some-  
5 where around that period of time.

6 Q Why did you leave Bekins?

7 A Well, I can give one answer which is kind of  
8 facetious. They threw me out in the street. But about a week  
9 prior to that, I was advised in a meeting that they were going  
10 to disband their legal department, their in-house legal  
11 department, and go to outside counsel. So my services were no  
12 longer necessary. A number of the other attorneys likewise  
13 were told the same --

14 Q Did --

15 A -- except -- well, as a lawyer you can never  
16 give a full answer.

17 I did continue to do work for Bekins as I left  
18 them. They hired me on a case-by-case basis to handle a number  
19 of cases for them.

20 Q Do you still work for Bekins now?

21 A No.

22 Q Did anybody ever ask you to contribute to John  
23 Glenn's Presidential campaign?

24 A Yes.

25 Q Who?

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1 A Ronald Hartman.

2 Q Anybody else?

3 A No.

4 Q When did Ronald Hartman ask you?

5 A I believe it was February 6th, 1984.

6 Q How many conversations did you have with him  
7 where you discussed contributing to the John Glenn campaign?

8 A Just one.

9 Q How long did that conversation last?

10 A Five minutes, approximately.

11 Q Where was it held?

12 A In his office.

13 Q Was anybody else present?

14 A No.

15 Q I would like you to tell me as best you can  
16 what transpired during that conversation, what did he say and  
17 how did you respond?

18 A I believe he called me into his office. It was  
19 in the morning, and he said, "Do you have your checkbook here?"

20 And I said yes.

21 And he said, "Irwin Jacobs is campaign chairman  
22 or involved in raising funds for John Glenn, and I want a check  
23 for \$250 from you as soon as possible. And you will get the  
24 money back."

25 It wasn't a question; it was a directive.

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# Gross up

Ex 3  
for ident  
V. SCOTTIN P  
12-5-85  
T.C. V

✓ Phil Scott	250 net	360.25	✓
<del>Geo. Smith</del>	<del>250</del>		
✓ Joe Kaya	250 net	360.25	
<del>Roger Lee</del>	<del>250</del>		
<del>Jack Tate</del>	<del>250</del>		
<del>Dick Morse</del>	<del>250</del>		
✓ Shannon Seamus	250 net	360.25	
<del>Ron Blustman</del>	<del>250</del>		
✓ Ernie Bulley	250 net	360.25	
✓ Phil Berlin	250		
✓ Norm Kent	250		
✓ Joel Gachzel	250		
✓ Gary Klein	250		
<del>at Lohingpo</del>	<del>250</del>		
✓ Lew Friedman	250 net	360.25	

OL B 27/84

1 Q How did you respond?

2 A I think I may have asked him what it was all  
3 about. And he said, "Jacobs is raising funds for John Glenn.  
4 And give me a check or give my secretary a check."

5 That was about it.

6 Q Did you say anything in response to him at that  
7 point?

8 A Not that I recall.

9 Q Did Mr. Hartman indicate to you that he had  
10 gotten the directive from Jacobs?

11 A He didn't -- as I recall, he didn't say those  
12 exact words.

13 Q Did you get the impression that Hartman had  
14 spoken personally with Jacobs about this?

15 A That is just speculation on my part. I have no  
16 idea. I know they spoke periodically and had meetings  
17 periodically, but I -- that would just be guesswork on my part.

18 Q What did Hartman mean when he said he would  
19 give the money back?

20 A Well, I assume he meant that I would be  
21 reimbursed for the \$250 that he wanted from me.

22 Q Did he explain at that time how you would be  
23 reimbursed?

24 A No.

25 Q Did you contribute to the John Glenn campaign?

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1 A Well, if I -- did I write a check for \$250?  
2 Yes, I did.

3 Q And was that check to the John Glenn campaign?

4 A Yes.

5 Q When did you write that check?

6 A I think probably five to ten minutes later.  
7 Perhaps I went back to my office and wrote a check. And he  
8 said, "I want it right now." And I believe I gave it to his  
9 secretary.

10 Q Do you recall his secretary's name?

11 A Kerin Waters.

12 Q Did you consider \$250 to be a substantial  
13 amount?

14 A I didn't give it any thought one way or the  
15 other.

16 Q Did you have any subsequent conversations  
17 with Mr. Hartman about this contribution to the John Glenn  
18 campaign?

19 A Yes.

20 Q Did you have more than one subsequent  
21 conversation or only one?

22 A I believe it was only one.

23 Q When was that conversation?

24 A I would say a few days to a week after this.

25 Q How long did that conversation last?

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1 A A minute or two.

2 Q Do you recall where it took place?

3 A No. Except it was at Bekins, and I don't know  
4 if it was my office, his office or we passed each other in the  
5 hallway and he stopped me.

6 Q Do you recall if anyone else was present?

7 A I don't believe anybody else was present.

8 Q What transpired during that conversation?

9 A He told me that I would get reimbursed for the  
10 \$250 when the company paid their company bonus and that they  
11 would include that in the company bonus.

12 Q Did --

13 A I think he said, "Don't put it on any expense  
14 report."

15 Q What did you think might happen to you if you  
16 did not contribute to the John Glenn campaign?

17 A Well, knowing Mr. Hartman from past dealings  
18 with him since he is my boss and second in charge -- third in  
19 charge of the company, I knew he wouldn't be too thrilled,  
20 could affect me in terms of pay, raises, my standings in the  
21 company.

22 Q Were you concerned that your employment might  
23 be terminated if you didn't make the contribution?

24 A I never gave it any thought. I didn't really  
25 think about it. I know he could be -- he was a very demanding

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1 individual at times and would run into you on occasion and tell  
2 you he needed something and he wanted it now. And you know,  
3 drop everything, no excuses. And then five minutes later he  
4 might be jumping on you again as to where is it. You know,  
5 why haven't you done it or something like that.

6 But I didn't really give any serious  
7 consideration that, you know, if I didn't -- I didn't even  
8 think about it, you know, that I would be terminated.

9 Q Did you even think about not making the  
10 payment he asked for?

11 A No, I didn't -- no, I didn't consider that.

12 Q If it had not been for this incident, do you  
13 think you would have contributed to the John Glenn campaign?

14 A Probably not.

15 Q Would it be accurate to say that you felt  
16 pressured to make the contribution?

17 A Sure.

18 Q Do you know if you actually got reimbursed for  
19 the contribution?

20 A I would have to guess at that. I would assume  
21 so. That is, you know, the best answer I can -- I did get a  
22 company bonus as a number of other people did, and I would  
23 assume it was included somewhere in that, in that bonus.

24 Q Did anyone other than Mr. Hartman tell you  
25 that you would be reimbursed for the contribution?

8904070884

1 A No.

2 Q Did anybody tell you that they had been  
3 reimbursed for making a contribution to the Glenn campaign?

4 A Yes, as a matter of fact.

5 Q Do you recall who said that?

6 A Yes; Ernie Gallego.

7 Q Did he say that he had been reimbursed for  
8 making a contribution?

9 A Yes.

10 Q Did he indicate the manner in which he got  
11 reimbursed?

12 A I think he told me about this recently that he  
13 put it on his expense report.

14 Q Do you know if Ernie Gallego did that because  
15 anyone had told him to do that?

16 A I have no idea.

17 Q Do you know how bonuses were computed at  
18 Bekins?

19 A Just in general terms. It was based, I guess,  
20 on company profits and your standing in the company in terms  
21 of, I guess, how long you have been with the company and, you  
22 know, your position in the hierarchy.

23 Q Do you know who makes the decisions regarding  
24 bonuses or who made the decisions regarding bonuses?

25 A No; other than I assume some financial

8904070885



1 committee of some kind.

2 Q Do you recall how much the bonus was that you  
3 received in 1984?

4 A I will try to guess. Somewhere around a  
5 thousand to two thousand dollars gross. They usually took  
6 deductions out of that also.

7 Q Do you recall when you received it?

8 A I would estimate somewhere between March and  
9 April of 1984.

10 Q If your bonus had been increased by the amount  
11 necessary to compensate you for making the \$250 contribution,  
12 would you have known about it?

13 A No.

14 Q Why is that?

15 A Well, the bonus wasn't necessarily any fixed  
16 amount that each year you would get a thousand or whatever.  
17 At the time I was there, it varied anywhere from \$250 to \$500  
18 or a thousand difference. As I recall, it might have been  
19 a thousand one year and fifteen another and two thousand  
20 another. And I would not know how that would be calculated.

21 I would normally be given check money from Ron  
22 Hartman saying, "This is your bonus."

23 Q Did the expense account reports you submitted  
24 always equal the reimbursements which you received on your  
25 expense account?

8904070886

1 A Yes.

2 Q Did you ever submit any items to your expense  
3 account which were not work-related expenses in order to  
4 receive reimbursement for making the \$250 contribution?

5 A No.

6 Q Did you ever suspect that the activity that  
7 Mr. Hartman engaged in, requesting contributions, might be  
8 improper?

9 A That is a tough question to answer. My  
10 immediate thought about it was he wanted it done this way so  
11 that the name of Bekins wouldn't be involved and they wouldn't  
12 be shown to be a corporation contributing to a particular  
13 candidate, you know, in the Presidential campaign. That was  
14 my basic thought about it. Maybe it was naive, but that was  
15 my thought.

16 Q Did anybody ever state to you that it was  
17 illegal for corporations to make contributions to Federal  
18 candidates?

19 A Not in so many words, but something to that  
20 effect.

21 Q Who stated that?

22 A John Light.

23 Q How does he spell his last name?

24 A L-i-g-h-t.

25 Q When did he mention that to you?

8904070887



1 A In probably January or February of 1985.

2 Q When was that? Before or after you left Bekins?

3 A That was before.

4 Q Who is John Light?

5 A John Light is a partner with the law firm of  
6 Latham & Watkins in Downtown Los Angeles, and he was acting  
7 general counsel after Mr. Hartman was terminated.

8 Q Was that the first time that you learned that  
9 contributions made by corporations might be illegal?

10 A Yes.

11 Q Did you discuss that matter with anybody other  
12 than John Light?

13 A No.

14 If I might elaborate?

15 Q Sure.

16 A As I recall, he came into my office and said,  
17 "We have uncovered the contributions that were made to the John  
18 Glenn campaign fund, and it was done in an improper manner and  
19 Bekins shouldn't have done this, whatever they have done, and  
20 we have reported it to the Federal Election Campaign. And  
21 Irwin Jacobs isn't involved in this."

22 Q John Light said all these things to you?

23 A Yes.

24 Q Was this all in one conversation?

25 A Yes.

8904070888

1 Q Did you think it strange that John Light  
2 mentioned that Irwin Jacobs was not involved?

3 A No.

4 Q Did you think it unusual that he would mention  
5 Irwin Jacobs?

6 A No.

7 Q Why was that?

8 A Well, Jacobs and his companies are clients of  
9 John Light -- of John Light's law firm. I know they had  
10 apparently many business dealings together.

11 Q Did you ask John Light if Irwin Jacobs was  
12 involved or did John Light just bring that subject up to you  
13 out of the blue?

14 A No. No, I didn't ask. He came in, told me  
15 about this and then left.

16 Q Do you know about any other involvement by  
17 Bekins in election campaigns?

18 A Not that I am aware of.

19 Q Are you aware of any other involvement by  
20 Minstar, Inc., in election campaigns?

21 A No.

22 Q Have you been threatened by anybody concerning  
23 this matter or your testimony?

24 A No -- Yes. Take that back. My wife.

25 Q What did she --

8904070889

1 STATE OF CALIFORNIA )  
 2 ) ss.  
 3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, No. 6055, C.S.R., a  
 5 Notary Public of the State of California, certify:

6 That the foregoing deposition of NORMAN KENT, ESQ.  
 7                      was taken before me pursuant to Subpoena  
 8                     , at the time and place therein set forth, at which  
 9 time the witness was put on oath by me;

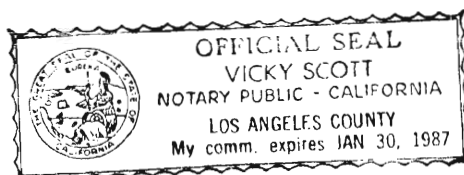
10 That the testimony of the witness and all objections  
 11 made at the time of the examination were recorded stenographi-  
 12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
 14 testimony of the witness and of all objections made at the time  
 15 of the examination.

16 I further certify that I am neither counsel for nor  
 17 related to any party to said action, nor in anywise interested  
 18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
 20 affixed my seal this 27th day of December, 1985.

21 Vicky Scott  
 22 Notary Public of the State of California.  
 23 VICKY SCOTT, CSR No. 6055, RPR  
 24  
 25



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1           A           Other than that, she says, "You are going to  
2 jail."

3           MR. RAICH:     Those are all the questions I have. I  
4 would like to give you your witness fee check now, which I am  
5 handing to you.

6           THE WITNESS:   Is that like getting a -- I thought  
7 it was my tax refund.

8           MR. RAICH:     You had previously stated that you would  
9 like to receive a copy of the deposition and sign it; is that  
10 right?

11          THE WITNESS:    I don't know. I don't know your  
12 procedures. Is that the usual customary procedures?

13          MR. RAICH:     The choice is yours. If you wish, you  
14 can review and sign the deposition when the transcript is made,  
15 or you can waive signature if you prefer.

16          THE WITNESS:   Well, I would prefer to review the  
17 deposition.

18          MR. RAICH:     Fine. This concludes the deposition.

19                           --oo0oo--

20           I declare under penalty of perjury that the  
21 foregoing is true and correct.

22           Executed at \_\_\_\_\_, California,  
23 on this \_\_\_\_ day of \_\_\_\_\_, 198\_\_.

24

25

\_\_\_\_\_  
Signature of the Witness

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ERASABLE  
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JUN 10 1985  
GENERAL OFFICE

DEPOSITION OF GARY H. KLEIN, ESQ.

8904070892

Taken on behalf of the Federal Elections  
Commission at 312 North Spring Street, 11th  
Floor, Los Angeles, California, commencing at  
11:40 A.M., on Tuesday, December 3, 1985, before  
Vicky Scott, CSR No. 6055, RPR, a Notary Public  
of the State of California, pursuant to  
Subpoena.

ORIGINAL

RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES  
Certified Shorthand Reporters  
3400 WEST SIXTH STREET - SUITE 200A  
LOS ANGELES, CALIFORNIA 90020  
TELEPHONE (213) 382-0829

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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.

-and-

LOIS G. LERNER

Attorney at Law

999 E Street, N.W.

Washington, D.C. 20436

FOR THE WITNESS:

GARY H. KLEIN, ESQ.

IN PROPRIA PERSONA

11620 Wilshire Boulevard

Suite 600

Los Angeles, California 90026

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I N D E X

WITNESS

EXAMINATION

GARY H. KLEIN, ESQ.  
(By Mr. Raich)

3

(No Exhibits Offered)



1 GARY H. KLEIN, ESQ.,  
2 having been first duly sworn, was examined and testified as  
3 follows:  
4

5 EXAMINATION

6 BY MR. RAICH:

7 Q Please state your name.

8 A Gary Klein.

9 Q And your address?

10 A 12710 Goethe, G-o-e-t-h-e, Place, Granada Hills  
11 California.

12 Q Is that your home address?

13 A Yes, it is.

14 Q What is your telephone number?

15 A Area Code 818 368-0903.

16 Q Is that your home telephone number?

17 A Yes, it is.

18 Q I notice you have a business address on  
19 Wilshire Boulevard; is that correct?

20 A That is correct.

21 Q I am going to ask you a series of questions.  
22 If at any time you do not understand a question, just say so,  
23 and I will try to rephrase it in a way so that you do  
24 understand. If you don't tell me that you do not understand a  
25 question, I will assume that you do understand and that your

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1 answer is responsive.

2 Is that clear?

3 A Yes.

4 Q Have you had your deposition taken before?

5 A No.

6 Q Have you ever taken depositions before?

7 A Yes.

8 Q Where are you employed now?

9 A Berger, Kahn, Shafton & Moss.

10 Q When did you leave Bekins?

11 A When did I stop working at Bekins?

12 Q That is correct.

13 A The end of February of 1985.

14 Q Why did you leave Bekins?

15 A I was told my position was being eliminated.

16 Q When did you start working for Bekins?

17 A January 1980.

18 Q In early February 1984 what was your job title?

19 A Staff attorney.

20 Q And who was your immediate supervisor?

21 A Ronald Hartman.

22 Q Did anybody ever ask you to make a contribution  
23 to John Glenn's Presidential campaign?

24 A Yes.

25 Q Who?

8904070896

1 A Ronald Hartman.

2 Q Did anybody else ever ask you?

3 A No.

4 Q When did Ronald Hartman ask you?

5 A Probably around that time.

6 Q Around early February 1984?

7 A I think so.

8 Q How many conversations did you have with him  
9 where you discussed contributing to John Glenn's campaign?

10 A I believe there were two.

11 Q When was the first one?

12 A It must have been around that time.

13 Q Around early February?

14 A Right.

15 Q About how long did that conversation last?

16 A Less than two minutes.

17 Q Where was it? Where did the conversation take  
18 place?

19 A At Bekins.

20 Q Whose office or in what location?

21 A I don't remember.

22 Q Do you know if anybody else was present?

23 A There was no one else present.

24 Q I would like you to describe what was said at  
25 that conversation to the best of your ability, please.

8904070897

1           A           Well, I believe Ronald Hartman said that Irwin  
2 Jacobs wanted certain people in the company to make contribu-  
3 tions to the John Glenn campaign.

4           Q           Did Mr. Hartman specify the size of the  
5 contributions?

6           A           Yes.

7           Q           Did he say who else was being asked to make  
8 contributions?

9           A           No. He just said Irwin Jacobs wanted certain  
10 people to make contributions.

11          Q           Did you respond to Mr. Hartman when he spoke to  
12 you regarding these contributions?

13          A           I don't remember.

14          Q           You don't remember if he said anything in this  
15 conversation?

16          A           I am not sure if it was a conversation or a  
17 directive.

18          Q           I see.

19                      Did you get the impression that Ronald Hartman  
20 had personally spoke with Irwin Jacobs about this matter?

21          A           I had no idea.

22          Q           Did Ronald Hartman indicate to you that he had  
23 personally spoken to Irwin Jacobs?

24          A           I don't remember.

25          Q           You mentioned there was a second conversation

8904070898

1 you also had with Mr. Hartman.

2 Do you recall approximately when that  
3 conversation took place?

4 A Probably within a day or days of the first one.

5 Q Do you recall where that conversation took  
6 place?

7 A At Bekins.

8 Q Do you recall at what location at Bekins?

9 A Somewhere in the legal department.

10 Q Do you recall how long that conversation  
11 lasted?

12 A Less than a minute.

13 Q Was anyone else present?

14 A No. Do you recall what was said at that  
15 conversation?

16 A Something about, "Where is your check?"

17 Q What did you respond?

18 A I gave it to him.

19 Q You had the check with you?

20 A Yes.

21 Q You handed it to Hartman personally?

22 A I believe so.

23 Q How much was the amount of the check?

24 A \$250.

25 Q Was \$250 a substantial amount of money to you?

8904070899

1 A What do you mean by substantial?

2 Q Was it the kind of money that would make you  
3 feel significantly affected by parting with it?

4 A I don't know. Can't really say.

5 Q Were you planning on giving the check to  
6 Mr. Hartman even before he asked you where your check was?

7 A No.

8 Q What were you planning on doing with it?

9 A Holding it until he asked for it.

10 Q Was it your hope that he would not ask for it  
11 again and you wouldn't have to part with the money?

12 A I don't recall.

13 Q What did you think would happen if you did not  
14 contribute to the John Glenn campaign?

15 A I don't know.

16 Q Had you ever thought about that?

17 A Well, like I said, I think it was more of a  
18 directive rather than a conversation.

19 Q Did you feel that your job was on the line  
20 if you did not contribute?

21 A Something in those terms.

22 Q How secure did you feel in your job at Bekins  
23 in early February 1984?

24 A As secure as one can feel when they work for  
25 someone else.

8904070900

1 Q Did you feel particularly worried about  
2 losing your job?

3 A You mean before this or after this?

4 Q In early February 1984.

5 A You are talking about before the request was  
6 made or after the request was made?

7 Q Let's take them both. First before the request  
8 was made.

9 A No different than I had felt at any other time.

10 Q After the request was made?

11 A No different.

12 Q If it had not been for this incident, namely  
13 Mr. Hartman asking you to make the contribution, do you think  
14 you would have contributed to John Glenn's campaign?

15 A No.

16 Q Were you ever told that you would be reimbursed  
17 for making your contribution?

18 A I don't recall.

19 Q Did you get reimbursed for making your  
20 contribution?

21 A I don't know.

22 Q Do you recall the size of your bonus you  
23 received in 1984?

24 A No, I don't.

25 Q You mentioned that you didn't know if you had

8904070901

1 been reimbursed for making your contribution.

2 What do you mean when you say that you didn't  
3 know if you were reimbursed?

4 A Exactly that. I don't know if I was reimbursed  
5 or not.

6 Q Is there anything you know of that makes you  
7 feel that you might have been reimbursed for the contribution?

8 A No.

9 Q When did you receive your bonus check in 1984?

10 A I don't recall.

11 Q Do you know for what period the bonus check  
12 you received in 1984 was supposed to cover?

13 A I don't know.

14 Q You had been working with Bekins since January  
15 1980; is that right?

16 A Correct.

17 Q What periods did bonus checks cover for the  
18 other years in which you worked for Bekins?

19 A Presumably the year before.

20 Q Would it be accurate to say that you presumed  
21 the bonus check you received in 1984 was for the calendar year  
22 1983?

23 A I am not familiar with it one way or the other.

24 Q Were there two bonuses you received in 1984?

25 A I don't recall.

8904070902



1 Q Do you recall if there was only one bonus you  
2 received in 1984?

3 A No, I don't.

4 Q Did you receive a real estate bonus in 1984?

5 A I don't recall.

6 Q Do you know if Bekins ever gave real estate  
7 bonuses to its employees?

8 A I think so.

9 Q Do you know if the real estate bonus was  
10 different than the other bonus that was given?

11 A It had a different name.

12 Q Do you know if you received real estate bonuses  
13 in previous years in which you worked for Bekins?

14 A I think so.

15 Q Do you recall the amounts of those bonuses?

16 A No, I don't.

17 Q Did you receive any other bonuses in the  
18 previous years in which you worked for Bekins?

19 A Yes.

20 Q Do you recall those amounts?

21 A No, I don't.

22 Q When did you receive the two bonuses in 1984?

23 A I don't recall. I don't recall if I did in  
24 fact receive two bonuses.

25 Q When did you receive your bonuses in the

8904070903



1 previous years you worked for Bekins?

2 A I don't know.

3 Q Do you know how bonuses were computed?

4 A No, I don't.

5 Q Do you know if any other employees at Bekins  
6 received two bonuses per year?

7 A No, I don't.

8 Q Do you know if any other employees at Bekins  
9 received any bonuses at any time?

10 A Yes.

11 Q Do you know if any other employees at Bekins  
12 received bonuses in 1984?

13 A I have no way of knowing.

14 Q You mentioned that you do know that other  
15 employees at Bekins received bonuses?

16 A Yes.

17 Q What do you know about that?

18 A Just that they did receive bonuses in previous  
19 years.

20 Q Which years are we talking about?

21 A Prior to 1984.

22 Q Would that be 1983?

23 A The exact years I don't remember.

24 Q Which employees do you know received bonuses  
25 prior to 1984?

8904070904

1 A Other people in the legal department.

2 Q If your bonus which you may have received in  
3 1984 had been increased by an amount necessary to compensate  
4 you for your \$250 contribution to John Glenn's campaign, would  
5 you have known about it?

6 A No.

7 Q Why not?

8 A I don't know how the bonuses were computed.

9 Q Did the expense account reports that you  
10 submitted always equal the reimbursement for which you received  
11 on your expense account?

12 A You mean was the expense check equal to the  
13 amount reported on the report?

14 Q That is right.

15 A Yes.

16 Q Did you ever submit items on your expense  
17 account which were not work related?

18 A No.

19 Q Did you ever submit items on your expense  
20 account which would not normally be includable as an expense  
21 on the expense reports?

22 A No.

23 Q Did you ever suspect that the activity you just  
24 described of being asked to make a contribution by a superior  
25 and then making the contribution, did you ever suspect that

8904070905

1 might be improper?

2 A Might have been.

3 Q When did you have that feeling?

4 A When it was requested.

5 Q What did you suspect at the time?

6 A Seemed rather unusual.

7 Q Did you discuss this with anybody?

8 A No.

9 Q Did you ever have a brief conversation with  
10 Lou Friedman about the issue of making these contributions  
11 to the Glenn campaign?

12 A No.

13 Q Did the person who requested that you  
14 contribute ever state that it would be illegal for a corpora-  
15 tion to make a contribution to a political campaign?

16 A Not that I recall.

17 Q Do you know about any involvement at all  
18 involving Bekins Company in election campaigns?

19 A No, I don't.

20 Q Do you know of any involvement at all involving  
21 Minstar, Inc., in election campaigns?

22 A No, I don't.

23 Q Have you been threatened by anyone concerning  
24 this matter for your testimony?

25 A No.

8904070906

1 Q Do you know of anyone else in any department  
2 at Bekins who made any contributions to John Glenn's  
3 Presidential campaign?

4 A I think all the attorneys in the legal  
5 department.

6 Q Do you know why they made those contributions?

7 A I think for the same reason I did.

8 Q Would that be because they were asked by  
9 Ronald Hartman?

10 A I imagine so.

11 Q When you said because of the same reason you  
12 did, was that what you meant?

13 A Correct.

14 Q Do you know of people in other departments  
15 who made contributions to John Glenn's campaign because they  
16 were asked to do so?

17 A I don't know.

18 Q You don't know if you know or you don't know  
19 of any other people who did so?

20 A I specifically don't know if they did.

21 Q Do you know of any other people who requested  
22 that Bekins employees make contributions to the Glenn campaign?

23 A No.

24 Q Do you know if anyone was specifically  
25 reimbursed for making their contributions to the Glenn

8904070907

1 campaign?

2 A I don't know.

3 Q Did you ever have a conversation with Norman  
4 Kent concerning the contributions members of the legal  
5 department were asked to make to the Glenn campaign?

6 A Possibly.

7 Q What did that conversation involve?

8 A I don't recall.

9 Q Do you recall when such a conversation took  
10 place?

11 A No, I don't.

12 Q Do you recall there being any conversations  
13 involving Norman Kent in which you were present but did not  
14 participate in which the John Glenn contributions were  
15 discussed?

16 A I don't recall.

17 MR. RAICH: I have no further questions for you at  
18 this time. I would like to give you your witness fee check,  
19 which I am handing you right now.

20 Would you like to waive signature on this  
21 deposition?

22 THE WITNESS: Well, I would like to have an  
23 opportunity to review it.

24 MR. RAICH: All right. This deposition is concluded.

25 --oo0oo--

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1  
2  
3 I declare under penalty of perjury that the  
4 foregoing is true and correct.

5 Executed at \_\_\_\_\_, California,  
6 on this \_\_\_\_\_ day of \_\_\_\_\_, 198\_\_.

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11 Signature of the Witness  
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PAGE CONTENT

18

1 STATE OF CALIFORNIA )  
2 ) ss.  
3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, No. 6055, C.S.R., a  
5 Notary Public of the State of California, certify:

6 That the foregoing deposition of GARY H. KLEIN, ESQ.  
7 was taken before me pursuant to Subpoena  
8 \_\_\_\_\_, at the time and place therein set forth, at which  
9 time the witness was put on oath by me;

10 That the testimony of the witness and all objections  
11 made at the time of the examination were recorded stenographi-  
12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
14 testimony of the witness and of all objections made at the time  
15 of the examination.

16 I further certify that I am neither counsel for nor  
17 related to any party to said action, nor in anywise interested  
18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
20 affixed my seal this 27th day of December, 1985.

21 Vicky Scott  
22 Notary Public of the State of California.  
23 VICKY SCOTT, CSR No. 6055, RPR  
24  
25



IN RE:

MUR 2036

CONFIDENTIAL

36 JAN 10 AM: 26

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OFFICE OF THE  
GENERAL COUNSEL

DEPOSITION OF LOUIS CHARLES FRIEDMAN, ESQ.

Taken on behalf of the Federal Elections  
Commission at 312 North Spring Street, 11th  
Floor, Los Angeles, California, commencing at  
9:05 A.M., on Tuesday, December 3, 1985, before  
Vicky Scott, CSR No. 6055, RPR, a Notary Public  
of the State of California, pursuant to  
Subpoena.

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RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES  
Certified Shorthand Reporters  
3100 WEST SIXTH STREET - SUITE 200A  
LOS ANGELES, CALIFORNIA 90020  
TELEPHONE (213) 382-0829

8904070911



1 STATE OF CALIFORNIA )  
2 ) ss.  
3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, No. 6055, C.S.R., a  
5 Notary Public of the State of California, certify:

6 That the foregoing deposition of LOUIS C. FRIEDMAN  
7 was taken before me pursuant to Subpoena  
8 \_\_\_\_\_, at the time and place therein set forth, at which  
9 time the witness was put on oath by me;

10 That the testimony of the witness and all objections  
11 made at the time of the examination were recorded stenographi-  
12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
14 testimony of the witness and of all objections made at the time  
15 of the examination.

16 I further certify that I am neither counsel for nor  
17 related to any party to said action, nor in anywise interested  
18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
20 affixed my seal this 27th day of December, 19 85.

21 Vicky Scott  
22 Notary Public of the State of California.  
23 VICKY SCOTT, CSR No. 6055, RPR  
24  
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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.

-and-

LOIS G. LERNER

Attorney at Law

999 E Street, N.W.

Washington, D.C. 20436

FOR THE WITNESS:

LOUIS C. FRIEDMAN, ESQ.

IN PROPRIA PERSONA

17250 South Main Street

Gardena, California

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I N D E X

WITNESS

EXAMINATION

LOUIS C. FRIEDMAN, ESQ.

(By Mr. Raich)

3

(No Exhibits Offered)

1 LOUIS CHARLES FRIEDMAN, ESQ.  
2 having been first duly sworn, was examined and testified as  
3 follows:  
4

5 EXAMINATION

6 BY MR. RAICH:

7 Q Please state your name and address.

8 A Business address?

9 Q I would like both your home and business  
10 address.

11 A Louis, L-o-u-i-s, middle initial C, last name  
12 Friedman, F-r-i-e-d-m-a-n. Home address is 3949 Los, L-o-s,  
13 Feliz, F-e-l-i-z, Boulevard, No. 208, Los Angeles, CA 90027.

14 Business address is 17250 South Main Street in  
15 Gardena, CA. Zip I don't know.

16 Q And your phone number?

17 A Home phone is Area Code 213 666-8562.

18 Business phone is Area Code 213 515-0639.

19 Q I am going to ask you a series of questions.

20 If at any time you don't understand a question, just say so  
21 and I will try to rephrase the question so that you do  
22 understand it. If you do not tell me that you don't understand  
23 a question, I will assume that you understood it and that your  
24 answer is responsive.

25 Is that clear?

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1 A It is clear.

2 Q Have you ever had your deposition taken before?

3 A I believe I have had two depositions taken, and  
4 I have taken hundreds.

5 Q Where are you employed now?

6 A I am presently employed with a company by the  
7 name of Gold Arrow in Gardena.

8 Q When did you leave Bekins?

9 A February of 1985.

10 Q Why did you leave Bekins?

11 A Was terminated.

12 Q When did you start working for Bekins?

13 A June of 1978.

14 Q In early February 1984, what was your job  
15 title?

16 A Litigation attorney.

17 Q Who was your immediate supervisor?

18 A Ronald L. Hartman, H-a-r-t-m-a-n.

19 Q When you were working at Bekins, did anybody  
20 ever ask you to make a contribution to the John Glenn for  
21 President campaign?

22 A Yes.

23 Q Who asked you?

24 A Joel -- you are going to love this one --  
25 Yachzel. And I believe that is spelled W-a- --

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1 MS. LERNER: It is Y.

2 THE WITNESS: I am sorry. Y. Yes.

3 MS. LERNER: It is Y-a-c-h-z-e-l.

4 THE WITNESS: That is as good as any. Go with that.

5 MR. RAICH: Q Anybody else?

6 A Yes.

7 Approximately five days after Mr. Yachzel  
8 asked me to contribute, Ronald Hartman demanded that I  
9 contribute.

10 Q Anybody else?

11 A No.

12 Q Let's take these conversations in order.

13 The first one with Joel Yachzel, do you  
14 remember the approximate date of that conversation?

15 A I don't have an '84 calendar in front of me,  
16 but I would say to the best of my recollection it would have  
17 been approximately February 1st that we spoke. And if that is  
18 a Saturday or Sunday, move it to the immediate Monday.

19 Q Or I presume it could have been on a Friday,  
20 too?

21 A Correct.

22 Q Where was that conversation?

23 A Bob, I recollect coming back from court in the  
24 early afternoon. Upon coming through the law library at the  
25 back of the building, Mr. Yachzel stopped me. And the sum and

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1 substance of our conversation or at least his monologue was to  
2 the effect that I was to contribute \$250 to the John Glenn  
3 campaign fund forthwith.

4 Q About how long did that conversation last?

5 A His part of the conversation lasted approxi-  
6 mately a couple of minutes, and mine lasted approximately three  
7 or four minutes.

8 Q Did Joel Yachzel explain why he was asking you  
9 to contribute?

10 A Yes.

11 Mr. Yachzel stated that Ronald Hartman had  
12 instructed him to inform all of the attorneys that as part of  
13 their job requirement they had to contribute \$250 to the John  
14 Glenn campaign fund. And since I was one of the staff  
15 attorneys, ergo I was to contribute \$250.

16 Q Was anyone else present for that conversation?

17 A I don't believe so.

18 Q Did Ronald Hartman supervise Joel Yachzel?

19 A Could I ask you to define the word supervise?

20 Q Sure. Let me ask it this way:

21 Was Ronald Hartman Joel Yachzel's immediate  
22 superior?

23 A Yes.

24 Q What did your side of the conversation with  
25 Yachzel consist of?

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1           A           As was stated in Hamlet, I protested too much.  
2   My protest was twofold: One, I was a staunch Republican since  
3   birth. I felt extremely offended. I was being asked  
4   to contribute to a Democrat, let alone a Democrat which had no  
5   chance, which was perhaps better than contributing to a  
6   Democrat that had a chance. Secondly, I felt it was out of  
7   line of the company to demand of an employee to contribute to  
8   any fund, whether it was Republican or Democrat or Whig or any  
9   other.

10           Q           Did Joel Yachzel indicate that his instructions  
11   came directly from Mr. Hartman?

12           A           Yes.

13           Q           Did he state that they came from anybody else?

14           A           No.

15           Q           Did you feel from your conversation with  
16   Joel Yachzel that the company was demanding you make the  
17   contribution?

18           A           Let me ask you again to define what you mean  
19   by the company.

20           Q           It was a requirement for your job that you  
21   contribute. This is with the conversation with Joel Yachzel  
22   we are speaking about.

23           A           To be sure we are saying the same thing -- and  
24   I think we are -- it was abundantly clear to me from my  
25   conversation with Mr. Yachzel that if I had any intention of

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1 staying employed with Bekins specifically, Minstar indirectly,  
2 that I had to contribute, yes.

3 Q Did you contribute?

4 A Not initially.

5 I have stated on the record that this  
6 conversation occurred approximately February 1st. I believe I  
7 was the last hold out in the legal department. I made my  
8 feelings abundantly clear to those I spoke to in management  
9 that I did not want to contribute, nor did I feel that I had  
10 to contribute.

11 Finally on or about February 6th, 1984, Ronald  
12 Hartman entered my office in the morning, stated that he had  
13 not received my campaign contribution and that if it was not  
14 on his desk that day, I would be terminated immediately.

15 Q Did you make the contribution that day?

16 A Yes, I did.

17 Q This second conversation or, excuse me, this  
18 first conversation with Mr. Hartman, about how long did it  
19 last?

20 A It was what I would refer to as brief, brilliant  
21 and gone. Under a minute.

22 Q Did you respond to Mr. Hartman during that  
23 minute?

24 A No.

25 Q It was a one-sided conversation?

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1 A Extremely.

2 Q Was anyone else present at that conversation?

3 A No.

4 When Mr. Hartman entered my office, he closed  
5 my door. I believe my secretary was at her desk, but I can't  
6 verify that. The conversation was one on one.

7 Q You stated that you felt you were the last  
8 hold out in the legal department.

9 What gave you that impression?

10 A I didn't hear any other protests from any of  
11 the other staff attorneys about contributing. I seemed to be  
12 a protest of one in the department specifically.

13 From Mr. Hartman's statements to me, I gathered,  
14 correctly or otherwise, that everyone else had contributed.  
15 Mine was the only check not received in his office.

16 Q Did you write a personal check on approximately  
17 February 6th?

18 A No. I have, since answering Interrogatories  
19 for your office, found a copy of the cashier's check, which I  
20 will now give you, dated February 6th, 1984. This is cashier's  
21 check No. 29607554 drawn on Security Pacific National Bank.

22 MS. LERNER: May we keep this copy?

23 THE WITNESS: Certainly.

24 MR. RAICH: I would like the court reporter to mark  
25 this as Exhibit 1.

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1 (Whereupon the document referred to  
2 was marked by the Notary Public as Exhibit 1  
3 for identification and is hereto annexed.)

4 MR. RAICH: Q Why did you make the contribution  
5 this way instead of a personal check?

6 A I didn't have a personal checking account.

7 Q What did you do with the cashier's check on  
8 February 6th when you gave it to Mr. Hartman?

9 A That same afternoon, February 6th of '84, I  
10 personally handed the cashier's check to Mr. Hartman's secretary  
11 to give to him.

12 Q What was Mr. Hartman's secretary's name?

13 A Kerin Waters. And I believe that is K-e-r-i-n  
14 W-a-t-e-r-s.

15 Q Were you told by Mr. Hartman that the amount  
16 of the check needed to be \$250?

17 A Both by Mr. Yachzel and Mr. Hartman both.

18 Q What did you think would happen to you if you  
19 did not contribute?

20 A I was convinced, correctly or otherwise, that  
21 if I did not contribute on February 6th, 1984, my employment  
22 would in fact be terminated.

23 Q Did you feel you would be terminated  
24 immediately or at some indefinite time in the future?

25 A Immediately.

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1 Q How secure did you feel in your job at Bekins  
2 before the issue of the John Glenn contributions arose?

3 A Realistically I never felt confident in my  
4 position at Bekins. And I add gratuitously anyone who did  
5 was suffering from delusions of grandeur.

6 Q Why did you feel insecure with your position at  
7 Bekins?

8 A I handled if not all certainly the lion's  
9 share of the wrongful termination cases filed against the  
10 company. Because of my dealings in these cases, it became  
11 abundantly clear to me that no one's position in the company,  
12 no matter how high or how low, was in fact secure.

13 Q Had you been told by anybody that you could  
14 be reimbursed for making the contribution to John Glenn's  
15 campaign?

16 A Mr. Yachzel told me in our conversation  
17 previously alluded to that the contribution would be tax  
18 deductible. Mr. Yachzel is both an attorney and a CPA. Again,  
19 correctly or incorrectly, I tended in all money matters to  
20 believe what Mr. Yachzel told me. This included stock matters,  
21 other financial dealings and in this case the campaign  
22 contribution.

23 Mr. Hartman corroborated that fact at a later  
24 time. I don't believe it was my first conversation with him.  
25 I believe it was a luncheon perhaps a week after that

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1 conversation that occurred on approximately February 6th. He  
2 corroborated the fact the deduction was tax deductible.

3 I do not at any time, to the best of my  
4 recollection, remember anyone saying that my contribution would  
5 in fact be reimbursed by way of expense report or by way of  
6 bonus.

7 Q You mentioned that Mr. Hartman confirmed what  
8 Joel Yachzel had said about the contribution being tax  
9 deductible.

10 Was this the conversation that occurred on  
11 approximately, in fact, on exactly February 6th, 1984, in  
12 which Mr. Hartman said that? Or was this a subsequent  
13 conversation you had with Mr. Hartman?

14 A To the best of my recollection, as a passing  
15 aside on February 6th as he left my office -- again, I preface  
16 to the best of my recollection -- Mr. Hartman ended the  
17 monologue by saying, "It is tax deductible anyway, so just do  
18 it."

19 I know as a fact within a period of  
20 approximately a week after that conversation, Mr. Hartman  
21 corroborated the fact the contribution was tax deductible.

22 Q Did you in fact get reimbursed in any way for  
23 making your contribution to the Glenn campaign?

24 A No.

25 Q Do you recall how much bonus you received in

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1 1984 for the 1983 calendar year?

2 A We had two -- I am going to use this phrase  
3 loosely -- two bonuses given to us as staff attorneys in 1984.  
4 I never really understood either bonus. The one bonus was  
5 called a real estate bonus. Now, I don't know exactly what  
6 that meant, where it came from or why we got it. Proverbially  
7 one doesn't look a gift horse in the mouth, but since I didn't  
8 sell real estate, I didn't know why I was getting a bonus for  
9 that.

10 The second bonus was an annual, more tradi-  
11 tional kind of bonus in the amount of a net of approximately  
12 a thousand dollars.

13 Q Taking first this real estate bonus,  
14 approximately when did you receive that one?

15 A I would say approximately February of each  
16 year.

17 Q Did you receive the real estate bonus each  
18 year?

19 A My recollection is receiving a real estate  
20 bonus in the years '82, '83 and '84.

21 Q In 1984 do you recall the amount of the real  
22 estate bonus you received in approximately February?

23 A The approximate net amount was a thousand  
24 dollars.

25 Q How did that size of the bonus you received in

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1 1984 compare with the real estate bonus you received in  
2 previous years?

3 A It was either identical or, to coin a phrase,  
4 de minimus non curat lex.

5 Q The annual bonus you received in 1984 of  
6 approximately \$1,000, approximately when did you receive that  
7 bonus?

8 A Approximately a month after the real estate  
9 bonus.

10 Q How did the size of that bonus compare to the  
11 bonuses, the annual bonuses, you received in previous years?

12 A I would give you the same response and the  
13 same latin phrase.

14 Q Do you know how these bonuses were determined?

15 A I have absolutely no idea.

16 I can tell you, to give you a completely  
17 honest answer, that it was supposed to be based upon an  
18 earnings formula created by the company. I have no idea what  
19 the formula was or if in fact a formula was applied.

20 Q If your bonus in 1984 had been increased by  
21 an amount necessary to compensate you for the \$250 contribution  
22 you made, would you have known that the bonus increase was given  
23 to you to compensate you for the contribution?

24 A Let me be sure I understand your question.

25 In other words, if I had simply been handed

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1 either the real estate bonus -- I am using that word loosely  
2 when I say bonus -- or the annual bonus as we have referred to  
3 it, is your question would I, absent being told, have known if  
4 it had been increased to cover any particular dollar amount  
5 of something I had given?

6 Q Yes. That is my question.

7 A No.

8 Q And why is that?

9 A Going back to my earlier statement, I had no  
10 idea what either one of those bonuses in fact was based upon.  
11 So if it was less than a previous year or it was more, greater,  
12 than a previous year, that would simply be a thing of mystery  
13 and magic and delight, not of understanding on my part.

14 Q Did the expense account reports which you  
15 submitted always equal the reimbursements that you received  
16 on your expense account?

17 A Yes.

18 Q Did you hear about other people at Bekins  
19 getting reimbursed for contributions they made to the John  
20 Glenn campaign?

21 A Yes.

22 Q How did you hear about that?

23 A Initially -- and this would have been on or  
24 before February 26th of 1984 -- I had a self-imposed policy  
25 since I began working for the company that any time I turned

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1 in an expense report, I would go over that individual expense  
2 report with the financial officer for two reasons. First, to  
3 be sure that I had adequately documented the expense; and  
4 secondly, to ensure that it was being charged back to the  
5 proper entity or entities.

6 As an example, if I had a hotel expense of a  
7 hundred dollars, I wanted to be sure that I had properly  
8 documented the \$100 expense. Sometimes that would be cash;  
9 sometimes that would be a credit card.

10 Secondly, I wanted to be sure that if, for  
11 example, I had gone to San Francisco on two cases, that the  
12 whole expense would be equally divided or apportionately  
13 divided to the appropriate entities for which I was going up  
14 on that case. This ensured that one entity would not be  
15 charged for the entire expense on any given expense.

16 With that preface, shortly after my giving  
17 Mr. Hartman the \$250 campaign contribution, I had turned in  
18 an expense report to the financial officer. Her name was  
19 Jovita. The last name was Ignacio, I-g-n-a-c-i-o, I believe.  
20 I would go over it per my usual custom, go over who was to  
21 be charged for the expenses.

22 Now, traditionally, about three days after  
23 going over that with the financial officer, I would go back to  
24 the financial office and receive my reimbursement check for  
25 that exact amount. On this occasion I went back and was told

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1 by Ms. Ignacio that I was to see Teri Laurey, L-a-u-r-e-y,  
2 first name, T-e-r-i.

3 I went into to see Ms. Laurey, who asked me  
4 rather blatantly if I in fact had, her phrase, buried my \$250  
5 contribution in this expense report. My initial reaction was  
6 one of indignation: "What do you mean?"

7 She said -- well, she had apparently at least  
8 one other example of someone who had actually written on an  
9 expense report that this was reimbursement for the unfair \$250  
10 contribution that had been made. And I said although I had  
11 nothing but admiration and respect for the individual who had  
12 attempted that, no, I had not buried the \$250 in my expense  
13 report this time or any other time. I then launched into  
14 approximately a three-minute tirade about why I felt the  
15 contribution was so unfair, which fell on deaf ears with her.

16 As I left her office with that particular  
17 reimbursement check, an individual by the name of Joe Noga,  
18 N-o-g-a, called me into his office, which was, I believe  
19 adjacent to Teri Laurey's office.

20 He had asked me what I had been screaming  
21 about. We discussed it for a few minutes. The discussion  
22 centering upon the fact that he had contributed as I had.  
23 Mr. Noga, I am sure, with complete innocence knowing Mr. Noga,  
24 had said to me that it was too bad that I didn't work for  
25 Roger Lee because he had I believe the expression used was

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1 taking care of his people. I assume that to mean reimburse  
2 them.

3 His parting remark to me was in fact it was  
4 a shame I worked for the wrong department.

5 So to answer your question in the verbose  
6 fashion I have, that was how I learned that other people  
7 apparently had in fact been reimbursed or attempted  
8 reimbursements.

9 Q Did Joe Noga work for Roger Lee?

10 A Yes.

11 Q What was Joe Noga's position?

12 A He was one of the chief financial warriors  
13 right under Roger Lee.

14 Q Do you know who the individual was who listed  
15 the John Glenn contribution as such on his expense report?

16 A No.

17 Q Do you recall approximately the date on which  
18 your conversations with Teri Laurey and Joe Noga took place?

19 A It had to have been on or before February 20th  
20 because it was within a two-week period of the time I had  
21 contributed. My ordinary course of business was to turn in  
22 expense reports if not weekly, then certainly every two weeks.  
23 So it had to be within a two-week period.

24 Q Do you recall when Jovita Ignacio asked you  
25 to come see her?

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1           A           Again, within that time period between, we will  
2 say, the 7th and the 20th of February 1984.

3                   I apologize. I really can't honestly be more  
4 exact than that.

5           Q           You mentioned that you had another conversation  
6 with Mr. Hartman approximately a week after you made the  
7 contribution.

8                   Do you recall approximately how long that  
9 conversation lasted?

10          A           The conversation I referred to was a luncheon  
11 at the Verdugo, V-e-r-d-u-g-o, Club in Glendale. That  
12 luncheon occurred within a week of my contribution, February  
13 6th, 1984.

14                   The part of the conversation relating to the  
15 campaign contribution, which was again an extension of my,  
16 if you will, therapy of why I shouldn't have done it but had  
17 to, probably lasted all on my part of maybe three minutes and  
18 on Mr. Hartman's part in terms of response, perhaps five  
19 minutes.

20          Q           Do you recall the gist of what you said in  
21 that conversation?

22          A           The sum and substance again was my feeling of  
23 being used and abused by being told that my employment of some  
24 six years would be terminated if I didn't contribute coupled  
25 with the fact that I was contributing to a non-Republican,

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1 coupled by the fact that my superior, who I had implicit trust  
2 in, had marched into my office and given me this dictate in  
3 the manner he did.

4 Q Do you recall the sum and substance of  
5 Mr. Hartman's five-minute response?

6 A At this luncheon it was much more of a fatherly,  
7 if I can use that term, response as opposed to the response of  
8 a superior. He related to me that he understood my feelings,  
9 that once again I was reacting more than acting, that this was  
10 a part of life in the big city and that sometimes things had  
11 to be done to appease the upper political echelons even though  
12 one doesn't want to.

13 I translated that to mean that a directive had  
14 been given which others as well as myself had to follow and  
15 that would not have been perhaps any different had I been at  
16 a large law firm Downtown or working with the Government or  
17 working at Bekins.

18 Q Were other people present at this luncheon?

19 A No.

20 Q Did you have the feeling that the order to  
21 make contributions to the John Glenn campaign came from people  
22 in the Bekins or Minstar organization higher up than  
23 Mr. Hartman?

24 A Could I ask you to read that question?

25 (Record read.)

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1 THE WITNESS: At what time, Rob?

2 MR. RAICH: Q At any time.

3 A During my first conversation with Mr. Yachzel,  
4 no.

5 The reason I say no is because I didn't have  
6 any feeling at that time other than a knee-jerk reaction.  
7 From the point where Mr. Hartman came into my office on  
8 February 6th of '84 until the present as we speak, yes,  
9 absolutely.

10 Q When did you first get the idea that the order  
11 came from higher up?

12 A I would have to say in terms of my present  
13 recollection that the genesis of that idea came from my  
14 conversation with Mr. Hartman on February 6th. The sum and  
15 substance of what was related to me in my office that morning  
16 was that this edict had to be obeyed and would be obeyed  
17 because the consequences would far outweigh any \$250  
18 contribution. The language being used was really not that of  
19 Mr. Hartman. He had a certain way of talking when he wanted  
20 something done. He had another way of talking when someone  
21 told him to do something.

22 That is a very inextenso statement, and I  
23 appreciate that. But it is one that I can't really explain.  
24 But you know it when you see it. I knew it when I saw it.

25 He did not specifically in the conversation of

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1 February 6th, '84, state that an order had come from anyone  
2 at Minstar specifically or Minstar generally. But one would  
3 have to be extremely asleep or dead not to have been able to  
4 interpret that between the lines.

5 In the conversation at the Verdugo Club, he  
6 specifically had stated that this was not an evolutionary  
7 product from Labinger, Lee and Hartman, but rather was, if you  
8 will, a by-product of a directive. So at that point at the  
9 luncheon it was absolutely clear to me.

10 Q Do you recall his approximate words in stating  
11 to you that it was a directive from higher up?

12 A Are you referring at the luncheon?

13 Q Correct; at the luncheon.

14 A As best I can recall the sum and substance of  
15 this rather fatherly monologue given me was that there were  
16 many directives being given him by Minstar that he didn't like  
17 but rather than cause WW III, he was going to acquiesce to.  
18 Not agree with, but acquiesce with. And that the campaign  
19 fund was one of those issues.

20 And in keeping with that acquiescing spirit,  
21 he validated the fact that I had given him the check and at  
22 least on the surface ended my one-man protest.

23 Q Did you get the impression that the directive  
24 came from Mr. Labinger or from people at Minstar?

25 A The latter. People from Minstar.

t2

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1 Q Do you know who at Minstar gave that directive?

2 A I would be hard pressed to say anything other  
3 than Irwin Jacobs.

4 Q Was that the impression you had at the luncheon  
5 meeting with Mr. Hartman?

6 A Absolutely.

7 Q Why was that?

8 A If you have ever known anyone in your life that,  
9 to use the expression, got under your skin, got to you, that  
10 the mere mention of their name, your eyes would dilate, your  
11 pulse would increase, your respiration would go up, you will  
12 know what I am saying when you knew that when Ronald Hartman  
13 talked about Irwin Jacobs, that chemical process would ensue.  
14 He didn't have to specifically even use the name. You knew  
15 when he was talking about Irwin Jacobs.

16 And the campaign contribution process always  
17 created that kind of chemical reaction in him. It would have  
18 been politically impossible for Albert Labinger to have  
19 dictated to Ronald Hartman to cause this kind of securing of  
20 political campaign contributions to occur. They were,  
21 although on the political spectrum, if you will, Ronald  
22 Hartman wasn't beneath Albert Labinger. They in fact, the  
23 reality of the situation was, that they were equals. They did  
24 not dictate to one another; they would discuss between each  
25 other.

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1 Q Did you have any indication that Irwin Jacobs  
2 had specifically asked Ronald Hartman to secure contributions  
3 to the Glenn campaign?

4 A No. In terms of Irwin Jacobs specifically  
5 telling Ronald Hartman you will do this, no. In terms of  
6 Irwin Jacobs giving a directive, how it was disseminated, I  
7 don't know, but in terms of that directive getting to what I  
8 call the big three, there was no doubt in my mind that that  
9 had been done.

10 Q Who do you mean by the big three?

11 A The big three were Albert Labinger -- that is  
12 L-a-b-i-n-g-e-r -- Roger Lee, L-e-e, and Ronald Hartman.

13 Q Did you have any conversations with people  
14 other than Joel Yachzel and Ronald Hartman between the  
15 beginning of February 1984 and the one luncheon meeting on  
16 approximately February 13th, 1984, concerning that John Glenn  
17 contribution directive?

18 A I can relate to you four unrelated  
19 conversations, but I cannot tell you that it occurred in that  
20 time period. I can only tell you that it occurred -- they  
21 occurred in February 1984.

22 Q Okay. Let's take them one at a time.

23 A Okay. One conversation was with Roger Lee.  
24 It was brief. It occurred while I was sitting at my  
25 secretary's desk working on a particular file. Roger Lee was

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1 passing by in the hallway, stopped in to discuss a particular  
2 file. I do not remember which one. And I in a much more  
3 diluted fashion continued my protestation about the campaign  
4 fund. His statement to me was, "Orders." Not meaning his  
5 orders, but meaning orders from above.

6 Roger Lee on several unrelated occasions when  
7 referring to Minstar would call edicts orders, much like the  
8 army. This was one of those instances. And it was abundantly  
9 clear to me what he meant, and that was the end of that  
10 conversation.

11 Q Did I understand you to say that Roger Lee's  
12 entire response was one word; orders?

13 A Orders, correct.

14 Q Was that the extent of the conversation you  
15 had with Lee?

16 Do you recall approximately when that happened  
17 or between which other conversations this exchange took place  
18 with Lee?

19 A Absent hypnosis, no.

20 Q What was the second of the four conversations  
21 you recall?

22 A Albert Labinger. My recollection is I had  
23 gone in to see Mr. Labinger regarding a particular wrongful  
24 discharge case in which he was going to be a percipient  
25 witness. In fact, my recollection is it involved a particular

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1 attorney in our department who was terminated and who had sued  
2 the company for wrongful termination. Toward the very end of  
3 our conversation -- and I don't specifically recall how it  
4 came up -- I alluded to the campaign contribution and my  
5 animosity against it.

6 Mr. Labinger's -- at least the sum and  
7 substance of his response was, "Yes. I know. Nobody said  
8 life's fair. We got to do things that we don't like to."

9 Now, again, in and of itself in a vacuum that  
10 may not look like a terrible meaningful paragraph. Albert  
11 Labinger, like Ronald Hartman, had a particular chemistry  
12 when referring to Irwin Jacobs and specifically Minstar.  
13 Mr. Labinger at that time had his chemical reaction going on  
14 about Jacobs/Minstar.

15 And it again was abundantly clear to me what  
16 he was referring to. Putting Roger Lee's statement about  
17 orders with Mr. Labinger's response about life is not always  
18 fair and so forth, again, it was abundantly clear to me that  
19 they were referring to the fact that they had been directed  
20 to do this. They were not men to apologize to you. When they  
21 said they understood your feeling, that was their way of  
22 saying yes, I understand, don't turn this into the therapy  
23 hour, just do your job and shut up.

24 Q Do you recall the approximate date in which  
25 this conversation took place with Mr. Labinger?

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1           A           February of '84 is the very best I can tell  
2 you, and it would have been, I would think, probably closer to  
3 the 20th than the 30th.

4           Q           What was the third conversation you recall?

5           A           It was with Mr. Steve Whitlock, who was a very  
6 personable young man in the company. I never completely  
7 understood his position. It was to the effect that I asked  
8 him if he knew about the contributions. His response was a  
9 positive one. And I asked him what his feeling was about it,  
10 and his reaction was to the effect that he somehow had  
11 bypassed having to contribute either by not being asked or by  
12 somehow circumventing the necessity to do so.

13                       Contemporaneous with that, my fourth  
14 conversation, was when his -- I am going to use the word  
15 supervisor; I believe that is correct -- entered the room,  
16 which would have been Mr. Whitlock's office, and his name was  
17 Mr. Jack Foti, F-o-t-i, Mr. Foti heard my conversation with  
18 Mr. Whitlock and related to me that the campaign contributions  
19 were part of a leverage, I believe was the word he used, a  
20 leverage scheme by Irwin Jacobs to maneuver a particular bank  
21 or banks to a financial advantage.

22                       I had no idea in the world what the hell  
23 Mr. Foti was talking about, but from what I had heard and was  
24 able to gather about Mr. Jacobs, it seemed to fit the  
25 stereotype.

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1 Q How did Steve Whitlock spell his last name?

2 A I believe it was W-h-i-t-l-o-c-k.

3 Q Do you know what his position was at the  
4 Bekins?

5 A He was an assistant to Jack Foti, and Mr. Jack  
6 Foti was connected with the real estate development aspect  
7 of the company. Both of their positions remained a little  
8 mysterious to me. I never quite knew what they did, but they  
9 did it very well.

10 Q Did Jack Foti indicate why he felt the  
11 contributions were part of a scheme by Irwin Jacobs to do some  
12 maneuvering with the bank or banks?

13 A Mr. Foti did not indicate how he knew, but he  
14 said it with such dogmatic certainty, that it was abundantly  
15 clear to me that at least he absolutely knew what he was  
16 talking about.

17 Q About how long did your conversation with  
18 Steve Whitlock and Jack Foti last?

19 A Perhaps ten minutes.

20 Q During that ten minutes you were discussing  
21 nothing but the contributions to the Glenn campaign?

22 A Correct.

23 Q Do you recall the approximate date on which  
24 this conversation took place?

25 A Again, it would be between the 6th and the 30th

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1 and I really couldn't be more specific than that. I believe  
2 I would be safe in saying that my conversation with Mr. Whitlock  
3 and Mr. Foti occurred after my conversations with Mr. Hartman,  
4 Mr. Labinger and Mr. Lee.

5 Q Now, moving on beyond the February 1984 time  
6 period, do you recall any other conversations you had with  
7 people at Bekins regarding the John Glenn campaign  
8 contributions?

9 A I can't give you exact dates and times, Bob,  
10 on what I am going to say, but I will say that sometime during  
11 February of '84 I at least in passing had brief conversations  
12 with the other two litigation attorneys; that being Gary Klein,  
13 and Norman Kent, K-e-n-t. My conversations with them were  
14 always brief. We did not have what you would call good  
15 chemistry in the litigation department. At least I did not  
16 have with them; they did not have with me.

17 My recollection of the conversation with the  
18 two of them individually was a small protest on my part.  
19 Perhaps I was seeking -- as Voltaire said, "Misery loves  
20 company" -- a little bit of solace in the fact of do you guys  
21 feel the same way. What I remember about those conversations  
22 was a complete lack of hostility on their part about having  
23 to contribute, which I thought was very strange. But I think --  
24 again, I don't think I can be sued for slander in a deposition  
25 because I have to tell the truth -- I felt both of what they

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1 did was strange, so it didn't necessarily jolt me to the point  
2 that I lacked sleep. But I did feel it was strange that they  
3 did not share at least on the surface any of my animosity  
4 about having to contribute.

5 Q Did you ever learn that other people who  
6 worked for Mr. Hartman had received reimbursements for their  
7 contributions?

8 A I have thought about this question over the  
9 last few months, and this is not a very good answer, but it  
10 is the best one I can give you.

11 I have some vague recollection -- and I can't  
12 tell you the person; I can't tell you the time -- but I have  
13 some vague recollection of one of the attorneys making  
14 reference to the bonuses or bonus being altered to cover the  
15 campaign fund, and I just can't place the person or when that  
16 would have been said or really why it would have been said.  
17 But I have some vague recollection of some attorney making that  
18 statement.

19 And the reason I have that recollection is  
20 I have a vague recollection of my statement to this person  
21 being with all the money that Jacobs and Hartman and Labinger  
22 and Lee have, why do they need our 250 bucks. And I think my  
23 statement was in reaction to their saying something about the  
24 bonus.

25 That is the best I can recollect. It is not

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1 very specific, but I do have that vague recollection.

2 Q Other than the conversation to which you were  
3 just referring and your conversations with Gary Klein and  
4 Norman Kent, did you speak to anyone else at Bekins regarding  
5 the contributions to the Glenn campaign?

6 A I remember -- again, time and place not  
7 remembered -- perhaps two or three or more conversations with  
8 Mr. Yachzel after February 6th of '84. More therapeutic than  
9 factual in nature. Mr. Yachzel I comically refer to as both  
10 my CPA attorney and resident psychiatrist. When I reach the  
11 boiling point from a judge or a supervisor or superior or  
12 manager, inevitably I would find myself into Mr. Yachzel's  
13 office, close the door and we would have a therapeutic session.  
14 I remember a couple of conversations with him after February  
15 6th of '84 on the topic of the campaign contribution basically  
16 covering the same ground that I have said before.

17 Then in this year, being 1985, I had one last  
18 conversation with Mr. Whitlock. This was after I had been  
19 notified by the Federal Elections Committee of the alleged  
20 violations, and the sum and substance of that conversation  
21 with him was his relating to me that it had been recommended.  
22 I don't know specifically by whom. Still working for the  
23 company to the acting general counsel this year that this case  
24 be settled at all costs because it was in everyone's best  
25 interest. And I didn't know what that meant, everyone's best

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1 interest. I didn't know if that meant that the company wanted  
2 to expeditiously just push this thing aside or if that meant  
3 employees who testified against the company were going to be  
4 in a position of peril.

5 It was sort of open-ended, and I didn't really  
6 want to get into that. But that was the last conversation that  
7 I had.

8 Q Was this while you were still working for  
9 Bekins?

10 A No. This was a telephonic conversation with  
11 Mr. Whitlock, perhaps a 15-minute conversation, in which this  
12 took up perhaps four or five minutes of that conversation.

13 Q Do you recall the name of the acting general  
14 counsel?

15 A No. I never knew it.

16 Q Do you know if this conversation took place  
17 after you had received your notification from the Federal  
18 Election Committee?

19 A I know it had, yes.

20 Q Did either Mr. Hartman or Joel Yachzel tell you  
21 that it was illegal for corporations to make contributions to  
22 federal election campaigns?

23 A No.

24 Q Did you at any time feel that you were being  
25 asked to contribute to the John Glenn campaign in order to

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1 cover up a contribution by the corporation?

2 A Could you read that question back? I am sorry.

3 (Record read.)

4 THE WITNESS: Let me give you an answer, and then  
5 you tell me if it is responsive. It may or may not be.

6 My collective emotional and objective feeling  
7 during 1984 about the contribution that I gave was that I did  
8 not understand why I was being asked in the way I was being  
9 asked to contribute to the John Glenn fund. My feeling was  
10 that it seemed extremely dictatorial and, to coin a phrase,  
11 strange that my employment with the company was being  
12 threatened because of a \$250 contribution. In other words, it  
13 was just out of sync if you looked at a six-year tenure with  
14 the company, if you looked at the results I had achieved for  
15 the company, money saved, monies retrieved and so forth. It  
16 seemed extremely inappropriate to me, if that is the correct  
17 word, that my employment future was being based on this  
18 contribution.

19 That was my reaction.

20 MR. RAICH: Q Other than the feeling you just  
21 spoke about, did you ever suspect that this contribution to  
22 the John Glenn campaign might be improper?

23 A Could you define for me what you mean by  
24 improper.

25 Q Illegal.

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1           A       Let me give you an honest statement, and you  
2 tell me if it is responsive again.

3                   My feeling was I think from the inception with  
4 my conversation with Mr. Yachzel that there had to be  
5 something -- I am going to use this layman word -- wrong with  
6 the company threatening an employee that if he or she did not  
7 contribute to a political campaign fund, they were going to be  
8 immediately terminated.

9                   Now, I use the word wrong because I am  
10 including both ethical considerations and legal considerations,  
11 and I am using the word wrong one way, meaning wrong on the  
12 part of the company toward the employee, not from the employee  
13 toward the company.

14                   In that sense I suppose I did feel that there  
15 was something wrong, and the word wrong does include legality.

16           Q       But would it be accurate to say that the  
17 feeling you had was not that the corporation was actually  
18 breaking any laws? Was that the feeling?

19           A       My honest feeling was that there had to be  
20 some law somewhere, and if there wasn't, there should be, that  
21 what the company was doing was wrong. I wasn't making  
22 reference in that feeling to a specific law, 441F of the  
23 Federal Statute; I was making reference to the fact, for  
24 example, in wrongful termination if an employee wants to join  
25 a union and the employer says, "If you do that, you are fired,"

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1 there is case law saying thou shalt not.

2 My visceral reaction was that there had to be  
3 some stare decisis or statute, if you will, saying company  
4 thou shalt not do what you are doing. Because it just seemed  
5 too blatant to me to be legal.

6 Q Was \$250 a substantial amount of money to you?

7 A Yes.

8 The reason I say yes, let me just elaborate  
9 on that for one minute. I have talked about my reaction to  
10 the political campaign contribution itself. One of my ongoing  
11 complaints from almost the inception of joining the company was  
12 that none of the attorneys, with the exception of general  
13 counsel, were ever paid sufficient money for what they did.  
14 In other words, the salaries of the employees when compared  
15 to the salaries of those, for example, working at the top ten  
16 law firms in Los Angeles, the ratio of salaries for the  
17 amount of work done was completely out of line. That was a  
18 consistent complaint of mine to the company that this had to  
19 be looked into and corrected. It simply wasn't equitable.

20 So \$250 to me both in reality and symbolically  
21 was an extreme affront. Because on the one hand I am, if you  
22 will, complaining that the salaries are too low, and then on  
23 the other hand, I am told you must give from that salary,  
24 albeit too low, to a political campaign fund and the best you  
25 are going to get is a tax deduction.

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1                   So in that sense, yes, it was significant to  
2 me.

3                   Q       Do you know if Bekins on any other occasions  
4 ever reimbursed employees through falsified expense reports?

5                   A       Could I have you just elaborate a little bit  
6 on what you mean by that? That is a very broad question. A  
7 good one, but a broad one.

8                   Q       Let me ask you this: Do you know of any other  
9 involvement by Bekins in election campaigns?

10                  A       When you say Bekins, do you include Minstar  
11 and Bekins or just Bekins?

12                  Q       Let's take Bekins first.

13                  A       Messrs. Labinger, Lee and Hartman were not  
14 politically active people, to my knowledge. That doesn't mean  
15 that they didn't vote. It doesn't mean they had a political  
16 preference. But what I mean was I was never asked by any of  
17 those individuals during all the time that I knew them with  
18 this exception, I was never asked to contribute to a political  
19 campaign. I was never asked to discuss politics or had  
20 politics discussed with me by any of those three.

21                         To my knowledge, Bekins, which was comprised  
22 of those three men -- I mean, they were, if you will, the  
23 nucleus of the company -- I suppose they reported to the board  
24 members. I think that was perhaps more token than it was  
25 reality. I knew of no certainly adamant political campaigning

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1 or feeling on their part that became manifest to me.

2 So my answer to you would have to be no as far  
3 as Bekins.

4 Q How many people were on the board of directors  
5 at Bekins?

6 A I don't know, but I know on board day we  
7 couldn't find a parking space. So it had to be fairly  
8 significant.

9 Q Do you know of any involvement by Minstar in  
10 other political campaigns?

11 A I was told on numerous occasions by  
12 Mr. Hartman that Irwin Jacobs was an extremely political man.  
13 I think -- and again, this is gratuitous, volunteered on my  
14 part -- my feeling was that Mr. Hartman had a kind of a  
15 business respect for Mr. Jacobs and an intense animosity toward  
16 him. He made several references to political maneuvering that  
17 Mr. Jacobs had done. Since Mr. Jacobs is Minstar, I would have  
18 to say the answer to your question is yes, Minstar was an  
19 extremely political entity; I don't know, you know, left of  
20 Ho Che Min or right of Goldwater, but extremely political.

21 Q But your understanding is that involvement is  
22 just because of Irwin Jacobs himself?

23 A Correct.

24 MR. RAICH: Those are all the questions that I have.

25 I would now like to give you your witness fee

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1 check, which I am handing to you right now.

2 You have a right to review and sign your  
3 deposition when the transcript is prepared. You may do that,  
4 or if you would prefer, it is not necessary and you can waive  
5 that right.

6 Would you like to waive that or would you like  
7 to read it and sign it?

8 THE WITNESS: I would like to read it and have it  
9 signed.

10 MR. RAICH: Fine. This concludes the deposition.

11  
12 --oo0oo--

13  
14 I declare under penalty of perjury that the  
15 foregoing is true and correct.

16 Executed at \_\_\_\_\_, California,  
17 on this \_\_\_\_\_ day of \_\_\_\_\_, 198\_\_.

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\_\_\_\_\_  
Signature of the Witness

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SECURITY PACIFIC NATIONAL BANK

BRANCH & CREDIT ADVISORY OFFICE  
100 W. BRAND BLVD. GLENDALE, CA 91201

1L229D

N 29607554

DATE

February 6, 1984

16-4/1220

PAY TO THE ORDER OF

JOHN MANN CAMPAIGN FUND

\$250 <sup>00</sup>/<sub>100</sub>

Exhibit 1  
for ident.  
V. Scott, N.F.  
12-3-85

SPN \$250 AND 00 CTS

PURCHASER'S

SIGNATURE

ADDRESS

777 Flower St. Glendale, CA 91201

*Levin C. Friedman*

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IN RE: )

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OFFICE OF THE  
GENERAL COUNSEL

DEPOSITION OF ROGER LEE

Taken on behalf of the Federal Election Commission, at 312 North Spring Street, 11th Floor, Los Angeles, California, on Friday, December 6, 1985, commencing at 8:10 A.M., before Vicky Scott, CSR No. 6055, RPR, a Notary Public for the State of California, pursuant to Subpoena.

ORIGINAL

RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES

CERTIFIED SHORTHAND REPORTERS  
3400 WEST SIXTH STREET - SUITE 200A  
LOS ANGELES, CALIFORNIA 90020  
TELEPHONE (213) 382-0829

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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.  
-and-  
LOIS G. LERNER, ATTORNEY AT LAW  
999 E Street, N.W.  
Washington D.C. 20463

FOR ROGER LEE:

ALSCHULER, GROSSMAN & PINES  
BY: BURT PINES, ESQ.  
1880 Century Park East  
12th Floor  
Los Angeles, California 90067

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I N D E X

WITNESS

EXAMINATION

ROGER LEE

(By Mr. Raich)

3

(By Mr. Pines)

45

QUESTIONS WITNESS INSTRUCTED NOT TO ANSWER

PAGE

LINE

37

18

1                                    ROGER LEE,  
2       having been first duly sworn, was deposed and testified as  
3       follows:  
4

5                                    EXAMINATION

6       BY MR. RAICH:

7                    Q       Please state your name.

8                    A       Roger Lee.

9                    Q       And your address.

10                  A       22748 Liberty Bell Road, Woodland Hills,  
11       California.

12                  Q       Is that your home address?

13                  A       Yes.

14                  Q       And your phone number?

15                  A       992-6861.

16                  Q       That is your home phone number?

17                  A       Yes.

18                  Q       I am going to ask you a series of questions.

19       If at any time you don't understand a question, just say so  
20       and I will try to reword it in a way that you will understand.  
21       If you don't tell me that you don't understand the question,  
22       I will assume that you do understand the question and that  
23       your answer is responsive.

24                                Is that clear?

25                  A       Yes.

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1 Q Have you ever had your deposition taken before?

2 A Yes.

3 Q Are you represented by counsel today?

4 A Yes.

5 Q Who is that?

6 A Burt Pines.

7 Q Since receiving the Subpoena have you spoken  
8 with anyone concerning this deposition or the answers you  
9 will give today?

10 A Yes.

11 Q To whom have you spoken?

12 A Counsel.

13 Q Anyone other than Counsel?

14 A No.

15 Q Have you read anything in preparation for your  
16 deposition today?

17 A Yes.

18 Q What have you read?

19 A The material sent me by the Federal Election  
20 Commission and my Interrogatory responses back.

21 Q Anything else?

22 A No.

23 MR. PINES: Just a minute.

24 (Discussion off the record.)

25 MR. RAICH: Q Where are you currently employed?

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1 A Caesars World, Inc.

2 Q When did you leave Bekins Company?

3 A In the early part of 1985.

4 Q Why did you leave Bekins?

5 A Bekins terminated my employment.

6 Q When did you start working for Bekins?

7 A In the late part of 1974.

8 Q In early February 1984, what was your job title?

9 A Senior Vice President, Finance.

10 Q In March 1984, what was your job title?

11 A Can you be more precise?

12 Q Yes.

13 In late March 1984, what was your job title?

14 A I don't recall the exact date, but at some  
15 point, I believe during March, I was promoted from Senior Vice  
16 President to President.

17 Q In the early part of February 1984, who was  
18 your immediate supervisor?

19 A Al Labinger.

20 Q In late March of 1984, who was your immediate  
21 superior?

22 A After I was promoted, I reported to the  
23 Board of Directors via Irwin Jacobs, who was Chairman of the  
24 Board.

25 Q Did anybody ever ask you to make a contribution?

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1 to John Glenn's Presidential campaign?

2 A Yes.

3 Q Who asked you?

4 A Al Labinger.

5 Q When did he ask you?

6 A In early February 1984.

7 Q Did he ask you in just one conversation?

8 A Yes.

9 Q Do you recall approximately where that  
10 conversation took place?

11 A At the Bekins corporate offices.

12 Q Do you know at what location?

13 A I don't recall.

14 Q Do you recall whether anyone else was present  
15 during that conversation?

16 A To the best of my memory, no one else was  
17 present.

18 Q Approximately how long did that conversation  
19 last?

20 A It was a short conversation.

21 Q Would it be less than five minutes?

22 A Probably so.

23 Q I would like you to tell me to the best of  
24 your recollection everything that Al Labinger said and  
25 everything that you said during that conversation.

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1           A           Al Labinger, as best I can recall, indicated  
2 to me that Irwin Jacobs had contacted him, had told him that  
3 he had become involved with the John Glenn campaign and that  
4 he would like to have Al Labinger solicit a number of \$250  
5 contributions from Bekins employees in order to demonstrate  
6 popular support for the campaign.

7                   Labinger requested that I make a contribution.  
8 He also requested that I ask the senior people who worked  
9 directly for me to make some more contributions. He also  
10 indicated that the company would be willing to make people  
11 whole for their contributions.

12                   As best I recall, that was the substance of  
13 the conversation.

14           Q           Did you respond at all during this conversation?

15           A           I don't recall.

16           Q           Was it your understanding that the company's  
17 willingness to make people whole also came from Irwin Jacobs?

18           MR. PINES: I am sorry. I don't understand the  
19 question. I will object on the grounds it is vague and  
20 ambiguous.

21           MR. RAICH: Q Do you understand the question?

22           A           Can you rephrase it?

23           Q           You mentioned that Al Labinger said the company  
24 would be willing to make people whole for their contributions.

25                   Do you know or did you get the impression as

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1 to whether the company's willingness to make contributors  
2 whole was a directive from Irwin Jacobs?

3 A I don't know.

4 Q Did you have any indication as to where that  
5 directive came from?

6 A Not that I can recall.

7 Q Is making people whole for contributions  
8 something that Al Labinger would have had the authority to do  
9 himself?

10 MR. PINES: Let me object for the moment that it seems  
11 to call for some speculation.

12 Do you mean under his role as President or  
13 the arrangement between him and Jacobs or are you asking what  
14 Al Labinger could do or could not do?

15 MR. RAICH: I am asking for the witness' view of what  
16 Labinger not only could do, but under standard procedures  
17 in the Bekins/Minstar organization at the time whether this  
18 request was something Al Labinger would have made without  
19 approval from Jacobs.

20 MR. PINES: Do you understand the question?

21 THE WITNESS: How about repeating it again? I got lost  
22 in the byplay.

23 MR. RAICH: Sure.

24 MR. PINES: Let me try it this way if I can help for  
25 a moment.

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1 THE WITNESS: Okay.

2 MR. PINES: Did you at the time believe that  
3 Al Labinger could have made this request on his own or would  
4 he have needed Jacobs' approval before authorizing people  
5 to be made whole? Do you have any belief or understanding?

6 THE WITNESS: No. There is no past precedent that  
7 I was aware of; don't ever recall another contribution incident.

8 MS. LERNER: Based on your experience at Bekins and  
9 your understanding of what the hierarchy was and who had the  
10 power to do what, would it have been within Al Labinger's  
11 power to authorize payments for reimbursement for matters  
12 that were not directly related to Bekins' business?

13 MR. PINES: Before you answer, make sure, one, you  
14 understand the question. I guess, secondly, don't speculate.  
15 Just state what your understanding or belief was, if you had  
16 one.

17 THE WITNESS: Would you repeat that?

18 MS. LERNER: Want to read the question back, please?

19 (Record read.)

20 THE WITNESS: I don't know.

21 MR. RAICH: Q You mentioned that in his conversation  
22 to you Labinger said that Jacobs asked Labinger to solicit  
23 contributions from key Bekins employees.

24 Do you know the names of those key Bekins  
25 employees?

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1 A No.

2 MR. PINES: That Labinger was referring to?

3 MR. RAICH: That is correct.

4 THE WITNESS: No, that wasn't your question as I  
5 understood it.

6 MR. PINES: Well, that is what I understood.

7 THE WITNESS: Try it again.

8 MR. RAICH: Okay.

9 Q Do you know who Jacobs meant when he asked  
10 Labinger to solicit contributions to key employees?

11 A I do not know who Jacobs meant.

12 Q Do you know who Labinger had in mind by key  
13 employees?

14 A Not by name. He said a small number of key  
15 employees or words to that effect.

16 Q Do you know who he meant? Who he had in mind?

17 A At that time I did not know.

18 Q You found out later?

19 A I still do not know in total. I know the people  
20 I contacted.

21 Q Do you know the people who anybody else  
22 contacted?

23 A Only by hearsay.

24 Q Who are those people?

25 MR. PINES: The second group or the first group?

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1 MR. RAICH: The second group. The second group.

2 THE WITNESS: I would have to refer to these documents  
3 to see if they have any names of them.

4 MS. LERNER: You are referring to the documents sent  
5 to you by the Federal Election Commission?

6 THE WITNESS: Yes.

7 The material from the FEC dated June 27th  
8 mentioned Ronald Hartman and six staff attorneys who worked  
9 for him.

10 MR. RAICH: Q You mentioned that Labinger also asked  
11 you to solicit contributions from people who worked for you?

12 A Yes.

13 Q From whom did you solicit contributions?

14 A I recall soliciting contributions from Jack Foti,  
15 F-o-t-i, an Joe Noga, N-o-g-a. And I may have solicited  
16 contributions from Phil Scott and Bob Forstrom.

17 Q When Labinger told you that the company could  
18 make people whole for their contributions, how did he indicate  
19 that those people would be made whole?

20 MR. PINES: If he did so.

21 MR. RAICH: Yes. If he did so.

22 THE WITNESS: I believe he made the generalization  
23 only and did not indicate a specific technique. That is the  
24 best of my recollection.

25 MR. RAICH: Q Did you discuss which technique to

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1 make people whole would be used when you had your discussion  
2 with Labinger?

3 A Not to my recollection.

4 Q Did you do so later?

5 A Not as I recall.

6 MR. PINES: Did you do so meaning what?

7 MR. RAICH: Did you discuss with Labinger.

8 MR. PINES: A technique for making people whole?

9 MR. RAICH: That is correct.

10 THE WITNESS: I don't recall any such discussion.

11 MR. RAICH: Q You mentioned that in your discussion  
12 in early February 1984 with Labinger that Labinger told you  
13 Jacobs wanted the contributions in order to show popular  
14 support for the campaign; is that correct?

15 A Yes.

16 Q Do you know or were you told the reason that  
17 Jacobs wanted to show popular support?

18 A No.

19 Q Did you feel that this request from Jacobs was  
20 a directive or something in which you had some choice?

21 MR. PINES: I am not sure those are mutually-exclusive  
22 or all-encompassing, but maybe you can put it in your own  
23 words, Roger, without quibbling about the form of the question.

24 THE WITNESS: Okay.

25 In my perspective, my immediate supervisor,

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1 boss, told me that the guy he reported to who owned 40 percent  
2 or so of the controlling company had made a request of him.  
3 Obviously there was implied pressure to comply with the request,  
4 but it wasn't in the form of a directive thou must.

5 MR. RAICH: Q Was it your understanding that  
6 directives from Jacobs ought to be obeyed?

7 MR. PINES: Directives?

8 MR. RAICH: Yes; directives.

9 THE WITNESS: Are we talking of any particular  
10 directive? I just said this wasn't a directive.

11 MR. RAICH: Q Yes.

12 A Are you speaking in general?

13 Q I am speaking in general terms. If you don't  
14 like the word directive, use another word. Instructions,  
15 for example.

16 A Well, instructions in the business context  
17 would normally have come from Jacobs to the President of the  
18 company, not me. I think I am the wrong person to answer  
19 that question. I think only the President can indicate how  
20 he would react to a directive that he received.

21 Am I missing the thrust of your question?

22 MS. LERNER: I think so. I think what he is asking  
23 you is in the context of the corporate scheme, did Mr. Jacobs  
24 have complete power to make decisions with regard to how Bekins  
25 would proceed in its business and other matters relating to



1 Bekins?

2 MR. PINES: If you can answer that question directly,  
3 do so. If it doesn't quite get the issue, maybe you can respond  
4 in your own words how you viewed his power in this respect,  
5 Roger.

6 I am trying to help you, not hinder. I think  
7 there are some problems with the questions, the way they are  
8 asked.

9 MS. LERNER: I don't necessarily agree with you that  
10 there is a problem with that question. I understand what you  
11 are trying to do. If he has a problem, let him say he doesn't  
12 understand the question, and I will rephrase it. But I would  
13 appreciate it if you do not rephrase my questions for me.

14 MR. PINES: Believe me, I was trying to help you,  
15 not hinder you. And I will remain quiet.

16 THE WITNESS: I am trying to avoid a textbook answer,  
17 which I don't think is what you are after.

18 MS. LERNER: I am not sure that is not what I am after.

19 You stated before that at one point you were  
20 the President of the company; is that right?

21 THE WITNESS: Yes.

22 MS. LERNER: As the President of the company, if you  
23 received a request from Mr. Jacobs, would you have considered  
24 that request something that was your responsibility and duty  
25 to carry through?

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1 MR. PINES: I will object on the grounds that the  
2 question is somewhat vague and ambiguous in that the request  
3 can have all kinds of meanings. It can be a request to join  
4 up for dinner; it can mean an instruction to carry out duties.  
5 It has lots of meanings.

6 I think it is a problem when you ask absolute  
7 questions like that.

8 MS. LERNER: I am glad you have noted your objection,  
9 but I would like the witness to answer the question anyway.

10 THE WITNESS: I am a little at sea as to the  
11 generalizations that we are getting into.

12 Can I ask you to rephrase it a little bit?  
13 Try to be specific so --

14 MS. LERNER: I don't want to be specific. I am not  
15 talking about any particular incident. I am trying to find  
16 out what Mr. Jacobs' position was --

17 THE WITNESS: Chairman of the Board.

18 MS. LERNER: I understand that.

19 -- with regard to the business decisions at  
20 Bekins and where he stood in terms of the power structure.

21 I assume because he was Chairman of the Board  
22 that his requests, directives, instructions were carried out  
23 by the people who were working for him, but I don't want to  
24 assume that. I want an answer from you as to whether that  
25 is the case.

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1           If Mr. Jacobs came to you as President and  
2 asked you to do something, would you have done it?

3           THE WITNESS: Well, if it was to have his car washed  
4 or if it was to buy a company -- you have such a range of  
5 things. You see what I mean?

6           MS. LERNER: Something in relation to Bekins either  
7 business or relating to financial matters at Bekins.

8           THE WITNESS: The Board of Directors basically is  
9 a policy setting and a final decision-making body for crucial  
10 business decisions. When the Board appoints a President, it  
11 delegates to the President the daily operational decisions.  
12 The President, I believe, at this period of time, was designated  
13 as the Chief Executive Officer of the company, and he ran the  
14 company day-to-day.

15           But certain matters require explicit court  
16 approval, and the President and Chief Executive must go to  
17 the Board before he can implement those things.

18           Somehow we have to draw a distinction between  
19 the magnitude of the decision and the degree of authority.  
20 Here I come back to what the textbooks say between the Board  
21 and the ultimate authority and the Chief Executive as the  
22 daily operational authority. I don't think I am being too  
23 helpful.

24           Why don't you phrase it -- if I am not getting  
25 what you want, try it another way.

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1 MS. LERNER: You mentioned before that there was no  
2 precedent for reimbursing people for their political  
3 contributions; is that correct?

4 THE WITNESS: I was not aware of any other incidents.  
5 Or I am aware of no other incidents. Put it -- I think I  
6 had a triple negative in there.

7 MS. LERNER: Based on your experience with Bekins --

8 THE WITNESS: Right.

9 MS. LERNER: -- and your experience with the corporate  
10 hierarchy, could a decision to outlay Bekins funds in that  
11 manner be made below the Board of Director level?

12 THE WITNESS: Individual expenditure decisions can  
13 conceivably be made at any level. Whether they were properly  
14 made or reasonably made, it is conceivable --

15 MS. LERNER: Would I be correct --

16 TH WITNESS: People go out and buy supplies and they  
17 don't go to the Board of Directors for approval. The whole  
18 range of decisions, again, we are getting into degrees.

19 MS. LERNER: Would I be correct in saying that the  
20 President's authority, ability, to make decisions with regard  
21 to Bekins funds related solely to business matters at Bekins  
22 rather than people getting their car washed or things like that?

23 MR. PINES: Do you understand the question?

24 I will object that it is vague and ambiguous.

25 THE WITNESS: Are you trying to -- what distinction

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1 are you drawing? Personal versus business?

2 MS. LERNER: That is correct.

3 Did the President have the authority to make  
4 the expenditures of Bekins funds for matters that were not  
5 related to Bekins business?

6 THE WITNESS: I don't think that ever came up.

7 MR. PINES: Again, I think it calls for a legal  
8 conclusion, too.

9 You are asking authority under the law or  
10 authority within the company?

11 MS. LERNER: I am asking him as a former President  
12 who ought to know what his responsibilities were and what  
13 they were not and where his authority line ended, whether  
14 you could have made authorization for expenditures of Bekins  
15 funds for other than Bekins business when you were President.

16 THE WITNESS: I don't recall an incident ever arising.

17 MS. LERNER: That is not the question I asked, though.

18 Could you have?

19 THE WITNESS: I don't know. No incident never arose.

20 MS LERNER: Go ahead.

21 MR. RAICH: Q Did you have any discussions with  
22 Ronald Hartman about the contributions which were requested?

23 A Not to my recollection.

24 Q Did you contribute to the John Glenn campaign?

25 A Yes.

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1 Q How much did you contribute?

2 A \$250.

3 Q To whom did you give your check?

4 A Al Labinger.

5 Q Did you hand it to him personally?

6 A Yes.

7 Q Why did you do that?

8 A He asked me to make a contribution and to hand  
9 it to him.

10 Q What did you think might happen to you if you  
11 did not contribute?

12 A That is pretty speculative, isn't it?

13 MR. PINES: That also assumes a fact not in evidence  
14 that he actually had that thought at the time.

15 MS. LERNER: Pardon?

16 MR. PINES: I said it assumes a fact in evidence  
17 that he ever had such a thought.

18 MR. RAICH: Q Had it ever occurred to you not to  
19 contribute?

20 A When I was asked to make a contribution, I,  
21 of course, was faced with the decision whether or not to make  
22 one. It was for me a fairly simple, straightforward decision,  
23 and I decided to make it.

24 Q Would it be accurate to say you did not ever  
25 seriously entertain the thought of not contributing to the

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1 Glenn campaign?

2 A I made a very immediate decision to comply with  
3 the request and to make the contribution.

4 MR. PINES: Excuse me just a minute.

5 (Discussion off the record.)

6 MR. RAICH: Q If a question I ask requires some  
7 speculation, I would not object if you speculated.

8 Had you not made the contribution to Bekins  
9 what did you think might happen to you?

10 A I did not pursue that line of intellectual  
11 speculation in reality. One gets a certain amount of pressure  
12 to make contributions of all types, and this was an incident  
13 in which I perceived I was being asked to contribute to  
14 someone else's urging to something that they thought was  
15 significant. And as in many other cases, I did it.

16 Q Was \$250 a significant amount of money to you?

17 A Compared to my annual compensation it was not.  
18 Individually, of course, it is not an insignificant amount.  
19 But it is relatively small compared to my total compensation.

20 Q How secure did you feel in your position at  
21 Bekins in early February 1984?

22 A I felt that I had been doing an outstanding  
23 job and that the company's performance was outstanding, and  
24 if those factors were the ones that count for security, I  
25 was secure. However, one never knows what other factors

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1 conceivably get involved in the decision on long-term retention.

2 Q I appreciate understanding the matters that  
3 would go into one's security; however, I asked you how secure  
4 you personally felt at the time. I understand there was a  
5 reorganization that had taken place recently in the past and  
6 that was still going on. I wonder --

7 A What are you referring to?

8 Q The takeover of Bekins.

9 A Yes. Bekins merged with Minstar in, I believe,  
10 June of 1983. And Minstar at that time had indicated that  
11 it thought highly of the Bekins management team and was looking  
12 forward to continued progress by that same group of people  
13 in growing the company. And that opinion had been expressed  
14 a number of times to Bekins management by Irwin Jacobs.

15 Q What kind of reputation did Irwin Jacobs have?

16 MR. PINES: I will object on the grounds that it really  
17 calls for all kinds of speculations, opinions, conclusions,  
18 hearsay.

19 I don't know what you are getting at, Counsel.  
20 Reputation for what? Honesty? Aggressiveness.

21 MR. RAICH: Q Mr. Lee, do you understand the question?

22 A It is terribly general.

23 MR. PINES: How he was as a father?

24 MR. RAICH: Q You mentioned that the Minstar  
25 organization had expressed confidence or something like that

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1 in the Bekins management.

2 I wonder if Jacobs had the reputation of  
3 changing his mind or reputation of dismissing people on short  
4 notice.

5 A The main elements of Irwin Jacobs' reputation  
6 that I was aware of that time, February 1984, were of -- let  
7 me put that differently -- related to his activities as a  
8 financial entrepreneur who took large positions in publicly-  
9 held companies and had a track record of having been extremely  
10 successful financially with the outcome of those positions.  
11 For the most part his reputation from the material I had read  
12 and the comments I had heard had to do with his ability to  
13 buy and sell stock rather than his involvement in the operations  
14 of companies.

15 Q If it had not been for this incident with  
16 Mr. Labinger, do you think you would have contributed to the  
17 Glenn campaign?

18 A Probably not.

19 Q Did you get reimbursed in any way for making  
20 your contribution?

21 A No, I didn't.

22 Q How much was the bonus you received in 1984?

23 A I don't have that material at hand.

24 Can I approximate it?

25 Q Yes. That would be fine.

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1 A I may be terribly inaccurate.

2 '84. It was well into six figures, but I don't  
3 remember the breakdown from my last tax return. I would have  
4 to go back into my records to pull that out, but it was a  
5 very large bonus in the six-figure area.

6 Is that sufficient for your purposes?

7 Q That is sufficient.

8 When did you receive it?

9 A In early 1984 I received the bonus for 1983  
10 performance.

11 Q Would that have been in January 1984?

12 A I don't recall whether it was January, February  
13 or March.

14 Q Do you know how it was computed?

15 A Yes. It was subject to the explicit provisions  
16 of an employment contract which set out how the 1983 bonus  
17 was to be handled.

18 Q Did the amounts you requested on your expense  
19 account reports always equal the amount of money you received  
20 from Bekins from your expense account?

21 A Yes.

22 MR. PINES: Just so I am clear on that, you were asking  
23 if he always got reimbursed what he requested?

24 MR. RAICH: That is correct.

25 Q Were you told by Labinger that Bekins could

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1 make people who contributed whole or that it would make people  
2 whole?

3 A Could.

4 Q You mentioned earlier that you solicited  
5 contributions from Jack Foti and Joe Noga and that you may  
6 have solicited contributions from Phil Scott and Bob Forstrom.

7 A Yes.

8 Q With regard to Jack Foti, at the time you  
9 requested a contribution of him what was his position?

10 A Jack was in charge of the Bekins corporate  
11 development activity.

12 Q Is he still with Bekins?

13 A I believe he is no longer affiliated with Bekins.

14 Q Do you know where he is right now?

15 A No; from an employment viewpoint. He lives in  
16 Los Angeles.

17 Q With regard to Joe Noga, at the time you  
18 requested a contribution from him what was his position?

19 A He was the Bekins Corporate Controller.

20 Q Do you know if he is currently with Bekins?

21 A I am not certain.

22 Q Do you know in which city he lives?

23 A Agoura.

24 Q With regard to Phil Scott, at the time you  
25 requested a contribution from him --

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1 MR. PINES: I don't think he has testified to that.

2 MR. RAICH: Q At the time you may have requested a  
3 contribution from him what was his position?

4 A He was the Bekins Treasurer.

5 Q Do you know if he is currently with Bekins?

6 A I believe he is no longer affiliated with  
7 Bekins.

8 Q Do you know in what city he currently lives?

9 A I think he still lives in Los Angeles.

10 Q With regard to Bob Forstrom, at the time you  
11 may have solicited a contribution from him, what was his  
12 position?

13 A Bob was in charge of the company's data  
14 processing operations.

15 Q Do you know if he is currently with Bekins?

16 A I believe he is no longer affiliated with Bekins.

17 Q Do you know in what city he currently lives?

18 A I am not sure where he is living right now.

19 Q With regard to Jack Foti, do you recall where  
20 you requested the contribution?

21 A It was at the Bekins corporate offices.

22 Q Do you know the location there?

23 A Not exactly.

24 Q Do you know how long the conversation lasted  
25 when you asked him for the contribution?

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1           A       My recollection is that it was a short  
2 conversation, probably less than five minutes.

3           Q       Do you know if anyone else was present?

4           A       As best I can recall we were alone.

5           Q       Do you recall what you said during that  
6 conversation with Jack Foti?

7           A       My recollection is that I basically repeated  
8 the information that was in Al Labinger's conversation with  
9 me and asked Jack to make a \$250 contribution and that I  
10 indicated to Jack that he could be made whole.

11          Q       Did you tell him how he could be made whole?

12          A       Yes. I suggested a technique to him to take  
13 marginal business expenses that he might not otherwise submit  
14 for reimbursement and to view them in a more liberal light  
15 and to submit them.

16          Q       Why did you suggest that method?

17          A       I thought it was appropriate.

18          Q       Whose idea was it?

19          A       Mine. The method was mine; the subject of  
20 reimbursement had been previously discussed by Labinger.

21          Q       Had you mentioned to Labinger that you were  
22 going to suggest this method to the people whom you solicited  
23 contributions from?

24          A       I don't recall that.

25          Q       What did Jack Foti say in response?

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1 A I believe he said he would make a contribution.

2 Q Was that the extent of his response?

3 A As best I recall it, yes.

4 Q With respect to Joe Noga, do you recall when  
5 you had the conversation with him?

6 A It was, again, at Bekins corporate offices.

7 Q Do you recall the location?

8 A Not exactly.

9 Q Do you know how long that conversation lasted?

10 A I believe it would have been a similar short  
11 length as the other conversations.

12 Q Do you recall what the substance of that  
13 conversation was?

14 A Should be extremely similar to the one I had  
15 with Jack Foti.

16 Q Do you recall what Noga's response was to you?

17 A I believe he said he also would make a  
18 contribution.

19 Q Did either Noga or Foti object or complain in  
20 any way about the contributions you suggested?

21 A Not that I recall.

22 Q With respect to Joe Noga, do you recall whether  
23 during your conversation with him Al Labinger walked into  
24 the room?

25 A No.

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1 Q Do you recall if Joe Noga expressed a concern  
2 to you about the legality of the reimbursement method that  
3 you proposed?

4 A No.

5 Q Do you recall if he expressed reservations  
6 about the legality of his other reimbursement method?

7 A No.

8 Q With respect to Phil Scott, you said you might  
9 have solicited a contribution from him.

10 Do you know where that might have been had  
11 you solicited a contribution?

12 MR. PINES: Please. That really calls for speculation.  
13 I will object.

14 MR. RAICH: Q What makes you think you might have  
15 requested a contribution from Phil Scott?

16 A He was one of the four senior people who worked  
17 for me who would have been -- this group of four were the  
18 people involved in Al Labinger's request.

19 Q You previously stated that Al Labinger did  
20 not mention anybody's name, didn't you?

21 A I said he asked me to solicit the senior people  
22 who worked for me.

23 Q Do you recall ever having a conversation with  
24 Phil Scott where you discussed contributions to John Glenn?

25 A I don't recall it.

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1 Q With respect to Bob Forstrom, do you recall  
2 ever having a conversation with him wherein you discussed  
3 soliciting contributions to John Glenn?

4 A No, I don't recall it.

5 Q Do you recall it --

6 A Oh, could I ask a question?

7 Q Sure.

8 A On those last two questions are you speaking  
9 of conversations on or about February '84?

10 Q No; with respect to those last two questions,  
11 I was referring to conversations at any time.

12 MR. PINES: I assumed he as talking about February  
13 of '84, too.

14 THE WITNESS: I did, too.

15 MR. RAICH: Okay. Let me rephrase the questions then.

16 Q First of all, with respect to Foti, Noga, Scott  
17 and Forstrom, do you recall approximately with respect to  
18 Foti and Noga when you did make the solicitations and with  
19 respect to the others when you may have, if you did so?

20 A As I recall, the entire incident took place  
21 on one day in early February. At most, two days. But probably  
22 it all took place within one day.

23 Q Did you have any subsequent discussions with  
24 any of the four people?

25 A I am sure I must have.

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1 MR. PINES: About what?

2 MR. RAICH: About the contributions to the Glenn  
3 campaign.

4 THE WITNESS: It is -- it is conceivable in the  
5 following days or months I may have. I have no recollection  
6 one way or the other. I have spoken with each of those four  
7 in July of this year asking them for their recollections as  
8 to this incident, as I stated, I believe, in my answer to  
9 the Interrogatory.

10 MR. RAICH: Q In July of 1985, did you speak with  
11 Jack Foti about this incident?

12 MS. LERNER: Let the record reflect the witness is  
13 referring to his answers to the questions posed by the FEC.

14 THE WITNESS: I am sorry. Would you repeat the  
15 question, please?

16 MR. RAICH: Yes.

17 Q Did you speak with Jack Foti in approximately  
18 July of 1985 with regard to this incident?

19 A Yes.

20 Q What did he tell you?

21 A He indicated his recollection that he had made  
22 a contribution to the John Glenn campaign and that he had  
23 been reimbursed for it through the submission of marginal  
24 expense forms.

25 Q Was that the extent of the conversation?

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1 A As far as it relates to this, I believe it  
2 was the substance of it.

3 Q When was the last time that you spoke with  
4 Jack Foti?

5 A Approximately three weeks ago.

6 Q Did Jack Foti ever express a concern about the  
7 reimbursement plan?

8 A Not that I recall.

9 Q Was that July 1985 conversation with Foti by  
10 telephone?

11 A Yes.

12 Q Did you speak with Joe Noga in approximately  
13 July of 1985 about this matter?

14 A Yes.

15 Q And what did he tell you?

16 A He indicated his recollection was that he did  
17 make a contribution and that he had received reimbursement  
18 via an increased bonus award above the level that would have  
19 been paid according to the company's bonus program.

20 Q Is that the extent of that conversation?

21 A As best I recall it was as far as this incident  
22 is concerned.

23 Q Was that conversation via telephone?

24 A Yes.

25 Q When did you last speak with Joe Noga?

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1 A Approximately five or six weeks ago.

2 Q You mentioned that you had a conversation with  
3 Phil Scott in about July of 1985; is that correct?

4 A Yes.

5 Q Did you discuss this matter in that conversation?

6 A Yes. I asked for his recollection of it.

7 Q What did he tell you?

8 A And he -- his recollection was that I had not  
9 approached him for a contribution, but that Al Labinger had  
10 directly approached him, that he had made a contribution,  
11 and that he had not received any reimbursement for it.

12 Q Was that the extent of that conversation as  
13 it concerned this matter?

14 A Yes; to the best of my recollection.

15 Q When did you last speak with Scott?

16 A That may have been the last conversation I  
17 had with him. I may have had one further phone conversation  
18 with him afterwards. I don't really remember.

19 Q Was that a telephone conversation in July of  
20 '85?

21 A Yes.

22 Q You stated that you had a conversation with  
23 Bob Forstrom in about July of 1985.

24 What was the extent of that conversation as  
25 it concerned this matter?

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1           A       Bob's recollection was that no one had  
2 approached him for a contribution and he had not ever made  
3 a contribution and that he had received no reimbursement for  
4 the -- for a contribution never made.

5           Q       When was the last time you spoke with him?

6           A       I believe that was the last conversation I  
7 had with him, although I may have had a further telephonic  
8 conversation.

9           Q       The one in July of 1985 was via telephone?

10          A       Yes, it was.

11          Q       With respect to the people who you did solicit  
12 contributions from, did any of them complain about having  
13 to make the contribution?

14          A       Not to my recollection.

15          Q       Did any of them express reservations about  
16 the contributions?

17          A       Not that I recall.

18          Q       If anyone had objected, what would have  
19 happened to that person?

20          A       As far as my relationship with the person,  
21 nothing.

22          Q       Do you know if anything would be likely to  
23 have happened to such a person with regard to anyone else's  
24 relationship with them?

25                    You mentioned, for example, that this was a

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1 request that came down from Al Labinger?

2 A That is totally speculative how someone else  
3 would react.

4 Q That is true. But this was a request that  
5 had come down from a senior officer of the corporation, and  
6 I am sure there were many other requests of a similar nature.

7 MR. PINES: Assuming a fact not in evidence here.

8 MR. RAICH: I am sure there were other requests that  
9 came down from senior officers of the corporation.

10 Q Had a person disobeyed such a request, what  
11 would have happened to the person?

12 MR. PINES: I will object. You are talking about  
13 different kinds of requests. You have on the one hand  
14 referred to the request for a contribution and on the other  
15 hand referred to a group of other requests of unknown variety  
16 and are now asking what would have happened if there is  
17 disobedience.

18 I have got to object on the grounds that it  
19 calls for speculation. It is vague and ambiguous.

20 MR. RAICH: Q Roger, you were with Bekins Company  
21 for a decade.

22 Didn't you serve on the Board of Directors?

23 A I did for a short period after the takeover  
24 by Minstar.

25 Q Weren't you familiar with the company's

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1 standard operating procedures with respect to following  
2 instructions by employees, those instructions having been  
3 received from more senior employees?

4 A This isn't the military. There is -- there  
5 isn't a manual six feet tall that says how one at every level  
6 reacts to an order, directive, request, by someone at another  
7 level. That doesn't exist in a corporation like Bekins.

8 So I am familiar with how he ran our business,  
9 but it wasn't codified to the extent I think your question is  
10 directed at.

11 Am I misinterpreting you?

12 MR. PINES: You want to go off the record a minute?

13 MR. RAICH: Sure. Off the record.

14 (Discussion off the record.)

15 MR. RAICH: On the record.

16 MS. LERNER: Will you just note that there was an  
17 off-the-record discussion.

18 MR. RAICH: Q Did you feel any pressure to make a  
19 contribution to the John Glenn campaign?

20 A Yes.

21 Q What kind of pressure did you feel?

22 A When Al Labinger had his conversation with  
23 me and described that this request had come through from  
24 Irwin Jacobs, there was an implied pressure to adopt a course  
25 of action that would please Jacobs. I certainly felt it.

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1 Q Do you suppose other people at Bekins felt  
2 a similar kind of pressure?

3 A Although I don't know for a fact what went on  
4 inside their heads, it is reasonable to think that they would  
5 have a similar reaction to that which I had when you hear that  
6 the person who basically controls the company has made a  
7 request that is within the bounds of reason that there is  
8 pressure to comply with it.

9 Q When you stated "the person who controls the  
10 company," were you referring to Jacobs?

11 A Yes.

12 Q Did you see any indication in the people who  
13 you requested contributions from that they felt pressure?

14 A I did not detect any specific evidences,  
15 extreme evidences, of it. It is hard to see inside their head,  
16 however.

17 Like I don't think I showed any physical  
18 manifesttations. I just wrote out a check.

19 Q Did you suggest to anybody that there might  
20 be an unfavorable consequence for not contributing?

21 A No. There was no mention of unfavorable  
22 consequences.

23 Q Would it be accurate to say that pressure was  
24 put on the people whom you solicited contributions from in  
25 the form of a, quote, "We must do this for the boss," unquote

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1 kind of manner?

2 MR. PINES: I will have to object to that. It calls  
3 for speculation. The question is also vague and ambiguous.

4 MR. RAICH: I was just trying to rephrase what he  
5 told me a minute ago. He said he felt pressure because this  
6 came down from people up high.

7 MR. PINES: That is his feelings. Now you have asked  
8 him to characterize how other people felt. This is the problem.  
9 It calls for speculation on his part, opinion on his part.  
10 You are asking him to characterize the events, which also  
11 calls for an opinion.

12 MR. RAICH: I have no objection to receiving the  
13 witness' opinion on this matter. In fact, I value it highly.

14 MR. PINES: There is a subtle difference between  
15 opinion and speculation here. You don't have to speculate.

16 MR. RAICH: Q Let me ask --

17 A Would you try a little different words, please?

18 Q Do you have an opinion as to whether when you  
19 requested contributions from people they felt a pressure of  
20 the sort of "We mus do this for the boss?"

21 MR. PINES: I have to object again even though you  
22 asked it as an opinion. It really does call for speculation  
23 of what was in somebody else's head.

24 I will instruct him not to answer.

25 MR. RAICH: Q Will you answer the question?

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1 A Counsel has instructed me not to.

2 Q Is that the reason you will not answer the  
3 question?

4 A I am following instructions.

5 Q Did you tell anyone that Irwin Jacobs had  
6 instructed you to solicit contributions?

7 A No.

8 Q Do you know if any of the people whom you  
9 solicited contributions from actually made contributions?

10 MR. PINES: Aside from what he has already testified  
11 to? He has already testified what people told him.

12 MR. RAICH: That is right. I am asking him now if  
13 he knows.

14 MR. PINES: What is the difference between that kind  
15 of knowledge based on what people told him and some other kind  
16 of knowledge?

17 MR. RAICH: I will give you an example.

18 Q If you had seen the check which somebody wrote,  
19 you would know they made a contribution.

20 A I don't recall whether I saw any checks or not.  
21 I am going mainly on the substance of what the other people  
22 told me as their recollections in my actual telephone  
23 conversations with me.

24 Q Do you have any recollection of whether people  
25 did give their checks directly to you?

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1           A           I do not recall whether -- whatever checks  
2 were given went to me or to Labinger.

3           Q           Did you ever discuss these contributions with  
4 Bekins employees from whom you did not solicit a contribution?

5           A           I don't believe so.

6           Q           Did you ever have a brief conversation at a  
7 secretary's desk with Louis Friedman concerning the  
8 contributions?

9           A           Not that I recall.

10          MR. PINES: Maybe you could refresh his memory further  
11 if you have got something.

12          MR. RAICH: I am asking the witness if he recalls --

13          MR. PINES: I am saying if you have got something,  
14 you could try to refresh his memory further.

15          MS. LERNER: I think it wouldn't be helpful to refresh  
16 his memory if he doesn't recall the conversation.

17          MR. PINES: I am trying to be helpful.

18          MS. LERNER: I understand.

19          MR. RAICH: Q Let me just ask this:

20                       Do you have any recollection of replying, quote,  
21 "orders," unquote, when asked by Lou Friedman why these  
22 contributions were being requested?

23          A           No.

24          MR. PINES: I didn't hear all the question. Would you  
25 read back the question, please?

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1 (Record read.)

2 MR. PINES: Thank you.

3 MR. RAICH: Q You previously testified that you  
4 explained to Jack Foti and Joe Noga that they could be  
5 reimbursed for their contributions; is that correct?

6 A Yes.

7 Q And isn't it also true that you told both of  
8 these people they could be reimbursed through their expense  
9 account reports? Isn't that right?

10 A Yes.

11 Q Would you give me an example of what you meant?

12 A Yes.

13 There are many marginal situations in which  
14 business discussions are only a portion of an occasion. For  
15 instance, a luncheon meeting. And it is often difficult to  
16 determine whether the business portion is sufficiently  
17 substantive so as to make the submission of that meal expense  
18 appropriate for company reimbursement.

19 Q Is it accurate to state that there are some  
20 expenses people incur that would not normally be reimbursable,  
21 but that you were telling them that they could submit those  
22 expenses in order to receive compensation for their  
23 contribution to the Glenn campaign? Is that accurate?

24 MR. PINES: I think it is a little different than  
25 the way you phrased it.

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1 MS. LERNER: Could we have him answer the question  
2 first, and then if you want to clarify it --

3 THE WITNESS: Would you read the question back, please?

4 (Record read.)

5 THE WITNESS: Not entirely.

6 MR. RAICH: Q In what respect is it not accurate?

7 A I am speaking of the marginal case in which  
8 judgment has to be made as to the degree of business content  
9 of a luncheon so as the one I use as an example. And my  
10 discussion was to take a more liberal interpretation of that  
11 than otherwise. This is a gray area, and it is capable of  
12 judgmental discretion.

13 Q So would it be accurate to state that you were  
14 telling your subordinates to submit expenses saying they were  
15 for one purpose such as luncheons and they were really for  
16 a purpose, namely contribution to the Glenn campaign?

17 MR. PINES: I will object. That assumes a fact not  
18 in evidence.

19 MS. LERNER: He only asked if it were accurate.

20 MR. RAICH: Q Go ahead and answer.

21 A The technique I suggested was to submit only  
22 legitimate business expenses, but ones that they might not  
23 have submitted otherwise because of the mix of business and  
24 nonbusiness content.

25 Q Did anyone ever tell you that it is illegal

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1 for a corporation to make a contribution to a Federal campaign?

2 MR. PINES: Ever?

3 MR. RAICH: Ever.

4 MR. PINES: You mean is it today?

5 MR. RAICH: Yes; as of today. Ever.

6 MR. PINES: Let's say other than your counsel.

7 MS. LERNER: Other than counsel.

8 MR. PINES: In this case.

9 THE WITNESS: Other than counsel?

10 MR. PINES: In this case.

11 MR. RAICH: Q Other than counsel in this case.

12 A Not to my recollection.

13 Q Did you know in February and March of 1984

14 thta it was illegal for a corporation to make a contribution  
15 to a Federal election campaign?

16 A No.

17 Q In early 1984 did you suspect that this activity  
18 was improper?

19 A No.

20 Q Did you suspect that the contribution request  
21 was a method whereby Bekins Company could make contributions  
22 to a Federal election?

23 MR. PINES: Do you understand the question?

24 THE WITNESS: Did you suspect --

25 MR. PINES: By contribution request you mean Labinger's

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1 request for contributions?

2 MR. RAICH: That is right.

3 MR. PINES: Was a method by which Bekins indirectly  
4 could make contributions? Is that what you are saying?

5 MR. RAICH: That is right.

6 MR. PINES: Was that in your mind at the time?

7 THE WITNESS: Did I suspect that?

8 MR. RAICH: Q Yes.

9 A No. I -- I was told by Labinger the purpose,  
10 and I believed what he said exactly.

11 Q Do you know about any other involvement by  
12 Bekins Company in politics?

13 A In politics?

14 Q Specifically with regard to Federal election  
15 campaigns.

16 MR. PINES: Again, you are assuming a fact not in  
17 evidence.

18 MR. RAICH: I asked the witness if he had any knowledge.

19 MR. PINES: You said any other involvement by Bekins.  
20 I think that at least in this deposition needs some proof  
21 that Bekins is involved. I think you said do you know of any  
22 other involvement in any other campaigns. I mean, I think  
23 it is a very ambiguous, vague question.

24 MR. RAICH: Q Do you understand the question?

25 A Outside of this incident, which I guess you

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1 are debating as to Bekins involvement in it, is your question  
2 related to outside of this John Glenn campaign incident?

3 Q Yes.

4 A I know of nothing.

5 Q Have you been --

6 MR. PINES: Nothing like it?

7 THE WITNESS: No other involvement in any other --  
8 right -- Presidential, political campaigns.

9 MR. RAICH: Q I didn't ask about Presidential,  
10 political campaigns; I asked about any Federal election  
11 campaigns.

12 A No other Federal election campaigns that I  
13 am aware of. I can't recall any others.

14 Q Have you been threatened by anybody concerning  
15 this matter or your testimony today?

16 A No.

17 MR. RAICH: Those are the questions I have at this  
18 time.

19 Do you have any cross-examination?

20 MR. PINES: Yes. I would not characterize it as cross.

21 MS. LERNER: Let the record reflect that they are  
22 conferring prior to the attorney questioning his client.

23 (Discussion off the record.)

24 MR. PINES: Just a few questions by way of  
25 clarification.

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## EXAMINATION

BY MR. PINES:

Q Mr. Lee, why did you give that \$250 contribution to the John Glenn campaign?

A Because of the pressure I felt that had come through from Labinger that he had received from Irwin Jacobs.

Q But for that feeling of pressure would you have given to the John Glenn campaign otherwise?

A No. I had no other reason for making any donation to the campaign.

Q Why did you go to the subordinates you indicated and request contributions from them?

A Only because of the request to do so from Labinger and the implied pressure from Jacobs.

Q But for those factors would you have gone to them otherwise and requested such contributions?

A No, I would not.

Q In 1984 did you ever request political contributions from any of your subordinates for any political campaigns?

A No.

Q Did you have any personal interest in seeing that John Glenn became the next President?

A No.

Q Did you vote for him?

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1 A No.

2 Q Are you a member of the Democratic Party?

3 A No.

4 Q Did you ever meet John Glenn?

5 A No.

6 Q Did anyone else ask you to give to the  
7 John Glenn campaign?

8 A No.

9 Q Did you give as much as \$250 in 1984 to any  
10 other candidates for President?

11 A No, I believe I did not.

12 MR. PINES: I believe I don't have any further  
13 questions.

14 MR. RAICH: I have no further questions.

15 I do want to give you the witness fee to which  
16 you are entitled.

17 THE WITNESS: You are kidding.

18 MR. RAICH: Under the Federal Election Campaign Act.  
19 I am handing that check to you right now.

20 You also have a right to review and sign your  
21 deposition transcript when it is prepared. You do not have  
22 to do so. The choice is up to you.

23 Do you wish to waive signature?

24 MR. PINES: Why don't we review it?

25 THE WITNESS: Yes, I would like to see it.

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1 STATE OF CALIFORNIA )  
 2 ) ss.  
 3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, C.S.R., a  
 5 Notary Public of the State of California, certify:

6 That the foregoing deposition of ROGER LEE  
 7                      was taken before me pursuant to SUBPOENA  
 8                     , at the time and place therein set forth, at which  
 9 time the witness was put on oath by me;

10 That the testimony of the witness and all objections  
 11 made at the time of the examination were recorded stenographi-  
 12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
 14 testimony of the witness and of all objections made at the time  
 15 of the examination.

16 I further certify that I am neither counsel for nor  
 17 related to any party to said action, nor in anywise interested  
 18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
 20 affixed my seal this 30th day of December, 1985.

21 Vicky Scott  
 22 Notary Public of the State of California.  
 23 VICKY SCOTT, CSR No. 6055, RPR  
 24  
 25



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MR. RAICH: This concludes the deposition.

\* \* \*

I declare under penalty of perjury  
that the foregoing is true and correct.

Executed at \_\_\_\_\_,  
California this \_\_\_\_ day of \_\_\_\_\_,  
198\_\_.

\_\_\_\_\_  
ROGER LEE

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MUR 2036 )  
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GENERAL COUNSEL  
36 JAN 10 A10:27

DEPOSITION OF JACK R. FOTI

Taken on behalf of the Federal Election Commission, at 312 North Spring Street, 11th Floor, Los Angeles, California, on Thursday, December 5, 1985, commencing at 9:10 A.M., before Vicky Scott, CSR No. 6055, RPR, a Notary Public for the State of California, pursuant to Subpoena.

ORIGINAL

RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES  
CERTIFIED SHORTHAND REPORTERS  
3400 WEST SIXTH STREET - SUITE 200A  
LOS ANGELES, CALIFORNIA 90020  
TELEPHONE (213) 382-0829

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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.  
-and-  
LOIS G. LERNER, ATTORNEY AT LAW  
999 E Street, N.W.  
Washington, D.C. 20463

FOR JACK R. FOTI, IN PROPRIA PERSONA:

JACK R. FOTI  
3342 Troy Drive  
Los Angeles, California 90068

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I N D E X

WITNESS

JACK R. FOTI

(By Mr. Raich)

EXAMINATION

3

1 JACK R. FOTI,  
2 having been first duly sworn, was deposed and testified as  
3 follows:  
4

5 EXAMINATION

6 BY MR. RAICH:

7 Q Please state your name.

8 A Jack Foti.

9 Q What is your address?

10 A 3342 Troy Drive, L.A.

11 Q Is that your home or business?

12 A Home.

13 Q What is your telephone number?

14 A 213 874-0866.

15 Q Is that your home or business phone?

16 A Home.

17 Q I am going to ask you a series of questions.

18 If at any time you do not understand a question, just tell  
19 me and I will try to rephrase it in a way that you do  
20 understand. If you don't tell me that you don't understand  
21 the question, I will assume that you do understand the question  
22 and that your answer is responsive.

23 Is that clear?

24 A Yes.

25 Q Have you ever had your deposition taken before?

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1 A No.

2 Q The court reporter is taking down everything  
3 we say, but it is difficult for her to record gestures. So  
4 it is necessary that you always answer questions verbally.

5 Since receiving your Subpoena, have you spoken  
6 with anyone about this deposition or the answers that you will  
7 give today?

8 A Yes.

9 Q To whom have you spoken?

10 A Joel Yachzel.

11 Q Anyone else?

12 A No.

13 Q What was the substance of your conversation  
14 with Joel Yachzel?

15 A Simply the peculiarity of the whole thing.

16 Q What do you mean by that?

17 A Oh, it seems that there is more going on than  
18 meets the eye. I am not sure really what I mean by that.  
19 I mean, I have never been deposed for something like this  
20 before. The amount that is being spent on it, at least in  
21 our perspective, seems unusual.

22 Q Was that the extent of the substance of your  
23 conversation with Joel Yachzel?

24 A Right.

25 Our curiosity of what was really the point

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1 here, what was really trying to be accomplished.

2 Q Have you read anything in preparation for this  
3 deposition?

4 A No.

5 Q Where are you employed?

6 A I am unemployed.

7 Q When did you leave Bekins?

8 A 2-22 of '85.

9 Q Why did you leave Bekins?

10 A I was fired.

11 Q When did you start working for Bekins?

12 A 5-23 of '77.

13 Q In early February 1984 what was your job title?

14 A I was Director of Corporate Development.

15 Q And who was your immediate superior?

16 A Roger Lee. He was Senior Vice President and  
17 Chief Financial Officer.

18 Q Did anybody ever ask you to contribute to  
19 John Glenn's Presidential campaign?

20 A Yes; Roger Lee.

21 Q When did he ask you?

22 A I -- it was in February, and if I consult my  
23 notes, I can tell you the exact date. I think it was the  
24 6th, but let me just check here.

25 The 3rd, February 3rd of '84.

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1 Q Is what you are referring to your answers to  
2 Question No. 3?

3 A Yes.

4 Q These are answers to questions the  
5 Federal Election Commission sent you previously; is that  
6 correct?

7 A That is correct.

8 Q How many conversations were there on  
9 February 3rd, 1984 between you and Roger Lee where you  
10 discussed contributing to the Glenn campaign?

11 A Just one on that day.

12 Q Where did that conversation take place?

13 A In my office.

14 Q About how long did it last?

15 A Five minutes.

16 Q Was the only topic of discussion in that  
17 conversation the contributions to John Glenn and other matters  
18 connected with those contributions?

19 A I believe so.

20 Q Who else was present?

21 A No one.

22 Q It was only you and Roger Lee?

23 If you could, I would like you to tell me to  
24 the best --

25 MS. LERNER: He didn't answer that. I assumed that

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1 was the question on your part and he, I believe, just shook  
2 his head.

3 THE WITNESS: I meant no one other than Roger Lee  
4 and myself were present.

5 MR. RAICH: Q If you could, I would like you to  
6 describe what was said by you and Roger Lee in that conversation.

7 A Roger came into my office and closed the door,  
8 which generally indicated that something important was going  
9 to be discussed. And in a rather embarrassed manner he told  
10 me or asked me if I would make a \$250 contribution -- or I  
11 would make a contribution to the John Glenn campaign. And  
12 he explained that -- and I am not clear on this, whether he  
13 had been asked by Irwin Jacobs or whether Al Labinger had  
14 been asked by Irwin Jacobs. But regardless, he explained  
15 to me that there had been a direction from Irwin Jacobs or  
16 his office to solicit these contributions from Bekins  
17 executives.

18 And I asked him the amount that he wanted.  
19 He told me \$250 and explained that I would be reimbursed  
20 through my expense account.

21 I questioned him about it. I said, "Gee, that  
22 is kind of odd. Why doesn't Irwin simply have Bekins make  
23 the contribution?"

24 And he explained that Irwin was trying to  
25 secure I recall a \$6,000,000 loan for the John Glenn campaign

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1 and that the checks that various executives would provide  
2 some evidence to the bank that there was a good deal of support  
3 for John Glenn in the business community.

4 Q Was it your impression at that conversation  
5 that the reimbursement which you would receive was also part  
6 of the directive from Jacobs?

7 A I had no way of assuming that it wouldn't be.  
8 I mean, I would just have to assume that it would be.

9 Q Was it your impression from that conversation  
10 that you had that Jacobs had spoken directly with Lee or he  
11 had spoken only with Al Labinger?

12 A The way Roger phrased it, it sounded as if  
13 he had had a direct communication with Irwin Jacobs.

14 Q As if Lee had had a direct communication from  
15 Jacobs?

16 A That is right. Yes.

17 MS. LERNER: You said that you didn't have any reason  
18 to believe that the reimbursement suggestion also did not  
19 come down from Jacobs.

20 Would Lee have had the authority to make  
21 reimbursements without receiving Jacobs' approval?

22 THE WITNESS: He would have had the authority, but  
23 that was not Roger Lee's style.

24 MS. LERNER: Can you amplify on that?

25 THE WITNESS: Roger is an extremely cautious person,

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1 the most cautious person I have ever met in my life. And  
2 it was very unusual for Roger to make this kind of request  
3 to me to begin with. It was not -- it was totally out of  
4 Roger's personality. I mean, the biggest personal favor that  
5 Roger had ever asked of me is would I follow him down in my  
6 car to his mechanic and drive him back to work. And that  
7 was in eight years in working for the man.

8 MS. LERNER: Aside from Mr. Lee's personality, are  
9 there any other reasons that you would have to assume that  
10 the reimbursement suggestion came from Mr. Jacobs?

11 THE WITNESS: Yes. And -- well, let's say I will answer  
12 it in this way:

13 It was obvious that it came from a person  
14 outside of Roger because had Roger been asking because he  
15 was personally interested in John Glenn's campaign, he would  
16 have not -- he would not have told me that I could be  
17 reimbursed. He certainly would have asked, "Would you be  
18 interested in making a contribution?"

19 MS. LERNER: Did you assume that because Mr. Lee told  
20 you that the request for the contribution came from Mr. Jacobs  
21 that the suggestion of the reimbursement would have also come  
22 from Mr. Jacobs?

23 THE WITNESS: Yes.

24 There is one other reason why. Despite his  
25 other characteristics, Ron Hartman was an excellent attorney

1 and he was very careful about maintaining a distinction between  
2 Bekins and Minstar. And he would have never permitted that  
3 to be undertaken simply under the authority of the Bekins  
4 officer to cause reimbursement unless there had been a directive  
5 from above. That would be totally out of context for the kind  
6 of things that I saw Ron Hartman do. He was very careful.

7 MR. RAICH: Q How long had you worked with Ron Hartman  
8 at Bekins?

9 A Well, to say that I worked with Ron Hartman  
10 implies that we did on a regular basis, and that wouldn't be  
11 true. I worked with many attorneys that worked for him.  
12 Ron was at Bekins I guess since maybe 1980.

13 Q Would it be accurate to say that you had  
14 interaction with him ever since he arrived at Bekins in 1980?

15 A Limited interaction, yes.

16 Ron was not the kind of person to have much  
17 interaction with people who were below him in authority or  
18 position.

19 Q You mentioned that one of the topics which  
20 you had discussed with Roger Lee in the conversation in your  
21 office was that you would be reimbursed through your expense  
22 account.

23 What did Roger Lee mean by that?

24 A Well, at first I just naively understood is  
25 what he meant that I was going to put on my contribution --

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1 I mean on my expense account, which I actually ended up doing,  
2 was that I was going to put down a miscellaneous expense for  
3 the John Glenn contribution, which I did. And he returned  
4 the expense account to me and said they couldn't do it, that  
5 I would have to disguise the expense in some other way.

6 Q Did Roger Lee return the expense account report  
7 to you?

8 A Yes, he did.

9 Q Did he return it to you after it had already  
10 gone down to the Payroll Department or afterwards?

11 A No; before. I would -- I would give my expense  
12 accounts to Roger Lee for approval. He then would examine  
13 them and sign them. After his approval, they would be paid.  
14 So I am sure that it never -- well, I shouldn't say that.

15 I don't believe that it went past his desk.

16 Q How long after this conversation did you submit  
17 the first expense account where you listed the contribution  
18 to the Glenn campaign as such?

19 A Oh, I don't recall that for sure. I didn't  
20 think to look for my expense accounts. But I would say for  
21 sure it was in the next three weeks.

22 Q How long after you submitted the first expense  
23 report did you have that returned to you by Roger Lee?

24 A Oh, it may have been within a day.

25 Q Do you recall what the other expense was that

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1 you listed on your second expense account report?

2 A Yes. I took meal receipts that totaled  
3 approximately \$250 and listed under meal expenses.

4 Q Did you actually eat those meals?

5 A Yes. But they were personal meals as opposed  
6 to business meals.

7 Q Is it accurate to say that Bekins' policy was  
8 not to reimburse employees for personal meals?

9 A That is correct.

10 Q How long after Roger Lee returned the first  
11 expense account to you did you submit the second one?

12 A I would guess within a week.

13 Q You mentioned that Roger Lee had told you the  
14 reason he was asking for the contribution was because  
15 Irwin Jacobs was trying to secure a loan to help the Glenn  
16 campaign.

17 A That is correct.

18 Q You mentioned that you thought that the amount  
19 of the loan was \$6,000,000?

20 A That is the figure that sticks in my mind.

21 Q Was that something you recall Roger Lee telling  
22 you?

23 A Yes.

24 Q Do you recall if Roger Lee mentioned what the  
25 source of that loan was to be?

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1 A Simply a bank. He didn't explain what bank.

2 Q Did he indicate to you where the bank was  
3 located?

4 A No.

5 Q You also mentioned that Roger Lee told you  
6 the reason he was asking for the checks from you and other  
7 Bekins employees was to indicate that there was wide support  
8 for Glenn; isn't that right?

9 A That is correct.

10 Q Was it your impression that Irwin Jacobs felt  
11 that obtaining a number of checks from a large number of people  
12 would help him in securing that bank loan?

13 A Well, it wasn't just my impression. It was  
14 also what Roger indicated.

15 Q Was it your impression that had the contributions  
16 not been received it would have been more difficult for the  
17 Glenn campaign or Irwin Jacobs to secure that bank loan?

18 A Well, that was certainly implied in what Roger  
19 said.

20 Q Were you told that other Bekins executives  
21 were also being solicited for contributions?

22 A Yes.

23 Q Do you recall who was being solicited?

24 A No. Roger didn't say, but I learned later  
25 that Phil Scott had been asked, George Smith had been asked,

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1 Joel Yachzel had been asked, Ernie Gallego and I really don't  
2 know the others, if there were others.

3 Q Was it only those four who you were sure of?

4 A Right.

5 Q When did you find out that those four other  
6 people were solicited for contributions?

7 A Over the next -- probably the next nine months.

8 Q Did you find out one at a time that those other  
9 individuals had been asked to make contributions, or did you  
10 find out about all four of them at one time?

11 A Well, partly both. I found out that Joel and  
12 Ernie Gallego had made contributions, and I think shortly  
13 thereafter George Smith and Phil Scott after that. I think  
14 that was the sequence.

15 Oh, then later I learned that Shannon Sesmas  
16 had made a contribution, too.

17 Q That was within the same nine-month period?

18 A Yes. I think that is right.

19 Q Did you in fact contribute to the John Glenn  
20 campaign?

21 A Yes.

22 Q How much did you contribute?

23 A \$250.

24 Q Was \$250 a substantial amount to you?

25 A I guess you would have to say no, it wasn't.

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1 Q To whom did you give your check?

2 A To Roger Lee.

3 Q Did you hand it to him?

4 A Yes, I did hand it to him. The same day that  
5 we had the conversation.

6 Q A few hours after he asked you to?

7 A A few minutes.

8 Q Was that when he was still in your office?

9 A No. No. He had gone back to his office and  
10 I just wanted to write the check and get it off of my mind.

11 Q So you wrote the check and then walked into  
12 his office?

13 A That is right.

14 Q And handed it to him?

15 A That is right.

16 Q What did you think might happen to you if you  
17 did not contribute?

18 A Well, I didn't think that. Something that  
19 involves Irwin Jacobs you don't -- you have to have an awfully  
20 good reason for not complying.

21 Q Why is that?

22 A Well, he is a man who has in part makes his  
23 living by showing himself to be somewhat ruthless. And I  
24 mean, when he takes over a company and lets go all the  
25 executives, intimidates management in the beginning by telling

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1 the public what lousy managers they are and the public  
2 statements, it is just his whole personality is such that  
3 you don't think of going against him on something that doesn't  
4 appear too important.

5 Q Would it be accurate to say that this did not  
6 seem important to you at the time?

7 A No, it did not.

8 Q If it had not been for this incident, do you  
9 think you would have contributed to the Glenn campaign?

10 A Absolutely not.

11 Q Did you in fact get reimbursed for making the  
12 contribution?

13 A Yes, I did.

14 Q How did you get reimbursed?

15 A Through my expense account.

16 Q Did you get reimbursed for the entire \$250?

17 A Oh, I think all but a dollar and change.

18 Q Was that based on the personal meal receipts  
19 that you submitted?

20 A Yes, it was. It was.

21 Q Did Roger Lee know that that is how you attempted  
22 to get reimbursed for the contribution?

23 A I don't think so, no. Now that I think about  
24 it, no. Because he was not specific about how it was to be  
25 done, and he made a couple of suggestions. You know, he says,

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1 "Have you taken a trip that you could charge the air fare to  
2 the company or something like that?" And I had not. So I  
3 used the meal expenses. I don't think he knew.

4 Q Did he make the suggestions to you in that  
5 same meeting in your office that you referred to earlier?

6 A No. When I had given him the first expense  
7 account which under miscellaneous expense showed he  
8 contribution, he returned it to me and said that, you know,  
9 I would have to handle it in a different way.

10 it was then that he told me, you know, made  
11 the suggestion to use an air fare, personal air fare.

12 Q How long did your conversation with him last  
13 when he returned your first expense to you?

14 A Not very long. A minute, minute and a half.

15 Q Have you already told us the substance of that  
16 conversation?

17 A Yes.

18 Q Did anyone ever tell you that it was illegal  
19 for a corporation to make political contributions?

20 A No, no one told me that. But when Roger handed  
21 me back the expense account indicating that I could not show  
22 the expense as it truly was, then I realized that something  
23 was wrong. Then I realized that this was illegal. There  
24 was something improper about it, at least.

25 Q Did you actually know that it was improper

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1 or illegal for corporations to make --

2 A I did not know that. But when he handed me  
3 back the expense account, I assumed there was something not  
4 right.

5 Q Did you ever discuss that with anybody?

6 A Yes. I discussed it with Joel Yachsel.

7 Q When did you discuss it with him?

8 A Oh, around that time.

9 Q This would be early to mid-February 1984?

10 A Yes. Yes. I think that is right.

11 Q What was the substance of your conversation  
12 with Joel Yachsel then?

13 A Oh, I think we were simply as -- amused by  
14 the imaginations by the people above us. It seemed as if  
15 there was an excess of ego involved in a man like Irwin Jacobs  
16 wanting to make a statement by supporting a national  
17 Presidential candidate. I never assumed that Irwin was a  
18 man with great political ambitions. He was simply a man  
19 interested in making money. And Joel and I assumed that this  
20 was simply a way of getting valuable publicity in showing the  
21 world his strength and wealth and appearing to be greater  
22 than he really was.

23 Q You mentioned in the answer to your  
24 Interrogatories at Question No. 3 that Roger Lee told you  
25 in your first conversation with him on February 3rd, 1984,

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1 that Irwin Jacobs wanted to make a, quote, "statement as a  
2 major financial backer of an important Presidential candidate."

3 Were those the actual words that Roger Lee used?

4 A They were similar. No, I couldn't swear for  
5 sure they were the actual words.

6 Q Was that clearly the reason that Roger Lee  
7 gave you for Irwin Jacobs requesting these contributions?

8 A It was what he said. Whether it was his  
9 surmising Irwin's motives or whether Irwin had actually  
10 discussed that with him, I don't know. I wouldn't know about  
11 that.

12 Q How secure did you feel in your job at Bekins  
13 in early February 1984?

14 A Well, that is a really hard question to answer.  
15 The company had recently been purchased, which certainly created  
16 an air of insecurity. But my area of work was going extremely  
17 well. I was responsible for producing a third to a half of  
18 the total company's earnings.

19 So I had difficulty in imagining that I was  
20 insecure because of that performance, but it was certainly  
21 not a -- I realized that it was certainly not as secure as  
22 a position that I had prior to the acquisition of Bekins.

23 Q Do you know about any other involvement by  
24 Bekins Company in election campaigns?

25 A No, I do not.

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1 Q Have you been threatened by anyone concerning  
2 this matter or your testimony?

3 A Definitely not.

4 Q Do you know if anybody else at Bekins was  
5 reimbursed for making contributions to the John Glenn campaign?

6 A Well, I think Joel Yachzel told me that he  
7 was reimbursed. George Smith told me that he was not. And  
8 the others I don't know about.

9 Q Did Joel Yachzel tell you how he was reimbursed?

10 A No, he didn't.

11 MR. RAICH: That is all the questions that I have.

12 I do want to give you your witness fee check,  
13 which I am handing you right now.

14 You have an opportunity to review and  
15 sign your deposition when the deposition is prepared. You  
16 do not have to do that. Now, you can waive that if you wish.  
17 The choice is yours.

18 I wonder if you would like to --

19 THE WITNESS: No, it is not necessary for me to sign.

20 MR. RAICH: This concludes the deposition.

21 (Discussion off the record.)

22 THE WITNESS: I was contacted by Bekins three weeks  
23 ago possibly in which one of the legal secretaries at Bekins  
24 indicated that the law firm of Latham & Watkins, which I  
25 understand Bekins and Minstar and Irwin Jacobs use as outside

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1 legal counsel, would offer to defend me in this action. And  
2 I received a call from one of the attorneys there -- it was  
3 not Ken Oder; I can't recall the name of the attorney.

4 MS. LERNER: Mr. McLean?

5 THE WITNESS: Yes. That is right.

6 -- asking me if I did in fact want them to  
7 help me. And I declined their help.

8 MS. LERNER: Thank you.

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1 STATE OF CALIFORNIA )  
 2 ) ss.  
 3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, C.S.R., a  
 5 Notary Public of the State of California, certify:

6 That the foregoing deposition of JACK R. FOTI  
 7                      was taken before me pursuant to SUBPOENA  
 8                     , at the time and place therein set forth, at which  
 9 time the witness was put on oath by me;

10 That the testimony of the witness and all objections  
 11 made at the time of the examination were recorded stenographi-  
 12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
 14 testimony of the witness and of all objections made at the time  
 15 of the examination.

16 I further certify that I am neither counsel for nor  
 17 related to any party to said action, nor in anywise interested  
 18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
 20 affixed my seal this 30th day of December, 1985.

21 Vicky Scott  
 22 Notary Public of the State of California.  
 23 VICKY SCOTT, CSR No. 6055, RPR  
 24  
 25



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GENERAL COUNSEL

DEPOSITION OF JOEL YACHZEL, ESQ.

Taken on behalf of Federal Election Commission  
at 312 North Spring Street, 11th Floor, Los  
Angeles, California, commencing at 11:05 A.M.,  
on Wednesday, December 4, 1985, before Vicky  
Scott, CSR NO. 6055, RPR, a Notary Public of  
the State of California, pursuant to Subpoena.

RACKLIN, BERNSTEIN, MINJARES & ASSOCIATES  
*Certified Shorthand Reporters*  
3100 WEST SIXTH STREET - SUITE 200A  
LOS ANGELES, CALIFORNIA 90020  
TELEPHONE (213) 382-0829

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APPEARANCES OF COUNSEL:

FOR FEDERAL ELECTION COMMISSION:

ROBERT RAICH, ESQ.

-and-

LOIS G. LERNER,  
Attorney at Law  
999 E Street, N.W.  
Washington, D.C. 20435

FOR WITNESS:

JOEL YACHZEL, ESQ.  
IN PROPRIA PERSONA  
13160 Addison Street  
Sherman Oaks, California 91423

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I N D E X

WITNESS

EXAMINATION

JOEL YACHZEL, ESQ.

(By Mr. Raich)

3

(No Exhibits offered)

1 JOEL YACHZEL, ESQ.,  
2 having been first duly sworn, was examined and testified as  
3 follows:  
4

5 EXAMINATION

6 BY MR. RAICH:

7 Q Please state your name.

8 A Joel Yachzel, Y-a-c-h-z-e-l.

9 Q And what is your address?

10 A 13160 Addison Street, Sherman Oaks, California,  
11 91423.

12 Q That is your home address?

13 A That is my home.

14 Q Is there a telephone number where we can reach  
15 you? Either home or business?

16 A Yes; 213 325-5051.

17 Q Is that your home or business?

18 A That is my business.

19 Q I am going to ask you a series of questions.

20 If at any time you don't understand the question, just say so  
21 and I will try to rephrase it in a way that you will understand.  
22 If you don't tell me that you don't understand the question, I  
23 will assume that you do understand the question and that your  
24 answer is responsive.

25 Is that clear?

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1 A Yes.

2 Q Have you ever had your deposition taken before?

3 A Never.

4 Q Have you ever taken depositions before?

5 A Never.

6 I will let you finish your questions and then  
7 I will clarify it.

8 Q Okay.

9 As you probably know, the court reporter is  
10 taking down everything that we say.

11 A Right.

12 Q She cannot easily record gestures.

13 A Right.

14 Q So it is necessary that you always answer  
15 questions verbally.

16 A I have been present in depositions; I have just  
17 never taken one. So I have heard this.

18 Q Since receiving your subpoena, have you spoken  
19 with anybody about this deposition or the answers you will  
20 give today?

21 A Yes.

22 Q To whom have you spoken?

23 A Oh, I spoke with Phil Berlin.

24 Q Anyone else?

25 A I really can't recall anybody else. I haven't

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1 spoken -- I didn't speak with my counsel.

2 Q What was the substance of your conversation  
3 with Phil Berlin?

4 A Oh, the substance was generally trying to  
5 discuss -- we were discussing why -- we were trying to under-  
6 stand why you subpoenaed us. We -- and, you know, we under-  
7 stand it is a serious matter, but to fly people out from  
8 Washington, especially -- I mean, I didn't read Phil's answers,  
9 but I felt my answers were fairly complete. And I don't know  
10 really what else I can tell you.

11 So we were trying to determine what -- whether  
12 there was something more to this than we knew. That is  
13 essentially it.

14 Q Have you read anything in preparation for this  
15 deposition?

16 A I just reread my answers that I -- to your  
17 Interrogatories.

18 Q Where are you employed right now?

19 A I am self-employed.

20 Q Do you have an independent law practice?

21 A Right. Yes.

22 Q When did you leave Bekins Company?

23 A I left in February of '85.

24 Q Why did you leave Bekins?

25 A They terminated the legal department.

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1 Q When did you start working for Bekins?  
2 A January 15th, 1981.  
3 Q In early February 1984, what was your job  
4 title?  
5 A Assistant general counsel.  
6 Q Did you have any particular areas that you  
7 were responsible for?  
8 A Corporate and securities matters and real  
9 estate.  
10 Q Who was your immediate superior?  
11 A Ronald Hartman.  
12 Q Did anyone ever ask you to contribute to John  
13 Glenn's Presidential campaign?  
14 A Yes.  
15 Q Who asked you?  
16 A Ron Hartman.  
17 Q Did anyone else ask you?  
18 A No.  
19 Q When did Ron Hartman ask you?  
20 A You want the date?  
21 Q If you can recall.  
22 A Well, it is in my Answer. I don't really  
23 remember the date. It is in my Answers to the Interrogatory.  
24 MS. LERNER: You can refer to those.  
25 THE WITNESS: That is okay?

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1 MR. RAICH: Q Sure.

2 A I looked it up for that because it was about  
3 the date that I wrote the check. So I looked at the check.

4 Let's see. I got to find the question before  
5 I can give you the answer.

6 Probably around February 6th, 1984. Around  
7 that time I guess give or take a day.

8 Q How many conversations were there that day?

9 A About this matter?

10 Q Yes; about that matter.

11 A At least one. I really don't remember.

12 Q Was it only one? Do you know?

13 A It may have been -- between me and Mr. Hartman?

14 Q That is right.

15 A I am sure -- I really don't know. I mean, it  
16 was at least one. Could have been two or -- I sat right next  
17 to him. He just, you know, called me in and he made the  
18 proposition, the request.

19 Q Do you recall approximately how long each  
20 conversation or conversations would have lasted?

21 A With regard to this particular subject?

22 Q Yes; with regard to this subject.

23 A Short conversation.

24 Q Short in terms of just --

25 A Time.

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1 Q -- a few minutes?

2 A That is right.

3 Q Do you know if anyone other than you and  
4 Mr. Hartman were present at these conversations?

5 A I think we were alone.

6 Q If you could, I would like you to reconstruct  
7 the substance of what he said and what you said in each  
8 conversation where you discussed contributing to John Glenn's  
9 campaign.

10 A He just said that -- I mean, this is from my  
11 recollection and this is fairly vague from my recollection -- but  
12 either he or some of the other executives, Al Labinger, had  
13 been back to Minnesota. They were going back and forth to  
14 Minstar, the parent company, from time to time.

15 And I can't remember whether Ron was on that  
16 trip or not. Some of the executives had come back, and he  
17 called me in his office and said that the executives at  
18 Minstar, Irwin Jacobs and, you know, his four guys,  
19 Schwalbach -- you know, they were involved in the John Glenn  
20 for President campaign. And they had told Al Labinger, who  
21 was the president, to -- that everybody had -- you know, that  
22 the executives had to contribute money to the John Glenn  
23 campaign. Talking about the substance of the conversation.

24 And that each one of us -- each one of the  
25 attorneys in the legal department would be required to make a

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1 \$250 contribution for which we would be reimbursed.

2 He wasn't a big conversationalist as I remember.  
3 He just gave orders and -- I mean, he has been in here before  
4 recently. I mean, you know, I am sure you know the story of  
5 his arrest. Essentially the FBI doesn't even work that fast  
6 I think unless it is a grave, you know, grave circumstances.

7 And from the stories I have heard, you know,  
8 because of his behavior, is the reason he was brought down  
9 here so quickly. So he was a man who, you know, who, you know,  
10 was fairly, you know, especially in the office he was fairly  
11 abrupt and just gave orders.

12 Q You understood this statement about making  
13 the contribution to John Glenn's campaign was more of an order  
14 than --

15 A Right. Well, that it came from -- that it  
16 came down from, you know, Irwin Jacobs through Labinger to him  
17 and he was telling us that this was something that we were  
18 required to do. And I -- you know, I didn't have my checkbook  
19 with me. My wife usually carries it.

20 And I said, "Do I really have to do this?"  
21 I said, "I am a Republican." I said, "I don't, you know, of  
22 the guys running, he might have been" -- I liked John Glenn  
23 personally, but I -- I said, you know, I said, "This is kind  
24 of silly, isn't it?" And something to this effect.

25 We had a conversation and he said, "You have

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1 got to do it. This is something you have been ordered to do  
2 and everybody is going to do it. And you are going to get your  
3 money back, so what difference does it make to you?" And he  
4 also asked me to tell the other attorneys in the legal  
5 department to do the same thing.

6 You know, many of them were -- especially the  
7 litigation attorneys. I was generally one of the few attorneys  
8 who was there on a daily basis because most of the work I did  
9 was for the company in the company offices. So he wasn't  
10 always around. He used to come in late and leave early and  
11 go -- come and go as he liked.

12 So he asked me to relay this message to the  
13 other attorneys. And over the next couple of weeks, you know,  
14 I did. Whenever I saw that they came in, I told them to give  
15 their money to them. And he asked me to give him a check made  
16 payable to John Glenn.

17 Q Do you know if Hartman approached the other  
18 attorneys in the department himself or did he just expect you  
19 to relay the message?

20 A Well, there were a couple of attorneys who  
21 were elected to do it. Most notably his accomplice, and if you  
22 go back to the story with the problem, his accomplice didn't  
23 have a checking -- Lou Friedman. So Lou had to go out and get  
24 a money order, and he didn't want to do it.

25 And I said, "Listen, do what you want. Ron

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1 just told me to tell you this, and if you have a problem, go  
2 to him."

3 And he did. And the next thing I knew Lou  
4 was getting in his car to go down to the market to get a money  
5 order. But, I mean, I think, you know, everybody generally  
6 gave him -- a couple of guys may have given me the check and I  
7 just brought it into him. But either that or they all handed  
8 him a check.

9 Q Other than Lou Friedman, did each of the  
10 attorneys --

11 A Contribute?

12 Q -- talk only to you as far as you know and not  
13 to Ronald Hartman?

14 A No, I don't know that. I think they -- I think  
15 other attorneys did talk to him. Generally, you know, every-  
16 body was objecting to it.

17 What I did was I just gave them a message:  
18 "Ron has asked me to tell you this and do it. You know, do what  
19 you want."

20 Q Did you also accept the checks from certain  
21 other attorneys?

22 A I don't really recall. I may have. Somebody  
23 may have written out a check and handed it to me or something.  
24 And I told them either "Don't give it to me; give it to Ron,"  
25 or I could have just said, "Okay. I will give it to him."

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1 Q But you are not sure?

2 A I am not sure.

3 I may have. It wasn't something I was setting  
4 out to do. I wasn't going to collect the money from them.  
5 And I understood that other executives were doing the same  
6 thing.

7 Q Other executives in other departments?

8 A Right.

9 Q Was it your understanding from the conversation  
10 or conversations that you had with Hartman that this directive  
11 that Bekins employees contribute came from Hartman, from  
12 Labinger or from people in Minnesota?

13 A From people in Minnesota. We have never --  
14 you know, I was in there for almost four years -- five --  
15 almost four years at that time. We never did anything like  
16 that. I mean, we have been involved in, you know, politics  
17 and lobbying to a certain extent. Never had anything like  
18 that happen before.

19 So I am -- you know, it wasn't a company  
20 policy. You know, I was a corporate attorney. You know, I  
21 am not -- these Federal election laws are new to me. When I  
22 was told by Ron, you know, Ron told me -- Ron was a member of  
23 the board of directors. He said it came through Al and it  
24 came from Minnesota, Irwin Jacobs. That is three or four of  
25 the board of directors as far as I am concerned.

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1 If they had a board of directors meeting and  
2 sent me a certified resolution, this was, you know, this was a  
3 company policy at that point.

4 Q Who was the third member of the board of  
5 directors?

6 A Oh, there were four members at that time. Al  
7 Labinger, Irwin Jacobs, Ronald Hartman and Roger Lee.

8 Q You mentioned earlier that there were four  
9 guys who worked for or with Jacobs.

10 A Yes.

11 Q Do you know who they were?

12 A Well, I mean they are in the articles. I  
13 think his four main -- you know, if you are -- four main guys  
14 are Schwalbach.

15 Q Is that Gerald Schwalbach?

16 A Gerald Schwalbach.

17 Irwin Jacobs. I really don't remember -- if  
18 you -- you know, if you have a Minstar annual report or an old  
19 copy of Forbes or Fortune magazine, they are always featured  
20 in the articles as the, you know, the brain trust that does  
21 the work for Irwin. I don't remember their names.

22 Q Are these four people other than Irwin Jacobs?

23 A No; four people including Irwin Jacobs.

24 Q I see.

25 A They are the people that sit upstairs, you

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1 know. If you go to Minstar, people sit downstairs and then  
2 there is four offices I think -- I was there once -- upstairs.  
3 And that is -- the people downstairs are the people who are  
4 the administrative people. I don't know if they still have it  
5 like that.

6 Q Had Hartman --

7 A It is in a brewery, Minstar.

8 MS. LERNER: Very convenient.

9 MR. RAICH: Q Had Hartman just recently  
10 returned from a trip to Minstar headquarters when he issued  
11 this directive?

12 A I don't know whether he had or whether -- I  
13 really can't recall. I know somebody had just come back,  
14 either Labinger or Hartman. It could have been Hartman who  
15 came back.

16 Q But it was your understanding that someone in  
17 Bekins top management had just come back from Minstar?

18 A Right; and that was one of the things they had  
19 come back with. In fact, I was probably -- and the reason  
20 probably I went in there to begin with, and I really, you know,  
21 I can't really remember -- I should have really brought my  
22 diary for what work I did, but, you know, it was probably just  
23 get briefed on what, you know, was going on. And this is part  
24 of the briefing.

25 That was generally when Hartman came back from

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1 Minstar or somebody came back from Minstar, what were we  
2 going to do next. Hartman would call me in and tell me. That  
3 was about all.

4 Q You had mentioned that you had complained  
5 somewhat to Ron Hartman when he asked for the contribution  
6 saying something like, quote "This is silly."

7 Is that what you meant when you stated in your  
8 Interrogatory Answer that you complained about having to make  
9 the contribution?

10 A Probably. Yes.

11 Q In your Interrogatory Answer you said that  
12 Hartman then became upset.

13 What did he do and say when he became upset?

14 A Well, he just -- you know, it is a look. It  
15 is hard to describe, you know. Ron was -- I mean, he would  
16 just tense up. I mean, if you had to work around him, you  
17 know, I have seen him tense up and start throwing things.

18 So when he starts tensing up, you don't know  
19 whether to start ducking or, you know -- I mean, I never saw  
20 him strike anything. But he could get -- you know, you could  
21 tell he was -- there was a changing in the mood.

22 It is just like, you know, he doesn't need  
23 this trouble, you know, what am I trying to do, you know,  
24 don't give him an argument. Just do it and get it done. I  
25 mean, his, you know, the general thing was, you know, what is

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1 the big deal? You are going to get your money back. You know,  
2 we just need to do this, you know, for Irwin. Irwin wanted to  
3 get it done, you know. Do it.

4 You know, it is like it is out of his hands.

5 Q That was his response to you after you said  
6 it was silly?

7 A Generally. That is right. I mean, that is  
8 not verbatim, but that is the way I interpreted his response.

9 We have been through the conversations, you  
10 know, before like that. So -- you just don't argue with him.  
11 When he says to do something, you know, he put over -- if you  
12 look at the other deal, you can see, you know, the reason why  
13 he is in jail now. He did a lot -- that is the kind of guy he  
14 was. You just didn't argue with him.

15 Q You just didn't argue with him? Is that what  
16 you just said?

17 A Right.

18 I mean, I would argue with him -- if he wanted  
19 to do something as one lawyer to another, I mean, we would  
20 discuss law. Because sometimes he was wrong. We were doing  
21 corporate whatever it was, and I would ask his advice. And we  
22 could discuss things back and forth. But as far as company  
23 policy was concerned, you know, he ran the legal department  
24 and you didn't argue with him about company policy.

25 He already told me that Al and Irwin Jacobs

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1 and he were asking me to do this. So at that point it would  
2 be stupid to sit there and start, you know, as I said -- I said  
3 that I don't know why we are doing this. But, you know, it is  
4 not really fruitful to put up an argument at that point after  
5 you have heard all that.

6 Q Did Hartman explain what he meant when he said  
7 that you would get the money back?

8 A Yes. He said to put it on your expense report.

9 Q Was that also one of the things he asked you  
10 to relay to the other attorneys in the legal department?

11 A Right.

12 Q Did you understand that putting the  
13 contribution on expense reports was part of the orders that  
14 came down from Jacobs?

15 A He didn't say that.

16 Q Did he indicate that to you?

17 A Not really. You know, he didn't -- I really  
18 don't remember. I mean, I really don't remember.

19 My inclination is that he probably didn't say  
20 that or didn't even infer it.

21 Q Did you presume at that point that the  
22 instruction to put the contributions on expense reports had  
23 come down from Irwin Jacobs?

24 A I didn't really think about it. I mean, that  
25 was really -- He asked us to do a series of things, you know,

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1 give him a check, submit an expense report, and once you have  
2 submitted the check and the expense report, one way or the  
3 other, that would have taken care of it. He said -- it was  
4 part of the whole action. We were asked to do one thing and  
5 get reimbursed for it. So it wasn't, you know, a whole bunch  
6 of separate things.

7 Q I see.

8 A He didn't sit down and say to me, "Irwin Jacobs  
9 told me to have you give a \$250 contribution and he said to  
10 put it on your expense report and submit it, you know, and they  
11 are going to send it to Irwin for his approval." He didn't  
12 say that.

13 In fact, it wasn't even in the same sentence.  
14 He first said they were going to make the contributions, and  
15 then later on, you know, he was saying, you know, that it would  
16 be reimbursed. Whether Irwin authorized the reimbursal or  
17 not, I'm not sure.

18 Q Did he say that you would be reimbursed only  
19 after you had complained saying that this was silly?

20 A I don't remember.

21 He may have just said that -- he may have --  
22 you know, he is -- you know, he is a courtroom lawyer, Ron.  
23 He comes in and states his case and he doesn't want an  
24 argument after that, especially from, you know, any of us  
25 subordinates. And he just said, you know -- I really don't

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1 remember -- but I am sure he said how it came down, how we are  
2 doing this and you will get reimbursed and tell everybody and  
3 that is it.

4 You know, he, you know, he puts a whole case  
5 together and tells you the story.

6 Q I see.

7 As far as you were concerned, the contribution  
8 and being able to be reimbursed was all one package; is that  
9 correct?

10 A That is right.

11 Q Did you relay this message to all the other  
12 attorneys in the legal department?

13 A That is right.

14 Q Would that be five other people?

15 A That is right.

16 Hartman also told me -- he also told me he was  
17 making a contribution.

18 Q Did he say how large his contribution was?

19 A I think he said it was going to be the same as  
20 ours.

21 Q That was \$250?

22 A I think so.

23 Q The five other people to whom you passed this  
24 information on were Lou Friedman, Mr. Klein, Mr. Kent,  
25 Mr. Gallego and Mr. Berlin; is that correct?

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1 A That is correct.

2 Q What did you say to each of these people?

3 A Just to -- that Ron had come back from, you  
4 know, that something had come down from Minnesota where Ron  
5 came and Irwin Jacobs wants you to make a campaign contribution  
6 to John Glenn and fill it out on the expense report and you  
7 will get reimbursed.

8 Q That was the extent of each --

9 A That was the extent of each of them.

10 Q Did any of those people express a reluctance  
11 to do so?

12 A Generally I think they all did.

13 Q They expressed this to you?

14 A Yes.

15 Q Do you recall what those people specifically  
16 said to you?

17 A You know, it is just, you know -- no, not  
18 specifically each one. I mean, generally it would be things  
19 like, you know, it is another silly thing that we have got to  
20 do for the people in Minnesota and what is going on here and  
21 we have got better things to do than do this silly stuff, are  
22 you sure we are going to get our money back. Especially in  
23 Friedman's case.

24 Q You just said, "Especially in Friedman's case."  
25 What did you mean by that?

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1           A       Well, Friedman didn't trust anybody. You know,  
2 including there were -- I mean, he didn't think he was -- his  
3 concern was getting his money back. When Lou comes in here,  
4 you will pick up the personality.

5           Q       Was your understanding that the other people  
6 in the legal department were either not as concerned about  
7 getting their money back or were not as concerned about making  
8 the contribution in the first?

9           A       I think they were more concerned with just, you  
10 know, having to go through this -- the rigamorole for something  
11 so silly. I mean, we just didn't see -- they were there as  
12 attorneys and, you know, why we have to fulfill these corporate  
13 policies. That is the general tenor of it.

14          Q       I see.

15                   Was \$250 a substantial amount of money to you?

16          A       Oh, yes.

17          Q       Was it a substantial amount of money to the  
18 other people in the legal department?

19          A       Yes.

20          Q       Did you in fact contribute \$250 to John Glenn's  
21 campaign?

22          A       Yes.

23                   Let me say one other thing. You know, I don't  
24 like to volunteer things, but as a point we were all lawyers  
25 involved in this. And I said this in my cover letter to you.

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1 Nobody understood this as a violation of any law. You know,  
2 nobody said -- we didn't even discuss the matter. I mean none  
3 of us was even aware that there was something improper. Just  
4 nobody, you know, nobody said to me, "Is this thing okay?" Or  
5 it was just something, you know -- you know, it really wasn't  
6 a big thing at the time. It is a big thing right now. You  
7 know, just a guy sitting at his desk trying to answer  
8 Interrogatories and you go in there and you give him something  
9 else to do and he has got to do it because Hartman said he has  
10 got to do it. It is just a pain in the, you know, behind.

11 So, you know, it wasn't a big thing at the  
12 time. And it was, you know -- Ron would ask people to do  
13 things all the time, you know, you know, for whatever reason.  
14 And you relay messages to them. Most of them were related to  
15 our work. This was just another thing that -- so it wasn't --  
16 you know, it wasn't a big trauma at the time.

17 You know, when you look at it in the scope of  
18 we are all trying to isolate it, it seems like it was a, you  
19 know, day's event. But it wasn't.

20 Q Had anyone ever mentioned that it was illegal  
21 for a corporation to make political contributions?

22 A No.

23 Q Did you know it was a illegal for a corporation  
24 to make political contributions?

25 A No, I didn't.

1 Q Did you ever suspect there might be anything  
2 improper with the course of action Ron Hartman asked you to  
3 pursue?

4 A I didn't really think about it. I mean, I  
5 didn't -- I didn't know that it was improper and -- I mean that  
6 really I wasn't part of any of the discussions among any of us.  
7 That is really what I was trying to get at.

8 Q Why did you think that the corporation wanted  
9 you to make a contribution and then reimburse you for it rather  
10 than having the corporation itself make the contribution?

11 A Well, I mean, one of the laws that came out --  
12 I mean, one of the laws as I was aware of -- I still think --  
13 you can correct me -- there is a thousand dollar limitation on  
14 campaign contributions. So if seven people in the legal  
15 department give \$250 each -- number one, nobody would do this  
16 on their own. Okay? None of us were inclined, I think, to  
17 give a donation to John Glenn.

18 So in order to induce us to make this  
19 contribution, that is what they were doing. They were -- they  
20 wanted to have contributions in excess of a thousand dollars  
21 so they asked us to do it.

22 Q When did this matter occur to you?

23 A Probably -- I -- you know, I don't know when  
24 it came to me.

25 Q Had you previously known of the \$1,000

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1 individual contribution limitation?

2 A I think it was fairly well publicized.

3 Q Did any of the other attorneys in the legal  
4 department raise the issue to you?

5 A No.

6 Q This is just something that was in your own  
7 mind?

8 A Well, I don't know if it was in my own mind  
9 at the time or whether, you know, I have thought about it a lot  
10 since. But, you know, I am aware of it now. I thought back  
11 about it. But I don't think we discussed that.

12 Q You mentioned that you were aware of the  
13 contribution limitation on individuals.

14 Were you aware of any prohibition on  
15 corporations on making contributions to political campaigns?

16 A No.

17 Q Do you recall to whom you gave your check?

18 A Ron Hartman.

19 Q Did you hand it to him personally?

20 A Yes.

21 Q What did you think might happen to you if you  
22 didn't contribute, if that crossed your mind?

23 A I -- I would assume that I wouldn't be working  
24 there. I mean, I don't know if that would have been enough  
25 but, you know, I have children and a family. You know, you

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1 know, Hartman didn't take no very well. As I say, I have seen  
2 him throw things. He has been out in the office throwing  
3 things, throwing plants. If you want to go over there, you  
4 can take a look at files where if he didn't like what you  
5 wrote, I mean, there are big holes right down the middle of the  
6 piece of paper. I mean, that is the way he criticized  
7 something.

8 Take his, you know, take a person and rip him  
9 down the middle. I have seen him throw files at people. You  
10 know, to him it wasn't -- it was a nothing thing he was asking  
11 me to do. For me to sit -- you know, and it was his back was  
12 up against the wall. Minnesota had told him to do it. And to  
13 argue with him after knowing him for three years would have  
14 been just fruitless.

15 Q How secure did you feel in your job at Bekins?

16 A Oh, fairly. I -- you know, as secure as anybody  
17 feels after a take-over, you know, and rumors or -- you know,  
18 of being shut -- you know, having the legal department shut  
19 down. They had, you know, the executives, so that is a long  
20 story. But, you know, the executives from time to time had --  
21 were trying to mix with the Minstar executives. They had  
22 excluded Minstar executives from the premises. They had fights  
23 back and forth. You know, Al Labinger -- I can't remember  
24 whether this is before or after -- this is February of '84?

25 Q That is right.

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1           A           Yes. Al Labinger had already threatened to  
2 quit at least once. You know, and if he was going to quit,  
3 then the other executives might quit. Hartman told me that if  
4 he quit, that the legal department would be dissolved.

5                       So in that context -- as far as my relationship,  
6 you know, with him and with the -- I mean, I still do legal  
7 work for Bekins. They are my largest client. So I had no  
8 problem with my client as far as, you know, being retained. It  
9 was really more politics from Minnesota on down.

10           Q           Did I understand you to say that Bekins  
11 excluded Minstar executives from the Bekins premises?

12           A           That is right.

13           Q           Was this after the take-over?

14           A           That is right.

15                       Well, excuse -- it was or -- there was only  
16 one that I really know of. He was -- he is not with Minstar  
17 anymore.

18           Q           He became a persona non gratis?

19           A           That is right.

20                       I think he was promised Bekins and then didn't  
21 get it and he subsequent -- I don't know if there was -- there  
22 was an article on Minstar in Baron magazine. It is a weekly  
23 magazine. And he had discussed with Allen Abelson who had  
24 wrote an article on how Minstar was worthless and he quoted  
25 this guy in the article. It was shortly thereafter, and the

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1 guy doesn't work for Minstar. I can't remember his name.

2 Q If it had not been for this incident, do you  
3 think you would have contributed to John Glenn's campaign?

4 A No.

5 Q Did you submit an expense report listing the  
6 \$250 contribution as an expense?

7 A Yes, I did.

8 Q Was that report then approved by Ronald  
9 Hartman?

10 A Yes, it was.

11 Q How was it listed?

12 A I really don't recall. Some kind of legal  
13 department expense. You know.

14 Q Did it state that it was a contribution to  
15 the John Glenn campaign?

16 A I don't -- I don't think so. I don't really  
17 remember what it said.

18 Q Did your expense report get returned to you  
19 by the accounting department?

20 A First by Hartman after he approved it, and then  
21 it went to the accounting department. And then I got it  
22 returned.

23 Q I see.

24 First it went from you to Hartmen to be  
25 approved, then back to you and then it went from you to the

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1 accounting department?

2 A My secretary or myself would just drop it off  
3 at the accounting department to get a check.

4 Q Then what happened in the accounting  
5 department with that report?

6 A They bounced it. I mean, they were aware of  
7 what was -- I mean, they were aware of what was going on. And  
8 they just said, "We are going to reimburse you a different way."

9 And I think that, you know, you know, the  
10 financial executives had decided to reimburse us some other way.  
11 Joe Noga or Roger Lee had worked out a different way to do it.  
12 They didn't want to do it through expense reports.

13 Q Had it been your impression from Mr. Hartman  
14 that you should bury the contribution in your expense report  
15 someplace?

16 A Probably. But he, you know -- that is why I  
17 don't think it said, you know, John Glenn campaign contribution.  
18 It may have said legal department expense and just charge the  
19 legal department.

20 And when Hartman did something like that -- if  
21 it was a legal department expense and he was willing to accept  
22 it on his budget, people generally didn't argue with him about  
23 that. The only person who had approved his expense reports  
24 was Al Labinger. So obviously this was mine. Mine was being  
25 approved by him.

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1 Q You said that your expense report got bounced  
2 by --

3 A Sent back to me.

4 Q -- the accounting department.

5 Do you know who in the accounting department  
6 sent back your report?

7 A It was probably Joe Noga. I really don't  
8 remember, but Joe Noga was the controller at that time.

9 Q How did the people in the accounting department  
10 know which expense report you submitted was the one which  
11 contained the --

12 A Well, it said \$250. You know, it had a  
13 specific amount on it.

14 Q So it is your understanding that they saw an  
15 expense for exactly \$250 --

16 A Yes.

17 Q -- and were able to --

18 A They saw several of them. They all came in  
19 about the same time, and I am sure they could identify them  
20 easily.

21 Q Did you ever speak to anyone in the accounting  
22 department about this?

23 A I think so.

24 Q To whom did you speak?

25 A I don't remember.

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1 Q Would it have been Teri Laurey?

2 A I don't think it was Teri Laurey.

3 Q Would it have been Jovita Ignacio?

4 A No, I don't think it was Jovita.

5 I think it was Joe Noga. If I talked to  
6 somebody, it was probably Joe Noga or Roger Lee.

7 Q Do you recall speaking to either of them about  
8 this matter?

9 A I really don't remember. I am just saying I  
10 don't think I talked to Jovita about it. She just makes the  
11 checks. So she is just a clerk that, you know, whatever is  
12 approved and put in front of her face, she just writes the  
13 check. She doesn't have any authority not to write a check.

14 Q What about Teri Laurey? What does she do?

15 A I don't remember what she did. Teri has become  
16 a former Bekins employee. She was a head of internal audit.  
17 I don't know if she was assistant controller back then or an  
18 auditor. I think she was assistant controller.

19 Q Was her duty overseeing internal audits?

20 A It was -- that is what it is today. I don't  
21 know if it was back then.

22 Q You don't know what her job was back then?

23 A It was either -- as assistant controller, I  
24 don't think she oversaw internal audits, if that is your  
25 question. You know, the internal audit department was under

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1 the direction I think of Roger Lee. She subsequently, you know,  
2 at some point became head of internal audit from being  
3 assistant controller. In February of 1984 I don't know what  
4 she was.

5 Q You mentioned in your Interrogatory Answers  
6 that you were told that the reimbursement would be made as  
7 part of your bonus.

8 A Right.

9 Q Who told you that?

10 A I don't remember. It could either be Hartman  
11 or one of the executives.

12 Q Would that have been Lee or Noga?

13 A Right. Whoever gave me back my expense report  
14 would have said I think -- is I think that is when I probably  
15 found out.

16 Q Do you recall approximately when you submitted  
17 your expense report?

18 Do you recall approximately when it was  
19 returned to you?

20 Did you answer my last question about when  
21 you submitted your expense report?

22 A No.

23 I am sure I did it shortly after I gave him the  
24 check.

25 Q Would this have been within a week or two

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1 after?

2 A At least.

3 Q Do you recall when your expense report was  
4 returned to you?

5 A I don't remember the date. It was shortly  
6 thereafter.

7 Q Within a week after you submitted the expense  
8 report?

9 A Something like that. I vaguely remember.

10 Q So would it be accurate to say that the  
11 conversation you had with either Hartman, Lee or Noga in which  
12 you were told that your reimbursement would be as part of your  
13 bonus occurred within two weeks after you made the contribution  
14 on February 6th, 1984?

15 A At least. And I think whatever -- I think --  
16 somehow I have the impression that it was Roger's idea to do  
17 it this way.

18 Q Roger Lee?

19 A Roger Lee.

20 Whether it was -- whether Hartman told me it  
21 was or Roger actually told me, you will just get it in your  
22 bonus, that was -- I, you know, that was a cause for some  
23 consternation because the bonuses were not coming out for  
24 several weeks. And everybody was out of pocket, you know,  
25 \$250 all during that time. And nobody really knew what our

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1 bonuses were going to be, if any. So --

2 Q Do you in fact know if you got reimbursed for  
3 making your contribution to the Glenn campaign?

4 A Not as a fact. I mean not as a -- I can't go  
5 back and determine precisely if that is true. I mean, I was  
6 told I was, and, you know, I just don't know -- I don't know  
7 what the numbers would be. I never took out a withholding  
8 table and tried to figure out, you know, going backwards how  
9 much \$250 would be, you know, when you add back withholding  
10 and all that to it. So I really don't, you know -- I know I  
11 got a bonus.

12 Q Do you know when you got that bonus?

13 A Probably at the end of March.

14 Q 1984?

15 A Right.

16 Q Do you recall how much that bonus was?

17 A I think it was -- I don't -- I think it was  
18 \$4,000 gross. Something -- I really don't remember the number.

19 Q Do you know how bonuses were computed?

20 A Not really. Some are based on profits and  
21 projections. But I am not really quite sure how they do it.

22 Q The bonus which we have been speaking about  
23 so far was given at the end of the first quarter in 1984 but  
24 was for the work done in the calendar year 1983; is that  
25 correct?

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1 A That is right.

2 Q Would it be accurate to characterize this as  
3 the annual bonus?

4 A That is right.

5 Q Was there another bonus Bekins gave its  
6 employees?

7 A Certain employees, yes.

8 Q What was that bonus?

9 A They had several -- for top executives, they  
10 had, you know, lots of programs. They also had a real estate  
11 incentive program, and I got a bonus from that. Sometimes  
12 other attorneys did; sometimes they didn't.

13 Q Do you know when you got that bonus, the real  
14 estate bonus?

15 A I think I got the real estate bonus first.

16 Q Approximately when?

17 A I don't remember.

18 Q Would that have been within the first quarter  
19 of 1984?

20 A Oh, I really don't know. Certainly in the  
21 first half of the year. It could have been as late as April.

22 Q So you might have gotten your real estate  
23 bonus after your annual bonus; is that right?

24 A Yes. I really don't remember.

25 Q Do you recall the amount of the real estate

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1 bonus?

2 A I think it might have been -- I think it might  
3 be \$6,000. That is just a pure guess. I would have to, you  
4 know, get my checkbook or my W-2. I really don't remember.

5 Q Was it your understanding that your reimburse-  
6 ment would be in the annual bonus, not the real estate bonus?

7 A That is correct. Because the other attorneys  
8 didn't get -- in fact, certain employees didn't even get the  
9 annual bonus. In fact, if I am correct, I think Hartman told  
10 us we weren't entitled to an annual bonus this year because of  
11 the way it is computed, that, you know, we had a projection  
12 and we didn't meet the projection and for whatever reason.

13 But since he had committed to us that we would  
14 get this bonus, that we were going to get the bonus anyway as  
15 compensation.

16 Q Let me see if I understand you properly.

17 Hartman had previously told the attorneys that  
18 they would not be receiving an annual bonus in 1984; is that  
19 right?

20 A No. He told us in '83 that we wouldn't be  
21 getting bonuses -- you know, at the beginning of the year as  
22 part of our compensation that whatever we got reviewed that  
23 we get bonuses next year.

24 And when he gave us our bonus or sometime early  
25 in the year when he gave us our, you know, review for the '83,

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1 he told us that we would be getting bonuses even though we  
2 weren't entitled to bonuses based upon the bonus program.

3 Q Did you have an expense account with Bekins?

4 A I don't know what you mean by expense account.  
5 You mean did I have -- you tell me what you mean.

6 Q The expense report that you submitted --

7 A Yes.

8 Q -- was this something that you submitted  
9 commonly, regularly?

10 A Yes. I got reimbursed for expenses that I  
11 incurred. I didn't have like, you know, a thousand dollars  
12 to spend on -- that was my question. You don't mean did I  
13 have a thousand dollars to go out and spend every month?

14 Q No; I meant that.

15 A Reimbursement. Expenses incurred.

16 Q Did the amount of the reimbursements you  
17 received always equal the amount you claimed on the expense  
18 report?

19 A Yes.

20 Q There is one thing we may have discussed this  
21 earlier --

22 A Sure.

23 Q -- but I would just like to ask to be sure.

24 Is it accurate to say that you did not mention  
25 the concerns you had about the contribution limitations with

8904071060

1 anybody?

2 A That is true. I mean, I don't think at the  
3 time we were doing this that I even -- that I was even aware  
4 of it, that it even occurred to me that there were, you know,  
5 limitations. I mean, you know, this was -- you know, you have  
6 got to put it in the prospective of the day and what was  
7 happening and everything else was happening.

8 And I really don't recall. It wasn't a big  
9 event in those days, and it was never brought up and never  
10 really -- when we were doing all this, it never really occurred  
11 to me that there was anything improper about it. Nobody had  
12 ever -- nobody brought it up as an issue.

13 Q This was just something that was in the back  
14 of your mind --

15 A I mean subsequently -- I don't really remember  
16 when I realized -- probably -- it may have been when I got the  
17 first letter from you that I started thinking about, you know,  
18 how this whole thing came together.

19 Q Do you suppose the first time you really  
20 consciously thought about the possible violation of Federal  
21 election laws was after you received your letter from the  
22 Federal Election Commission?

23 A I am sure, you know. I had never -- I had  
24 never thought that I had violated any law. I have been advised  
25 by counsel that I haven't violated any law. That is why I am

8904071061



1 being, you know -- frankly I see -- you know, that is why I  
2 was so free in my answers. I, you know, I am going to tell  
3 you exactly what I did.

4 Q I appreciate that.

5 A You know what I am saying? You can subpoena  
6 me and I am -- I don't think I have anything to withhold one  
7 way or the other. If I have -- but I mean, as far as I am  
8 concerned, at the time I am sure that the idea of violating any  
9 law was the furthest thing, you know, from anybody's -- nobody  
10 brought it up at the time and it wasn't discussed, at least it  
11 wasn't discussed with me.

12 And we don't even have a copy of the Federal  
13 Elections Code in the library. In fact -- yes. Thank you.  
14 When I got my subpoena, what I did is I wanted to go, you know,  
15 the CFR and the Codes, the U.S. Codes, to see if we had a  
16 section of what I was being, you know, accused of. And we  
17 didn't even have that in our library.

18 We had all the transportation law, but we  
19 didn't -- not that. Frankly, you know, I have never read the  
20 section. I would like to read it.

21 MS. LERNER: When we are done.

22 MR. RAICH: Q You mentioned that Bekins Company  
23 had been involved in politics and lobbying.

24 A Oh, yes.

25 Q Did Roger Hartman ever ask you to contribute to

8904071062

1 any other political campaign?

2 A Not until after this. I mean, not before  
3 this. Afterwards, yes.

4 Q How many times did he ask you to do that?

5 A Twice -- I mean, including this? Including  
6 John Glenn?

7 Q Other than John Glenn.

8 A Just once.

9 Q When did he ask you to contribute?

10 A Let me look.

11 Q This will be Answer 5b on your Interrogatories.

12 A In September.

13 Q 1984?

14 A 1984. September 20th.

15 He had -- at that point he had -- I don't know  
16 whether he had come -- he had testified before Congress about  
17 the new -- about some new transportation law, and I don't  
18 remember on behalf of. He was an executive of the organization  
19 of companies that are in the same business of Bekins, you know,  
20 shipping companies, that file rates with the Interstate  
21 Commerce Commission. And he either had come back from a  
22 meeting of that I think or -- I think he was testifying on  
23 behalf of that agency or Congress or had come back from one of  
24 their meetings. He was -- you know, he used to give speeches  
25 to them as an executive.

8904071063



1                   So when I say lobbying, generally the lobbying  
2 was through these organizations. I don't think Hartman ever  
3 called up -- if he went to Congress, talked to congressmen  
4 who was with the organization, he never, as far as I know, he  
5 didn't call congressmen, you know, for Bekins except when a  
6 congressman called us, wrote us a letter complaining about  
7 moving somebody in his district, threatening to pull our ICC  
8 license unless he paid him for his furniture, you know, his  
9 constituent's furniture. We got those occasionally.

10               Q           But were you asked to make a contribution --

11               A           Yes.

12               Q           -- to the Glen Anderson Congressional Campaign  
13 Committee?

14               A           That is true.

15               Q           Did you do so?

16               A           Yes, I did.

17               Q           How large was that contribution?

18               A           \$250.

19               Q           Was that a personal check?

20               A           Yes, sir.

21               Q           Was Glen Anderson a federal candidate?

22               A           Yes. He is a United States Congressman, I  
23 believe. Frankly what I have to -- I couldn't remember his  
24 name. I had to look it up.

25               Q           What did you look it up on?

8904071064

1 A Glen Anderson Congressional Campaign Committee.  
2 So I assume he is a United States Congressman.

3 Q You mentioned that you had to look this up.  
4 What did you look this up in?

5 A In my Answers to your Interrogatories. I mean,  
6 I wasn't sure what his name was.

7 Q When you answered the Interrogatories, what  
8 did you look up to --

9 A Oh, my checkbook.

10 Q Was it your understanding that this request by  
11 Ron Hartman came from people higher than him in Bekins or in  
12 Minstar?

13 A No. As far as I know, he was doing it -- now  
14 it has become company policy. I mean, you know, the idea has  
15 been broached and he just -- now, it was something that had  
16 been done before and he just asked me to do it again. I don't  
17 know whether he -- he didn't tell me why.

18 Q Did you hand the check to Mr. Hartman  
19 personally?

20 A Yes, I did. I have got letters from  
21 congressional -- in fact, John Glenn just sent me another letter  
22 asking me -- saying he is in debt still.

23 Do you contact them -- I am not supposed to  
24 ask you questions.

25 Q I do have one question for you, however.

8904071065

1 I wonder if you know of any other people in  
2 the legal department at Bekins who were asked to make a  
3 contribution to the Glen Anderson Committee?

4 A No, I don't know of anybody else.

5 Q Do you know if Mr. Hartman did himself?

6 A I don't know if he did or not.

7 Q Had Mr. Hartman asked you to ask other people  
8 in the department to make such contributions?

9 A No, he did not.

10 Q Do you know about any other involvement by  
11 Bekins involving election campaigns?

12 A No, I don't.

13 Q The only involvement you know of is lobbying;  
14 is that correct?

15 A Yes; general lobbying through, you know,  
16 Hartman boasted about writing, you know, as being the one who  
17 wrote the Transportation Act of 1980. So I mean, that was  
18 before I came into Bekins. But he claimed that he had a big  
19 part in writing that act, if not writing the whole thing.

20 Q I see.

21 It didn't involve election campaigns, though?

22 A No. I think it was just lobbying, you know,  
23 through the trade organizations, you know, with Congress and  
24 talking to committee people. This is all speculation. I have  
25 never been to Washington. I don't know how it works.

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1 Q Have you been threatened by anybody concerning  
2 your testimony in this matter?

3 A Threatened?

4 Q Yes.

5 A No. Except, you know -- have I been threatened?  
6 Not direct -- no.

7 You know there is always concern. You know,  
8 Bekins is my client still. I don't want to lose Bekins as a  
9 client. You know, I answered the question. You know, I am not  
10 going to lie under oath and I am not going to -- if I have  
11 done -- if there has been something that, you know, I am not  
12 admitting that I violated any law, but, you know, if something  
13 is wrong, I just want to -- I don't even think my Glen Anderson  
14 was responsive necessarily to your Interrogatories. And, you  
15 know, I -- there wasn't -- that particular kind of question  
16 wasn't asked. But I volunteered it because I just wanted to  
17 get this thing done, and I am sure a lot of people do, too.

18 Q Definitely. We appreciate that.

19 That is the extent of the questions that I have  
20 for you today. I do want to give you your witness fee check.

21 THE WITNESS: Wonderful.

22 MR. RAICH: I am handing it to you right now. You  
23 have an opportunity if you wish to review and sign your  
24 deposition when it is typed.

25 Do you wish to do so or would you like to waive

890407 1067

1 signature?

2 THE WITNESS: Yes, I would like to see it.

3 MR. RAICH: All right. This concludes the deposition.

4

5

--oo0oo--

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8

I declare under penalty of perjury that the  
foregoing is true and correct.

9

Executed at \_\_\_\_\_, California,  
10 on this \_\_\_\_\_ day of \_\_\_\_\_, 198\_\_.

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Signature of the Witness

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1 STATE OF CALIFORNIA )  
 2 ) ss.  
 3 COUNTY OF LOS ANGELES )

4 I, VICKY SCOTT, No. 6055, C.S.R., a  
 5 Notary Public of the State of California, certify:

6 That the foregoing deposition of JOEL YACHZEL, ESQ.  
 7                      was taken before me pursuant to Subpoena  
 8                     , at the time and place therein set forth, at which  
 9 time the witness was put on oath by me;

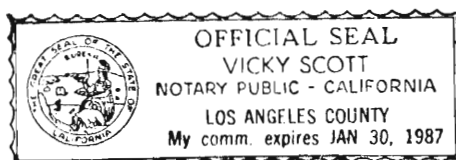
10 That the testimony of the witness and all objections  
 11 made at the time of the examination were recorded stenographi-  
 12 cally by me, and were thereafter transcribed;

13 That the foregoing deposition is a true record of the  
 14 testimony of the witness and of all objections made at the time  
 15 of the examination.

16 I further certify that I am neither counsel for nor  
 17 related to any party to said action, nor in anywise interested  
 18 in the outcome thereof.

19 IN WITNESS WHEREOF, I have subscribed my name and  
 20 affixed my seal this 30th day of December, 19 85.

21 Vicky Scott  
 22 Notary Public of the State of California.  
 23 VICKY SCOTT, CSR No. 6055, RPR  
 24  
 25



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FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 2036

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